

ASPEN TECHNOLOGY INC /DE/

Form 10-K/A

April 22, 2010

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

to

FORM 10-K

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 30, 2009

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 0-24786

Aspen Technology, Inc.

(Exact name of registrant as specified in its charter)

Edgar Filing: ASPEN TECHNOLOGY INC /DE/ - Form 10-K/A

Delaware
State or other jurisdiction of
incorporation or organization

04-2739697
(I.R.S. Employer
Identification No.)

200 Wheeler Road
Burlington, Massachusetts
(Address of principal executive offices)

01803
(Zip Code)

Registrant's telephone number, including area code: **781-221-6400**

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
Common stock, \$0.10 par value per share

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Edgar Filing: ASPEN TECHNOLOGY INC /DE/ - Form 10-K/A

Large accelerated filer
Non-accelerated filer
(Do not check if a smaller reporting company)

Accelerated filer
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of December 31, 2008, the aggregate market value of common stock (the only outstanding class of common equity of the registrant) held by non-affiliates of the registrant was \$448,575,506 based on a total of 60,454,920 shares of common stock held by non-affiliates and on a closing price of \$7.42 on December 31, 2008 for the common stock as reported on The Pink OTC Markets Inc.

There were 92,139,550 shares of common stock outstanding as of April 16, 2010.

Table of Contents

TABLE OF CONTENTS

		Page
	<u>PART I</u>	
<u>Item 1A.</u>	<u>Risk Factors</u>	2
	<u>PART III</u>	
<u>Item 11.</u>	<u>Executive Compensation</u>	12
<u>Item 13.</u>	<u>Certain Relationships and Related Transactions, and Director Independence</u>	32
	<u>PART IV</u>	
<u>Item 15.</u>	<u>Exhibits and Financial Statement Schedules</u>	33
	<u>Signatures</u>	34

Our fiscal year ends on June 30, and references herein to a specific fiscal year are to the twelve months ended June 30 of such year. For example, "fiscal 2009" refers to the fiscal year ended June 30, 2009.

Aspen HYSYS and aspenONE are registered trademarks of Aspen Technology, Inc.

EXPLANATORY NOTE

This Amendment No. 1 to Form 10-K, which we refer to as this Form 10-K/A, amends and restates portions of our Annual Report on Form 10-K for the fiscal year ended June 30, 2009 as originally filed with the SEC on November 9, 2009, which we refer to as the original Form 10-K.

This Form 10-K/A is being filed to:

- delete from Item 1A. Risk Factors one of the risk factors ("Because some of our software products incorporate or otherwise require technology licensed from, or provided by, third parties, the loss of our right to use that third-party technology or defects in that technology could harm our business") previously set forth therein;

Edgar Filing: ASPEN TECHNOLOGY INC /DE/ - Form 10-K/A

- supplement information set forth under the heading Item 11. Executive Compensation Compensation Discussion and Analysis and make conforming changes elsewhere in Item 11. Executive Compensation ; and
- provide additional information in Item 13. Certain Relationships and Related Transactions, and Director Independence about our policy with respect to related-party transactions.

Except as otherwise expressly indicated herein, this Form 10-K/A has not been updated for events occurring after the filing of the original Form 10-K.

Table of Contents

PART I

Item 1A. Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below before purchasing our common stock. The risks and uncertainties described below are not the only ones facing our company. Additional risks and uncertainties may also impair our business operations. If any of the following risks actually occur, our business, financial condition, results of operations or cash flows would likely suffer. In that case, the trading price of our common stock could fall, and you may lose all or part of the money you paid to buy our common stock.

Risks Related to Our Business

Our operating results and stock price will be adversely affected from our new subscription-based licensing offering and will be further adversely affected if customers do not react favorably to our new subscription-based licensing offering.

In July 2009, we introduced a new license offering for our aspenONE software suite in which customers are granted access to specific sets of our software products. Access to the aspenONE suite is calculated and priced on the basis of exchangeable units of measurement, or tokens. Maintenance and updates are included in the license, as well as access to any new software products added to the aspenONE suite during the license term.

Previously, we typically recognized the net present value of license fees over the license term as revenue in the period in which the license agreement was signed and the software was delivered to the customer. We expect our new aspenONE licensing offering to result in revenue being recognized on a subscription basis over the term of multi-year contracts. Although we expect the new licensing offering to result in increased customer usage and higher revenues over time, we are not able to predict the rate of adoption of the new license offering, and therefore cannot predict the timing or amount of future revenues or level of profitability. As referenced in our current report on Form 8-K filed with the SEC on July 9, 2009, we expect that this change from predominantly up-front revenue recognition will result in our reporting significantly lower revenue and large operating losses in the near-term. The announcement of such losses as well as the lack of visibility into future operating results may have a significant adverse effect on our stock price.

Our operating results depend on customers in or serving the energy, chemicals, pharmaceutical, and engineering and construction industries, which are highly cyclical, and our operating results may suffer if these industries continue to experience an economic downturn.

Our operating results depend on companies in or serving the energy, chemicals, engineering and construction and pharmaceutical industries. Accordingly, our future success depends upon the continued demand for manufacturing optimization software and services by companies in these process manufacturing industries. These industries are highly cyclical and highly reactive to the price of oil, as well as general economic conditions. At least one of our customers has filed for bankruptcy protection, which may affect associated cash receipts and the extent to which revenue from this customer may be recognized. There is no assurance that other customers may not also seek bankruptcy or other similar relief

from creditors, which could adversely affect our results of operations.

Adverse changes in the economy and global economic and political uncertainty have previously caused delays and reductions in IT spending by our customers and a consequent deterioration of the markets for our products and services, particularly our manufacturing/supply chain product suites. If adverse economic conditions persist, we would likely experience reductions, delays and postponements of customer purchases that will negatively impact our operating results.

In addition, in the past, worldwide economic downturns and pricing pressures experienced by energy, chemical, and other process industries have led to consolidations and reorganizations. These downturns, pricing pressures and reorganizations have caused delays and reductions in capital and operating expenditures by many of these companies. These delays and reductions have reduced demand for products and services like ours. A recurrence of these industry patterns, including any recurrence that may occur in connection with current global economic events,

Table of Contents

as well as general domestic and foreign economic conditions and other factors that reduce spending by companies in these industries, could harm our operating results in the future.

Securities litigation based on our restatement of our consolidated financial statements due to our prior software accounting practices may subject us to substantial damages and expenses, may require significant management time, and may damage our reputation.

In March 2006, we settled class action litigation, including related derivative claims, arising out of our originally filed consolidated financial statements for fiscal 2000 through 2004, the accounting for which we restated in March 2005. Members of the class who opted out of the settlement (representing 1,457,969 shares of common stock, or less than 1% of the shares putatively purchased during the class action period) brought their own state or federal law claims against us, referred to as opt-out claims.

Separate actions were filed on behalf of the holders of approximately 1.1 million shares who either opted out of the class action settlement or were not covered by that settlement. One of these actions was settled. The claims in the remaining actions (described below) include claims against us and one or more of our former officers alleging securities and common law fraud, breach of contract, statutory treble damages, deceptive practices and/or rescissory damages liability, based on the restated results of one or more fiscal periods included in our restated consolidated financial statements referenced in the class action.

- *Blecker, et al. v. Aspen Technology, Inc., et al.*, filed on June 5, 2006 in the Business Litigation Session of the Massachusetts Superior Court for Suffolk County and docketed as Civ. A. No. 06-2357-BLS1 in that court, is an opt-out claim asserted by persons who received 248,411 shares of our common stock in an acquisition. Fact discovery in this action closed on July 18, 2008, and a non-jury trial began on November 3, 2009. On October 17, 2008, the plaintiffs filed a new complaint in the Superior Court of the Commonwealth of Massachusetts, captioned *Herbert G. and Eunice E. Blecker v. Aspen Technology, Inc. et al.*, Civ. A. No. 08-4625-BLS1 (Blecker II). The sole claim in Blecker II is based on the Massachusetts Uniform Securities Act. We served a motion to dismiss on December 3, 2008 which the plaintiffs have opposed. The motion was argued before the court on March 23, 2009 and is pending.
- *380544 Canada, Inc., et al. v. Aspen Technology, Inc., et al.*, filed on February 15, 2007 in the federal district court for the Southern District of New York and docketed as Civ. A. No. 1:07-cv-01204-JFK in that court, is a claim asserted by persons who purchased 566,665 shares of our common stock in a private placement. Certain motions to dismiss filed by other defendants were resolved on May 5, 2009, and discovery is scheduled to conclude on February 12, 2010.

The remaining claims in the Blecker and 380544 Canada actions referenced above are for damages totaling at least \$20 million, not including claims for treble damages and attorneys' fees. We plan to defend these actions vigorously. We can provide no assurance as to the outcome of these opt-out claims or the likelihood of the filing of additional opt-out claims, and these claims may result in judgments against us for significant damages. Regardless of the outcome, such litigation has resulted in the past, and may continue to result in the future, in significant legal expenses and may require significant attention and resources of management, all of which could result in losses and damages that have a material adverse effect on our business.

We are required to advance legal fees (subject to undertakings of repayment if required) and may be required to indemnify certain of our current or former directors and officers in connection with civil, criminal or regulatory proceedings or actions, and such indemnification commitments

may be costly. Our executive and organization liability insurance policies provide only limited liability protection relating to such actions against us and certain of our officers and directors, and will likely not cover the costs of director and officer indemnification or other liabilities incurred by us; accordingly, if we are unable to achieve a favorable settlement thereof, our financial condition could be materially harmed. Also, increased premiums could materially harm our financial results in future periods. Our inability to obtain coverage due to prohibitively expensive premiums would make it more difficult to retain and attract officers and directors and expose us to potentially self-funding any potential future liabilities ordinarily mitigated by such liability insurance.

Table of Contents

The modification of the consent decree with the Federal Trade Commission and the related settlement with Honeywell International, Inc. could have a material adverse effect on our business and financial condition.

In December 2004, we entered into a consent decree with the Federal Trade Commission (FTC) with respect to a civil administrative complaint filed by the FTC in August 2003 alleging that our acquisition of Hyprotech Ltd. and related subsidiaries of AEA Technology plc (Hyprotech) in May 2002 was anticompetitive in violation of Section 5 of the Federal Trade Commission Act and Section 7 of the Clayton Act. In connection with the consent decree, we entered into an agreement with Honeywell International, Inc. (Honeywell), on October 6, 2004 (Honeywell Agreement), pursuant to which we transferred our operator training business and our rights to the intellectual property of various legacy Hyprotech products. We are subject to ongoing compliance obligations under the FTC consent decree. We responded to requests by the Staff of the FTC beginning in 2006 for information relating to the Staff's investigation of whether we have complied with the consent decree. In addition, the FTC voted to recommend to the Consumer Litigation Division (Division) of the U.S. Department of Justice that the Division commence litigation against us relating to our alleged failure to comply with certain aspects of the decree. Although we believe that we complied with the consent decree and that the assertions by the FTC Staff were without merit, we engaged in settlement discussions with the FTC Staff regarding this matter. Following such discussions, on July 6, 2009, we announced that the FTC closed the investigation relating to the alleged violations of the decree, and issued an order modifying the consent decree. Following a thirty-day period for public comment on the modification to the original decree, the modified order became final on August 20, 2009. The modification to the 2004 consent decree requires that we continue to provide the ability for users to save input variable case data for Aspen HYSYS and Aspen HYSYS Dynamics software in a standard portable format, which will make it easier for users to transfer case data from later versions of the products to earlier versions. We will also provide documentation to Honeywell of the Aspen HYSYS and Aspen HYSYS Dynamics input variables, as well as documentation of the covered heat exchange products. These requirements will apply to all existing and future versions of the covered products up to 2014. In addition, in connection with the settlement of the related litigation with Honeywell, we have provided to Honeywell a license to modify and distribute (in object code form) certain versions of our flare system analyzer software. There is no assurance that the actions required by the FTC's modified order and related settlement with Honeywell will not provide Honeywell with additional competitive advantages that could materially adversely affect our results of operations.

In preparing our consolidated financial statements, we identified material weaknesses in our internal control over financial reporting, and our failure to remedy the material weaknesses identified as of June 30, 2009 could result in material misstatements in our financial statements.

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934 (Exchange Act). Our management identified four material weaknesses in our internal control over financial reporting as of June 30, 2009. A material weakness is defined as a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses identified by management as of June 30, 2009 consisted of:

- inadequate and ineffective monitoring controls;
- inadequate and ineffective controls over the periodic financial close process;

- inadequate and ineffective controls over income tax accounting and disclosure; and
- inadequate and ineffective controls over the recognition of revenue.

As a result of these material weaknesses, our management concluded as of June 30, 2009 that our internal control over financial reporting was not effective based on criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - An Integrated Framework (September 1992).

We have begun to implement and continue to implement remedial measures designed to address these material weaknesses. If these remedial measures are insufficient to address these material weaknesses, or if additional

Table of Contents

material weaknesses or significant deficiencies in our internal control are discovered or occur in the future, we may fail to meet our future reporting obligations on a timely basis, our consolidated financial statements may contain material misstatements, we could be required to restate our prior period financial results, our operating results may be harmed, we may be subject to class action litigation, and if we regain listing on a public exchange, our common stock could be delisted from that exchange. Any failure to address the identified material weaknesses or any additional material weaknesses in our internal control could also adversely affect the results of the periodic management evaluations regarding the effectiveness of our internal control over financial reporting that are required to be included in our annual reports on Form 10-K. Internal control deficiencies could also cause investors to lose confidence in our reported financial information. We can give no assurance that the measures we plan to take in the future will remediate the material weaknesses identified or that any additional material weaknesses or additional restatements of financial results will not arise in the future due to a failure to implement and maintain adequate internal control over financial reporting or circumvention of these controls. In addition, even if we are successful in strengthening our controls and procedures, in the future those controls and procedures may not be adequate to prevent or identify irregularities or errors or to facilitate the fair presentation of our consolidated financial statements.

If in the future we are not current in our SEC filings, we will face several adverse consequences.

If we are unable to remain current in our financial filings, investors in our securities will not have information regarding our business and financial condition with which to make decisions regarding investment in our securities. In addition, we would not be able to have a registration statement under the Securities Act of 1933 (Securities Act), covering a public offering of securities declared effective by the SEC, and we would not be able to make offerings pursuant to existing registration statements or pursuant to certain private placement rules of the SEC under Regulation D to any purchasers not qualifying as accredited investors. The lack of an effective registration statement would also result in our employees being unable to exercise vested options, which could affect our ability to attract and retain qualified personnel. We also would not be eligible to use a short form registration statement on Form S-3 for a period of twelve months after the time we became current in our filings. These restrictions may impair our ability to raise funds should we desire to do so and may adversely affect our financial condition. If we are unable to remain current in our filings, and we are not able to obtain waivers under our financing arrangements, it might become necessary to repay certain borrowings, which could have a material adverse effect on our results of operations.

Our common stock has been delisted from The NASDAQ Stock Market and transferred to the Pink Sheets electronic quotation service, which may, among other things, reduce the price of our common stock and the levels of liquidity available to our stockholders.

As a result of our inability to timely file the Form 10-K for fiscal year 2007, NASDAQ issued a Staff Determination to us that, in the absence of a request for a hearing, would have resulted in suspension of trading of our common stock, and filing of a Form 25-NSE with the SEC to remove our securities from listing and registration on The NASDAQ Stock Market. NASDAQ subsequently issued an Additional Staff Determination citing our inability to timely file our Form 10-Q for the quarterly period ended September 30, 2007 as an additional basis for delisting our securities. An oral hearing was held at our request on November 15, 2007. At the hearing, we requested an extension of time to cure our SEC filing deficiency. The NASDAQ Listing Qualifications Panel, or the Panel, determined on January 7, 2008 to grant our request for continued listing, subject to certain conditions, including filing our Form 10-K for fiscal year 2007 and our Form 10-Q for the quarterly period ended September 30, 2007, by January 18, 2008. On January 28, 2008, the Panel granted our request for an extension for continued listing on The NASDAQ Global Market through February 8, 2008. On February 14, 2008, we received a letter advising us that the NASDAQ Listing Qualifications Panel had determined to delist our shares from The NASDAQ Stock Market, and trading of our shares was suspended effective at the open of business on February 19, 2008. Our common stock has been quoted on the Pink OTC Markets Inc. electronic quotation service beginning on February 19, 2008.

There is no assurance that we will regain listing of our common stock on a public exchange. If we regain listing and thereafter fail to keep current in our SEC filings or to comply with the applicable continued listing requirements, our common stock might be and subsequently would

trade in the Pink Sheets electronic quotation service, or the Pink Sheets. The trading of our common stock in the Pink Sheets may reduce the price of our common stock and the levels of liquidity available to our stockholders. In addition, the trading of our common stock in the Pink Sheets would materially adversely affect our access to the capital markets, and the limited liquidity and potentially reduced price of our common stock could materially adversely affect our ability to raise capital through alternative financing

Table of Contents

sources on terms acceptable to us or at all. Stocks that trade in the Pink Sheets are no longer eligible for margin loans, and a company trading in the Pink Sheets cannot avail itself of federal preemption of state securities or blue sky laws, which adds substantial compliance costs to securities issuances, including pursuant to employee option plans, stock purchase plans and private or public offerings of securities. If we regain listing and are delisted in the future and transferred to the Pink Sheets, there may also be other negative implications, including the potential loss of confidence by suppliers, customers and employees, and the loss of institutional investor interest in our company.

Our international operations are complex and if we fail to manage those operations effectively, the growth of our business would be limited and our operating results would be adversely affected.

As of October 18, 2009, we had 26 offices in 21 countries. We sell our products primarily through a direct sales force located throughout the world. In the event that we are unable to adequately staff and maintain our foreign operations, we could face difficulties managing our international operations. We also rely, to a lesser extent, on distributors and resellers to sell our products and market our services internationally, and our inability to manage and maintain those relationships would limit our ability to generate revenue outside the U.S. Effective October 6, 2009, we terminated a reseller outside the U.S. See our risk factor below titled Our revenue growth, operating results, financial condition or cash flows may be materially and adversely affected by recent events in connection with reseller relationships. The complexities of our operations also require us to make significant expenditures to ensure that our operations are compliant with regulatory requirements in numerous foreign jurisdictions. To the extent we are unable to manage the various risks associated with our complex international operations effectively, the growth and profitability of our business may be adversely affected.

Our business may suffer if we fail to address challenges associated with transacting business internationally.

Customers outside the U.S. accounted for a material amount of our total revenues in fiscal 2009 and 2008. We anticipate that revenues from customers outside the U.S. will continue to account for a material portion of our total revenues for the foreseeable future. Our operations outside the U.S. are subject to additional risks, including:

- unexpected changes in regulatory requirements, exchange rates, tariffs and other barriers;

- political and economic instability and possible nationalization of property by governments without compensation to the owners;

- less effective protection of intellectual property;

- difficulties and delays in translating products and product documentation into foreign languages;

- difficulties and delays in negotiating software licenses compliant with accounting revenue recognition requirements in the U.S.;
- difficulties in collecting trade accounts receivable in other countries; and
- adverse tax consequences.

In addition, the impact of future exchange rate fluctuations on our operating results cannot be accurately predicted. From time to time we have engaged in economic hedging of a significant portion of installment contracts denominated in foreign currencies. In fiscal 2009 we stopped engaging in economic hedging; however, we may resume this practice in the future. Any hedging policies we implement may not be successful, and the cost of these hedging techniques may have a significant negative impact on our operating results.

Competition from software offered by current competitors and new market entrants, as well as from internally developed solutions, could adversely affect our ability to sell our software products and related services and could result in pressure to price our products in a manner that reduces our margins.

Our markets in general are highly competitive and differ among our three principal product areas: engineering, manufacturing, and supply chain management. Our engineering software competes with products of businesses such as ABB Ltd, Chemstations, Inc., Honeywell International, Inc., Invensys plc, KBC Advanced Technologies plc, and Shell Global Solutions International BV. Our manufacturing software competes with products of companies such as

Table of Contents

ABB Ltd., Honeywell International, Inc., Invensys plc, OSIsoft, Inc., Rockwell Automation, Inc., Siemens AG and SAP. Our supply chain management software competes with products of companies such as i2 Technologies, Inc., Infor Global Solutions, Manugistics, Inc. (a subsidiary of JDA Software Group, Inc.), Oracle Corporation, and SAP. In addition, we face competition in all areas of our business from large companies in the process industries that have internally developed their own proprietary software solutions.

Many of our current and potential competitors have greater financial, technical, marketing, service and other resources than we have. As a result, these companies may be able to offer lower prices, additional products or services, or other incentives that we cannot match or offer. These competitors may be in a stronger position to respond more quickly to new technologies and may be able to undertake more extensive marketing campaigns. We believe they also have adopted and may continue to pursue more aggressive pricing policies and make more attractive offers to potential customers, employees and strategic partners. In addition, many of our competitors have established, and may in the future continue to establish, cooperative relationships with third parties to improve their product offerings and to increase the availability of their products in the marketplace. Competitors with greater financial resources may make strategic acquisitions to increase their ability to gain market share or improve the quality or marketability of their products.

Competition could seriously impede our ability to sell additional software products and related services on terms favorable to us. Businesses may continue to enhance their internally developed solutions, rather than investing in commercial software such as ours. Our current and potential commercial competitors may develop and market new technologies that render our existing or future products obsolete, unmarketable or less competitive. In addition, if these competitors develop products with similar or superior functionality to our products, we may need to decrease the prices for our products in order to remain competitive. If we are unable to maintain our current pricing due to competitive pressures, our margins will be reduced and our operating results will be negatively affected. We cannot assure you that we will be able to compete successfully against current or future competitors or that competitive pressures will not materially adversely affect our business, financial condition and operating results.

If we fail to develop new software products or enhance existing products and services, we will be unable to implement our product strategy successfully and our business could be seriously harmed.

Enterprises are requiring their application software vendors to provide greater levels of functionality and broader product offerings. Moreover, competitors continue to make rapid technological advances in computer hardware and software technology and frequently introduce new products, services and enhancements. We must continue to enhance our current product line and develop and introduce new products and services that keep pace with increasingly sophisticated customer requirements and the technological developments of our competitors. Our business and operating results could suffer if we cannot successfully respond to the technological advances of competitors, or if our new products or product enhancements and services do not achieve market acceptance.

Under our business plan, we are implementing a product strategy that unifies our software solutions under the aspenONE brand with differentiated aspenONE vertical solutions targeted at specific process industry segments. We cannot assure you that our product strategy will result in products that will meet market needs and achieve significant market acceptance.

Defects or errors in our software products could harm our reputation, impair our ability to sell our products and result in significant costs to us.

Edgar Filing: ASPEN TECHNOLOGY INC /DE/ - Form 10-K/A

Our software products are complex and may contain undetected defects or errors. We have not suffered significant harm from any defects or errors to date, but we have from time to time found defects in our products and we may discover additional defects in the future. We may not be able to detect and correct defects or errors before releasing products. Consequently, we or our customers may discover defects or errors after our products have been implemented. We have in the past issued, and may in the future need to issue, corrective releases of our products to remedy defects or errors. The occurrence of any defects or errors could result in:

- lost or delayed market acceptance and sales of our products;
- delays in payment to us by customers;

Table of Contents

- product returns;
- injury to our reputation;
- diversion of our resources;
- legal claims, including product liability claims, against us;
- increased service and warranty expenses or financial concessions; and
- increased insurance costs.

Defects and errors in our software products could result in an increase in service and warranty costs or claims for substantial damages against us.

We may be subject to significant expenses and damages because of liability claims related to our products and services.

We may be subject to significant expenses and damages because of liability claims related to our products and services. The sale and implementation of certain of our software products and services, particularly in the areas of advanced process control, supply chain and optimization, entail the risk of product liability claims and associated damages. Our software products and services are often integrated with our customers' networks and software applications and are used in the design, operation and management of manufacturing and supply chain processes at large facilities, often for mission critical applications.

Any errors, defects, performance problems or other failure of our software could result in significant liability to us for damages or for violations of environmental, safety and other laws and regulations. We are currently defending a customer claim of approximately \$5 million that certain of our software products and implementation services failed to meet customer expectations. In addition, our software products and implementation services could continue to give rise to warranty and other claims. We are unable to determine whether resolution of any of these matters will have a material adverse impact on our financial position, cash flows or results of operations, or, in many cases, reasonably estimate the amount of the loss, if any, that may result from the resolution of these matters.

Our agreements with our customers generally contain provisions designed to limit our exposure to potential product liability claims. It is possible, however, that the limitation of liability provisions in our agreements may not be effective as a result of federal, foreign, state or local

laws or ordinances or unfavorable judicial decisions. A substantial product liability judgment against us could materially and adversely harm our operating results and financial condition. Even if our software is not at fault, a product liability claim brought against us could be time-consuming, costly to defend and harmful to our operations.

Implementation of some of our products can be difficult and time-consuming, and customers may be unable to implement those products successfully or otherwise achieve the benefits attributable to them.

Some scheduling applications and integrated supply chain products must integrate with the existing computer systems and software programs of our customers. This can be complex, time-consuming and expensive. As a result, some customers may have difficulty in implementing those products or be unable to implement them successfully or otherwise achieve the benefits attributable to them. Delayed or ineffective implementation of those software products or related services may limit our ability to expand our revenues and may result in customer dissatisfaction, harm to our reputation and customer unwillingness to pay the fees associated with these products.

We may suffer losses on fixed-price professional service engagements.

We undertake a portion of our professional service engagements on a fixed-price basis. Under these types of engagements, we bear the risk of cost overruns and inflation, and in the past we have experienced cost overruns, which on occasion have been significant. Should the number of our fixed-price engagements increase in the future, we may experience additional cost overruns which could have a more pronounced impact on our operating results.

Table of Contents

We may not be able to protect our intellectual property rights, which could make us less competitive and cause us to lose market share.

We regard our software as proprietary and rely on a combination of copyright, patent, trademark and trade secret laws, license and confidentiality agreements, and software security measures to protect our proprietary rights. We have registered or have applied to register several of our significant trademarks in the U.S. and in certain other countries. We generally enter into non-disclosure agreements with our employees and customers, and historically have restricted access to our software products' source codes, which we regard as proprietary information. In a few cases, we have provided copies of the source code for some of our products to customers solely for the purpose of special product customization and have deposited copies of the source code for some of our products in third-party escrow accounts as security for ongoing service and license obligations. In these cases, we rely on non-disclosure and other contractual provisions to protect our proprietary rights.

The steps we have taken to protect our proprietary rights may not be adequate to deter misappropriation of our technology or independent development by others of technologies that are substantially equivalent or superior to our technology. Any misappropriation of our technology or development of competitive technologies could harm our business and could force us to incur substantial costs in protecting and enforcing our intellectual property rights. The laws of some countries in which our products are licensed do not protect our intellectual property rights to the same extent as the laws of the U.S.

Third-party claims that we infringe the intellectual property rights of others may be costly to defend or settle and could damage our business.

We cannot be certain that our software and services do not infringe issued patents, copyrights, trademarks or other intellectual property rights of third parties. Litigation regarding intellectual property rights is common in the software industry, and we may be subject to legal proceedings and claims from time to time, including claims of alleged infringement of intellectual property rights of third parties by us or our licensees concerning their use of our software products and integration technologies and services. Although we believe that our intellectual property rights are sufficient to allow us to market our software without incurring liability to third parties, third parties may bring claims of infringement against us. Because our software is integrated with our customers' networks and business processes, as well as other software applications, third parties may bring claims of infringement against us, as well as our customers and other software suppliers, if the cause of the alleged infringement cannot easily be determined. Such claims may be with or without merit.

Claims of alleged infringement may have a material adverse effect on our business and may discourage potential customers from doing business with us on acceptable terms, if at all. Defending against claims of infringement may be time-consuming and may result in substantial costs and diversion of resources, including our management's attention to our business. Furthermore, a party making an infringement claim could secure a judgment that requires us to pay substantial damages. A judgment could also include an injunction or other court order that could prevent us from selling our software or require that we re-engineer some or all of our products. Claims of intellectual property infringement also might require us to enter costly royalty or license agreements. We may be unable, however, to obtain royalty or license agreements on terms acceptable to us or at all. Our business, operating results and financial condition could be harmed significantly if any of these events occurred, and the price of our common stock could be adversely affected. Furthermore, former employers of our current and future employees may assert that our employees have improperly disclosed confidential or proprietary information to us. In addition, we have agreed, and may agree in the future, to indemnify certain of our customers against claims that our software infringes upon the intellectual property rights of others. Although we carry general liability insurance, our current insurance coverage may not apply to, and likely would not protect us from, liability that may be imposed under any of the types of claims described above.

If we are not successful in attracting, integrating and retaining highly qualified personnel, we may not be able to successfully implement our business strategy.

Our ability to establish and maintain a position of technology leadership in the highly competitive software market depends in large part upon our ability to attract, integrate and retain highly qualified managerial, sales, technical and accounting personnel. Competition for qualified personnel in the software industry is intense. We have from time to time in the past experienced, and we expect to continue to experience in the future, difficulty in hiring

Table of Contents

and retaining highly skilled employees with appropriate qualifications. Our future success will depend in large part on our ability to attract, integrate and retain a sufficient number of highly qualified personnel, and there can be no assurance that we will be able to do so.

Our revenue growth, operating results, financial condition or cash flows may be materially and adversely affected by recent events in connection with reseller relationships.

Prior to October 6, 2009, we had an exclusive reseller relationship covering certain countries in the Middle East with a reseller known as, AspenTech Middle East W.L.L., a Kuwait corporation (ATME or the reseller). Effective October 6, 2009, we terminated the reseller relationship for material breach by the reseller based on certain actions of the reseller. On November 2, 2009 the reseller filed a Claim Form (Arbitration) in the High Court of Justice, Queen's Bench Division, Commercial Court, London, England, reference 2009 Folio 1436 in the matter of an intended arbitration between the reseller and us, seeking an injunction against certain activities by us in the alleged former territory of the reseller. We believe that the reseller's claims are without merit, inasmuch as our termination of the relationship was based on actions by the reseller constituting material breach as defined in the reseller agreement document, and that the reseller is not entitled to such an injunction. We therefore intend to defend the claims vigorously. We can provide no assurance as to the outcome of this proceeding or the likelihood of the filing of additional proceedings such as a full arbitration, and these claims may result in judgments against us for significant damages and a possible injunction that would threaten our ability to do business directly in certain countries in the Middle East. In addition, regardless of the outcome, such claims may result in significant legal expenses and may require significant attention and resources of management, all of which could result in losses and damages that have a material adverse effect on our business. The reseller agreement document relating to the terminated relationship contained a provision whereby we could be liable for a termination fee if the agreement were terminated other than for material breach. This fee would be calculated based on a formula contained in the reseller agreement that we believe was originally developed based on certain assumptions about the future financial performance of the reseller, as well as the reseller's actual financial performance. Based on the formula and the financial information provided to us by the reseller, which we have not had the opportunity to verify independently, a recent calculation associated with termination other than for material breach based on the formula would result in a termination fee of between \$60 million and \$77 million. Under the terminated reseller agreement document, no termination fee is owed on termination for material breach.

Risks Related to Our Common Stock

Our common stock may experience substantial price and volume fluctuations.

The equity markets have from time to time experienced extreme price and volume fluctuations, particularly in the high technology sector, and those fluctuations have often been unrelated to the operating performance of particular companies. In addition, factors such as changes to our business model, our financial performance, announcements of technological innovations or new products by us or our competitors, as well as market conditions in the computer software or hardware industries, may have a significant impact on the market price of our common stock.

In the past, following periods of volatility in the market price of a public company's securities, securities class action litigation has often been instituted against the company. This type of litigation against us could result in substantial liability and costs and divert management's attention and resources.

Our ability to raise capital in the future may be limited, and our failure to raise capital when needed could prevent us from executing our business plan.

We expect that our current cash balances, future cash flows from our operations, and continued ability to sell installment receivable contracts will be sufficient to meet our anticipated cash needs for at least the next twelve months. We may need to obtain additional financing thereafter or earlier, however, if our current plans and projections prove to be inaccurate or our expected cash flows prove to be insufficient to fund our operations because of lower-than-expected revenues, fewer sales of installment receivable contracts, unanticipated expenses or other unforeseen difficulties.

Table of Contents

Our ability to obtain additional financing will depend on a number of factors, including market conditions, our operating performance, the quality of our installment receivable contracts, and the availability of capital in the credit markets. These factors may make the timing, amount, terms and conditions of any financing unattractive. If adequate funds are not available, or are not available on acceptable terms, we may have to forego strategic acquisitions or investments, reduce or defer our development activities or delay our introduction of new products and services.

Any additional capital raised through the sale of equity or convertible debt securities may dilute the existing shareholder percentage ownership of our common stock. Furthermore, any new securities we issue could have rights, preferences and privileges superior to our common stock. Capital raised through debt financings could require us to make periodic interest payments and could impose potentially restrictive covenants on the conduct of our business.

Our corporate documents and provisions of Delaware law may prevent a change in control or management that stockholders may consider desirable.

Section 203 of the Delaware General Corporation Law, our charter and our by-laws contain provisions that might enable our management to resist a takeover of our company. These provisions include:

- limitations on the removal of directors;
- a classified board of directors, so that not all members of our board are elected at one time;
- advance notice requirements for stockholder proposals and nominations;
- the inability of stockholders to act by written consent or to call special meetings;
- the ability of our board of directors to make, alter or repeal our by-laws; and
- the ability of our board of directors to designate the terms of and issue new series of preferred stock without stockholder approval.

These provisions could:

- have the effect of delaying, deferring or preventing a change in control of our company or a change in our management that stockholders may consider favorable or beneficial;
- discourage proxy contests and make it more difficult for stockholders to elect directors and take other corporate actions; and
- limit the price that investors might be willing to pay in the future for shares of our common stock.

Sales of shares of common stock issued upon the conversion of our previously outstanding Series D-1 preferred stock may result in a decrease in the price of our common stock.

Private equity funds managed by Advent International Corporation have the right to require that we register under the Securities Act the shares of common stock that were issued upon the conversion of our previously outstanding Series D-1 preferred stock and upon the exercise of certain previously outstanding warrants. In addition, these funds could sell certain of such shares without registration. In May 2006, we received a demand letter from such funds requesting the registration of all of the shares of common stock covered by those registration rights, for sale in an underwritten public offering. Pursuant to this request, in April 2007 we filed a registration statement for a public offering of 18,000,000 shares of common stock held by such funds. The registration statement also covered 2,700,000 shares that would be subject to an option to be granted to the underwriters by such funds solely to cover overallocments. On July 30, 2008, we applied to withdraw this registration statement and requested the SEC's consent thereto. Any sale of common stock into the public market could cause a decline in the trading price of our common stock.

Table of Contents

There may be an increase in the sales volume of our common stock when we are current in our Exchange Act filings, and any sales of shares into the public market may cause a decline in the trading price of our common stock.

On December 6, 2007, our board of directors approved the extension of the exercise periods of certain outstanding stock options that would otherwise likely expire prior to our becoming current in our Exchange Act -filings. When we were not current in those filings, we were unable, under applicable securities laws, to issue shares pursuant to exercises of options. Sales of shares upon exercise of those and other options, or sales of shares subsequent to lapse of forfeiture restrictions on restricted stock units, may cause increased selling pressure in the market for our stock, which has generally traded at volume levels substantially less than those prior to the delisting of our common stock from the NASDAQ Stock Market on February 19, 2008. Any sales of shares into the public market may cause a decline in the trading price of our common stock.

PART III

Item 11. Executive Compensation

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides information regarding our compensation programs and policies for our named executive officers or NEOs, who consist of:

- Mark Fusco, our President and Chief Executive Officer;
- Bradley T. Miller, who served as our Senior Vice President and Chief Financial Officer until February 2009;
- Antonio J. Pietri, our Executive Vice President, Field Operations;
- Manolis E. Kotzabasakis, our Senior Vice President, Sales and Strategy; and
- Frederic G. Hammond, our Senior Vice President, General Counsel and Secretary.

Objectives and Philosophy of Our Executive Compensation Program

We have a total compensation philosophy designed to provide compensation that is linked to performance, competitive with other companies in the markets in which we compete, that is perceived to be fair and equitable, and that can be sustained in all business environments. The compensation policies established by the compensation committee have been designed to link executive compensation to the attainment of specific performance goals and to align the interests of executive officers with those of our stockholders. The policies are also designed to allow us to attract and retain senior executives critical to our long-term success by providing competitive compensation packages and recognizing and rewarding individual contributions, to ensure that executive compensation is aligned with corporate strategies and business objectives, and to promote the achievement of key strategic and financial performance measures.

To achieve these objectives, we use a mix of compensation elements, including:

- base salary;

- annual performance-based and discretionary cash bonuses;

- long-term equity incentives in the form of stock options and restricted stock units;

- employee benefits; and

- severance and change-of-control benefits.

Table of Contents

In determining the amount and form of these compensation elements, we may consider a number of factors, including the following:

- compensation levels paid by companies in our peer group, with a particular focus on target levels for cash compensation based on cash compensation paid to similarly situated officers employed by the peer companies, as we believe this approach helps us to compete in hiring and retaining the best possible talent while at the same time maintaining a reasonable and responsible cost structure;
- corporate performance, particularly as reflected in achievement of key corporate strategic, financial and operational goals such as growth and penetration of customer base and financial and operational performance, as we believe this encourages our NEOs to focus on achieving our business objectives;
- the need to motivate executives to address particular business challenges unique to a particular year;
- internal pay equity of the compensation paid to one NEO as compared to another, as we believe this contributes to retention and a spirit of teamwork among our executives;
- broader economic conditions, in order to ensure that our pay strategies are effective yet responsible, particularly in the face of any unanticipated consequences of the broader economy on our business; and
- individual negotiations with NEOs, particularly in connection with their initial compensation package, as these executives may be leaving meaningful compensation opportunities at prior employers or may be declining significant compensation opportunities at other potential employers in order to come work for us, as well as negotiations upon their departures, as we recognize the benefit to our stockholders of seamless transitions.

Role of the Compensation Committee

The compensation committee of the board of directors oversees our executive compensation program. In this role, the compensation committee is generally responsible for reviewing, modifying, approving and otherwise overseeing the compensation policies and practices applicable to our employees, including the administration of our equity and employee benefit plans. As part of this responsibility, the compensation committee reviews and approves (or recommends for approval by a majority of the independent directors), the compensation structure for our NEOs. The board is responsible for establishing corporate objectives and targets for purposes of variable cash compensation; for fiscal 2009, the board approved the corporate operating income target for both of our cash bonus plans.

The compensation committee historically has, at its discretion, presented to the board information regarding executive compensation matters for all executives. Compensation matters for all executives other than the chief executive officer and the chief financial officer are approved by the compensation committee and presented to the board for informational purposes. The compensation committee presents to the board its recommendations on compensation matters for the chief executive officer and the chief financial officer, including base salary and target bonus levels, for approval by the independent directors. In fiscal 2009 the independent directors approved the compensation committee's recommendations as presented.

As part of its deliberations, in any given year, the compensation committee may review and consider materials such as our financial reports and projections, operational data, tax and accounting information that set forth the total compensation that may become payable to executives in various hypothetical scenarios, executive and director stock ownership information, our stock performance data, analyses of historical executive compensation levels and current company-wide compensation levels, industry and peer company benchmark data, and the recommendations of our chief executive officer. The compensation committee may review materials and advice provided by an independent compensation consultant, but did not engage any compensation consultants in determining or recommending the amount or form of executive compensation for fiscal 2009.

Role of Management

For NEOs other than our chief executive officer, the compensation committee solicits and considers the performance evaluations and compensation recommendations submitted to the compensation committee by the chief

Table of Contents

executive officer. In the case of the chief executive officer, the compensation committee evaluates his performance and determines whether to recommend to the board any adjustments to his compensation. Mark Fusco, our chief executive officer and one of our directors, participated in the meetings of the compensation committee related to the amount of the fiscal 2009 compensation packages for each of the NEOs, other than his own.

Our human resources, accounting and finance, and legal departments work with our chief executive officer to design and develop compensation programs applicable to NEOs and other senior executives that the chief executive officer recommends to the compensation committee. These departments also work with the chief executive officer to recommend changes to existing compensation programs, to recommend financial and other performance targets to be achieved under those programs, to prepare analyses of financial data, to prepare peer group data summaries, to prepare other compensation committee briefing materials, and ultimately to implement the decisions of the board and the compensation committee.

Compensation Benchmarking

The compensation committee reviews relevant market and industry practices on executive compensation to balance our need to compete for talent with our need to maintain a reasonable and responsible cost structure, as well as with the goal of aligning the interests of the NEOs with those of our stockholders. In making compensation decisions for fiscal 2009, the compensation committee reviewed information on practices, programs and compensation levels implemented by a peer group selected by the compensation committee and global industry survey sources.

Peer Group

The peer group consists of companies that are U.S. publicly traded software companies, that have revenue within a specified range of our revenue and that the compensation committee believes compete with us for executive talent. At the time the compensation committee reviewed peer group data for purposes of fiscal 2009, the peer group had annual revenues of between \$235 million and \$941 million. The composition of the peer group is reviewed and updated by the compensation committee annually, based in part on recommendations of our chief executive officer and chief financial officer. For fiscal 2009, the twelve companies included in the peer group were:

ANSYS, Inc.

Epicor Software Corporation

i2 Technologies, Inc.

Informatica Corporation

JDA Software Group, Inc.

Lawson Software, Inc.

Manhattan Associates, Inc.

Mentor Graphics Corporation

Parametric Technology Corporation

Progress Software Corporation

QAD Inc.

TIBCO Software Inc.

Compensation Positioning and Compensation Allocations

In general, the compensation committee sets cash compensation elements as follows, with compensation above this level possible for exceptional performance:

- base salaries at or near the 50th percentile for our peer group; and
- target cash bonus compensation at or near the 75th percentile for our peer group.

The compensation committee believes targeting each element of cash compensation at these percentiles for our peer group is necessary in order to achieve the primary objectives, described above, of our executive compensation program. The higher percentile for target cash bonuses is intended to highly motivate our executives to achieve the corporate financial and individual objectives that underlie our performance-based bonus plans.

Table of Contents

Benchmarking is not the only factor the compensation committee considers in setting either element of cash compensation. The equity compensation element is not benchmarked to a specific peer group percentile, although peer group data, including mean and distribution data for peer company officers, are analyzed and considered by the compensation committee in the process of determining compensation levels for NEOs. A number of other factors, such as economic conditions, performance and individual negotiations, may play an important role (or no role) with respect to the cash or equity compensation offered to any NEO in a given year. In setting actual compensation levels for a NEO, the compensation committee, in addition to considering peer group data, also considers the NEO's duties and responsibilities and the NEO's ability to influence corporate performance. In addition to peer group analysis, the compensation committee also reviews third-party survey data to confirm the reasonableness of proposed compensation levels. The compensation committee believes this general approach helps us to compete in hiring and retaining the best possible talent while at the same time maintaining a reasonable and responsible cost structure.

The compensation committee considers actual realized compensation received in determining if compensation programs are meeting their objectives. It does not, however, typically reduce compensation plan targets because of compensation realized from prior awards, in order to avoid creating an inadvertent disincentive for exceptional performance.

Reasons for Providing, and Manner of Structuring, the Key Compensation Elements in Fiscal 2009

Base Salary

We provide base salary as a fixed source of compensation for our executives, allowing them a degree of certainty in the face of having a large portion of their compensation at risk. Base salary is used to recognize the performance, skills, knowledge, experience and responsibilities required of all our employees, including our NEOs. The compensation committee recognizes the importance of base salary as an element of compensation that helps to attract and retain our executives. As a result, base salaries need to be at levels competitive with salaries provided by our peer group and target base salary levels are typically targeted at the 50th percentile of our peer group.

Each year the compensation committee reviews the annual salaries for each of our NEOs, considering whether existing base salary levels continue to be at the 50th percentile for our peer group and other factors such as peer group average salary data. In addition to considering the peer group data, the compensation committee may, but does not always, also consider other factors, including the experience, tenure and performance of a NEO, the scope of the NEO's responsibility, the salary level negotiated by a NEO in any existing employment agreement, broader economic conditions, our financial health, and the extent to which the compensation committee is generally satisfied with the NEO's past performance and expected future contributions.

For fiscal 2009, the compensation committee determined that the \$500,000 base salary of Mark Fusco was at the 67th percentile, and 104% of average (\$480,228), for chief executive officers of our peer group. Mr. Fusco's base salary exceeded the 50th percentile generally targeted for NEOs, in recognition of his individual role and responsibilities, his track record with us (including his past successes in addressing significant accounting and business challenges), and his importance to our future success.

The compensation committee also determined to recommend to the board that the \$300,000 base salary of Bradley Miller be continued from fiscal 2008 into fiscal 2009, and the board approved that recommendation. Mr. Miller's base salary was at the 54th percentile for chief financial officers of our peer group. Mr. Miller stepped down from his position as our chief financial officer in February 2009; our current chief financial

officer, Mark P. Sullivan, did not join us until July 2009.

The base salary levels of the other three NEOs were increased, and the percentiles represented by the fiscal 2009 base salaries for similarly situated officers of our peer group, were:

- Antonio Pietri: base salary increased \$25,000 to \$300,000, at the 50th percentile;
- Manolis Kotzabasakis: base salary increased \$15,000 to \$265,000; and
- Frederic Hammond: base salary increased \$25,000 to \$275,000, below the 50th percentile.

Table of Contents

The compensation committee noted that the responsibilities of Mr. Kotzabaskis were different from those associated with any of the officers covered by the peer group data, and the compensation committee therefore relied on factors other than benchmarking, including third-party survey data and consideration of his significant contributions to our success, in setting a base salary for Mr. Kotzabaskis for fiscal 2009. The determinations of base salaries of the NEOs other than for Mr. Fusco were based in part on, and were consistent with, recommendations made by Mr. Fusco to the compensation committee.

Variable Cash Compensation

In addition to earning a base salary, executives are eligible to earn additional cash compensation through annual (that is, short-term) variable cash bonuses. The variable bonuses are intended to motivate executives to work at the highest levels of their individual abilities and to achieve company-wide operating and strategic objectives as well as individual objectives. The compensation committee also recognizes the important role that variable cash compensation plays in attracting and retaining executives and therefore generally seeks to set target levels for variable bonuses (that is, payouts for target performance achievement) so that target cash bonus compensation falls at or near the 75th percentile for target cash bonus compensation of similarly situated executives at our peer group. By weighting cash compensation more heavily toward variable cash compensation (since base salaries are targeted at the median), the compensation committee makes a significant portion of our executives' total cash compensation at risk, helping us implement a culture in which the executives know that their take-home pay depends, to a large extent, on our and their performance.

The compensation committee generally starts the process of determining the target bonus levels, and the corporate and individual performance goals by which performance will be measured under the bonus programs, in the last quarter before the start of the applicable fiscal year. Typically, in the fourth quarter of each fiscal year, the compensation committee considers potential performance measures and the target bonus percentages for the next fiscal year. As part of this analysis, the compensation committee considers the likely bonus payouts for the ongoing fiscal year and reviews its preliminary analysis with the chief executive officer, in connection with their consideration of expected financial results for the prior year, budgets for the applicable year and the economic forecast for the applicable year. The compensation committee also considers peer group company data provided by the chief executive officer. The chief executive officer then makes a recommendation to the compensation committee as to the target bonuses that the other executives should be eligible to earn for the applicable year, and the compensation committee reviews those recommendations. Generally, in the first quarter of a fiscal year, after financial results for the prior year have become available, the compensation committee reviews and finalizes its earlier discussions regarding the structure and elements of compensation for the new year. Among other things, the board determines the corporate performance goals for the year and the compensation committee determines individual performance goals (other than goals for the chief executive officer and chief financial officer, which the compensation committee recommends to the board for approval).

In June 2008 the compensation committee approved two incentive bonus plans for our executives for fiscal 2009: the Executive Annual Incentive Bonus Plan Fiscal 2009, or 2009 Executive Plan; and the Operations Executives Plan Fiscal 2009, or 2009 Operations Plan. The participants in the 2009 Executive Plan consisted of our chief executive officer and those executives who report directly to our chief executive officer, except for executives who participate in the 2009 Operations Plan. The participants in the 2009 Operations Plan consisted of regional operations and global executives. Manolis Kotzabaskis participated in the 2009 Operations Plan, and each of the other NEOs participated in the 2009 Executive Plan. In September 2009, the compensation committee approved discretionary cash bonuses, based on individual performance during fiscal 2009, for employees who did not participate in the 2009 Operations Plan or any other commission-based plans.

The process of the compensation committee for establishing variable cash compensation for fiscal 2010 was completed in the first quarter of fiscal 2010, in accordance with the Company's standard practice. In September 2009 the compensation committee approved the Executive Annual Incentive Bonus Plan Fiscal 2010, or 2010 Executive Plan, an incentive bonus plan for our executives for fiscal 2010. The participants in the 2010 Executive Plan include our chief executive officer and those executives who report directly to our chief executive officer.

Table of Contents

2009 Executive Plan

The participants in the 2009 Executive Plan included each of the NEOs other than Manolis Kotzabasakis. Any amounts earned under the 2009 Executive Plan were payable in cash and directly tied to achievement of corporate financial targets and individual performance goals. Amounts payable under the 2009 Executive Plan were based and weighted as follows:

- 70% of the overall bonus was based on our corporate achievement of operating margin;
- 25% of the overall bonus was based on satisfaction of individual performance objectives; and
- 5% of the overall bonus was based on a subjective performance assessment by the chief executive officer or, in the case of the chief executive officer, by the compensation committee.

We do not have a general policy regarding the adjustment of compensation following a restatement or adjustment of our performance measures.

In connection with the 2009 Executive Plan, the board selected operating income as the primary corporate performance goal for fiscal 2009.

Operating income was calculated as income from operations less restructuring charges, extraordinary legal costs, and gains or losses on sales and disposals of assets. The board chose this goal because it expected that operating income would be the best indicator of the achievement of the execution of our operating plan in fiscal 2009 and would be important to increasing the value of our common stock, therefore aligning the financial interests of executives with those of our stockholders. The 2009 Executive Plan included a minimum operating income threshold of \$75.0 million, which represented 80% of our targeted operating income of \$93.8 million from the operating plan adopted by our board of directors. If this minimum threshold was not met, no bonus would be payable under the 2009 Executive Plan. If operating income exceeded \$75.0 million, the amount of bonuses would increase as operating income increased, up to a maximum operating income threshold of \$140.7 million, which represented 150% of targeted operating income.

Individual performance goals of executives under the 2009 Executive Plan were tied to the executive's particular functional responsibilities and his performance in fulfilling those responsibilities. The bonus amount attributable to individual goals was capped at 100% achievement. The compensation committee established individual performance goals for Mark Fusco, and Mr. Fusco, as chief executive officer, developed individual goals for the three other NEOs covered by the 2009 Executive Plan, subject to the compensation committee's review and approval. The compensation committee discussed all of the executives' individual performance goals with the board and then approved the individual goals for each executive under the 2009 Executive Plan, other than goals for the chief executive officer and chief financial officer, which were approved by the board.

Target bonus amounts for individual executives under the 2009 Executive Plan generally are targeted at the 75th percentile of our peer group. The target bonus amounts for the four NEOs covered by the 2009 Executive Plan, and the percentile represented by the fiscal 2009 target bonuses for similarly situated officers of our peer group:

- Mark Fusco: \$700,000, above the 90th percentile;
- Bradley Miller: \$175,000, below the 50th percentile;
- Antonio Pietri: \$275,000, slightly above the 75th percentile; and
- Frederic Hammond: \$140,000, below the 50th percentile.

In establishing Mr. Fusco's target bonus, the compensation committee considered not only peer group data but also certain subjective, qualitative and intangible factors, including his leadership and his vision for our company, which the compensation committee believes are critical to our success. The determinations of the target bonus amounts of Messrs. Miller, Pietri and Hammond were based in part on, and were consistent with, recommendations made by Mr. Fusco to the compensation committee.

The threshold level for being awarded a bonus pursuant to the 2009 Executive Plan can be characterized as challenging, while the maximum goal contemplates compliance with demanding requirements. The minimum

Table of Contents

operating income threshold and other operating income requirements under the 2009 Executive Plan were based on our operating plan for fiscal 2009, which anticipated double-digit growth in license revenues from fiscal 2008. We view that organic growth rate as very challenging for a company that has been operating for thirty years. We paid bonuses with respect to fiscal 2007 and fiscal 2008 under variable cash compensation plans predicated on a similar rate of growth in license revenue. In both of those years, however, we recognized record levels of revenue, and payment of bonuses under the 2009 Executive Plan would have required another record amount of revenue in the face of challenging economic conditions.

Following the close of fiscal 2009, the compensation committee determined that no bonuses were payable under the 2009 Executive Plan because operating income of \$43.9 million did not meet the minimum operating income threshold. In September 2009, the compensation committee approved discretionary cash bonuses to certain individuals as described below under 2009 Discretionary Cash Bonus Awards.

2009 Operations Plan

Manolis Kotzabasakis is the only NEO who participated in the 2009 Operations Plan. Any amounts earned under the 2009 Operations Plan were payable in cash and directly tied to achievement of corporate financial targets and regional performance objectives. Amounts payable to Mr. Kotzabasakis under the 2009 Operations Plan were based and weighted as follows:

- 75% of the overall bonus consisted of a commission element;
- 20% of the overall bonus was based on our corporate achievement of operating margin; and
- 5% of the overall bonus was based on satisfaction of individual performance objectives.

We do not have a general policy regarding the adjustment of compensation following a restatement or adjustment of our performance measures.

The commission element for Mr. Kotzabasakis under the 2009 Operations Plan is based on regional operating and contribution margins. Overachievement under this element was capped at 150%. Bonuses attributable to the regional performance component were paid as quarterly commissions based on quarterly regional or consolidated financial results.

As described above under 2009 Executive Plan, the compensation committee believed operating income would be the best indicator of the achievement of the execution of our operating plan in fiscal 2009 and would be important to increasing the value of our common stock, therefore aligning the financial interests of 2009 Operations Plan participants with those of our stockholders. The 2009 Operations Plan included a minimum operating income threshold of \$75.0 million, which represented 80% of our targeted operating income of \$93.8 million from the operating plan adopted by our board of directors. If this minimum threshold was not met, no bonus would be payable under operating margin

individual performance goals elements of the 2009 Operations Plan. If operating income exceeded \$75.0 million, the amount of bonuses would increase as operating income increased, up to a maximum operating income threshold of \$140.7 million, which represented 150% of targeted operating income.

Individual performance goals of Mr. Kotzabasakis under the 2009 Operations Plan were tied to his particular functional responsibilities and his performance in fulfilling those responsibilities. The bonus amount attributable to individual goals was capped at 100% achievement. The individual performance goals for Mr. Kotzabasakis were developed by Mr. Fusco, as chief executive officer, subject to the compensation committee's review and approval. The compensation committee discussed the individual performance goals with the board and then approved the individual goals under the 2009 Operations Plan.

The target bonus amount for Mr. Kotzabasakis under the 2009 Operations Plan was \$260,000. While the compensation committee generally establishes NEOs' target bonuses at the 75th percentile of our peer group, the compensation committee noted that the responsibilities of Mr. Kotzabasakis were different from those associated with any of the officers covered by the peer group data and the compensation committee therefore relied more heavily on factors other than benchmarking, including third-party survey data, in setting a total target bonus for Mr. Kotzabasakis for fiscal 2009.

Table of Contents

The threshold level for being awarded a bonus pursuant to the 2009 Operations Plan can be characterized as challenging, while the maximum goal contemplates compliance with demanding requirements. The minimum operating income threshold and other operating income requirements under the 2009 Operations Plan were based on our operating plan for fiscal 2009, which anticipated double-digit growth in license revenues from fiscal 2008. We view that organic growth rate as very challenging for a company that has been operating for thirty years. We paid bonuses with respect to fiscal 2007 and fiscal 2008 under variable cash compensation plans predicated on a similar rate of growth in license revenue. In both of those years, however, we recognized record levels of revenue, and payment of bonuses under the 2009 Operations Plan would have required another record amount of revenue in the face of challenging economic conditions.

Mr. Kotzabasakis received payments totaling \$130,964 under the commission element of the 2009 Operations Plan, which payments represented 67% of his total commission target of \$195,000 (75% of \$260,000). Neither he nor any other participant received any payments under the operating margin and individual performance elements of the 2009 Executive Plan because the minimum operating income threshold was not satisfied.

2009 Discretionary Cash Bonus Awards

The board of directors and the compensation committee retain discretion to award bonuses outside of the annual bonus program parameters.

Following the determination that no bonus amounts were payable under the 2009 Executive Plan, the compensation committee met in July, August and September 2009 to review the key developments that resulted in our failing to meet the minimum operating income threshold under the 2009 Executive Plan and the 2009 Operations Plan, as well as the identical threshold applicable to our corporate bonus plan for non-executive employees.

The compensation committee reviewed the fiscal 2009 operating results and observed that a number of key corporate objectives had been achieved during the year, including a significant increase in license bookings, the management and control of expense levels, and the satisfaction of 97% of our target cash plan. The compensation committee concluded that operating income had been adversely affected for reasons outside the control of our executives and staff, including revenue recognition timing issues and the unanticipated global economic downturn. The compensation committee also considered the fact that we did not grant fiscal 2010 merit increases and that, at the time, we were unable (and had been unable since fiscal 2008) to grant equity incentive awards because we were not current in filing periodic reports with the SEC.

Based upon a recommendation of Mark Fusco, our President and Chief Executive Officer, the compensation committee determined to recommend to the board that we grant a broad-based discretionary bonus based on fiscal 2009 performance. In accordance with that recommendation, the discretionary bonus did not cover Mr. Fusco or any individuals, such as Manolis Kotzabasakis, who participated in the 2009 Operations Plan and therefore were eligible for quarterly commission payments. The compensation committee separately determined that Mr. Fusco should be eligible for a discretionary payment, based on his contributions during fiscal 2009. The amount of the discretionary cash bonus payable to each eligible individual generally was established at 50% of the individual's total target bonus under the 2009 Executive Plan or our corporate bonus plan, as applicable. In September 2009, the board approved the discretionary cash bonus awards recommended by the compensation committee.

Edgar Filing: ASPEN TECHNOLOGY INC /DE/ - Form 10-K/A

Following board approval, discretionary bonus awards were paid to three NEOs. Mark Fusco received a payment of \$350,000 and Frederic Hammond received a payment of \$70,000. Each of these discretionary payments represented 50% of the recipient's total target bonus under the 2009 Executive Plan.

Antonio Pietri received a discretionary bonus award of \$192,500, which represented 70% of his target bonus under the 2009 Executive Plan. The compensation committee established Mr. Pietri's discretionary bonus at this level for purposes of internal compensation equity, in order to align his compensation with other executives having similar levels of responsibility and to position him appropriately with respect to the commission-earning individuals who report to him.

Table of Contents

2010 Executive Plan

The participants in the 2010 Executive Plan include Mark Fusco, Antonio Pietri, Manolis Kotzabasakis and Frederic Hammond. Any amounts earned under the 2010 Executive Plan are payable in cash and directly tied to achievement of corporate financial targets and individual performance goals. Amounts payable under the 2010 Executive Plan are based and weighted as follows:

- 65% of the overall bonus is based on our corporate achievement of target global license bookings; and
- 35% of the overall bonus is based on our corporate achievement of target operating cash flow.

In connection with the 2010 Executive Plan, the board selected global license bookings and operating cash flows as the primary corporate performance goals for fiscal 2010. The board chose these goals because it expects that, particularly in light of the implementation of our new licensing model, those two goals will be the best indicators of the achievement of the execution of our operating plan in fiscal 2010 and will be important to increasing the value of our common stock, therefore aligning the financial interests of executives with those of our stockholders. The goals are based upon targets approved by the board as part of our fiscal 2010 operating plan. In order for any bonus to be payable to any executive under either the global license bookings or operating cash flow metric, we must achieve at least 70% of the target metric. Each metric is measured and funded independently.

An executive must achieve individual performance objectives established in connection with the 2010 Executive Plan. The compensation committee established, and will assess compliance with, individual performance goals for Mark Fusco, and Mr. Fusco, as chief executive officer, developed, and will assess compliance with, individual goals for the three other NEOs covered by the 2010 Executive Plan, subject to the compensation committee's review. The compensation committee approved the individual performance goals for Antonio Pietri, Manolis Kotzabasakis and Frederic Hammond, and recommended to the board approval of the goals for Mr. Fusco and Mark Sullivan. The board subsequently approved the individual performance goals for each of Messrs. Fusco and Sullivan. Under the 2010 Executive Plan, each executive will receive a performance achievement rating between 80% and 100%, which will be used as a multiplier against the funded level of each financial metric to determine a final earned bonus under each financial metric. As part of the negotiations of initial compensation for Mr. Sullivan when he joined us in July 2009, the compensation committee agreed that payment of his target bonus would be guaranteed for 2010.

In fiscal 2010, performance will be evaluated at mid-year and at year-end, and the bonus will be allocated 25% to mid-year and 75% to year-end. The year-end calculation will also be weighted by the individual performance assessment rating.

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; provided that in the event the executive's employment terminates due to death, incapacity or retirement, then any award payable will be prorated.

In addition to awards based on the performance metrics established in the plan, the compensation committee may make discretionary awards to eligible employees in such amounts as the committee determines are appropriate and in our best interests.

Equity Compensation

We provide a portion of our executive compensation in the form of stock options and restricted stock units that vest over time, which we believe helps to retain our executives and aligns their interests with those of our stockholders by allowing the executives to participate in our longer-term success through stock price appreciation.

Our equity award program is the primary vehicle for offering long-term incentives to our executives. We believe that equity grants help to align the interests of our executives and our stockholders, provide our executives with a strong link to our long-term performance and create an ownership culture. In addition, the vesting feature of our equity grants should further our goal of executive retention by providing an incentive to an executive to remain in our employ during the vesting period. In determining the size of equity grants to our executives, our compensation committee considers comparative share ownership of executives in our compensation peer group, our

Table of Contents

company-level performance, the individual executive's performance, the amount of equity previously awarded to the executive, the vesting status of the previous awards and the recommendations of the chief executive officer. We do not have any equity ownership guidelines for our executives.

We typically make an initial equity award of stock options and/or restricted stock units to new executives and an annual equity program grant as part of our overall compensation program. All grants of options and restricted stock units to our executives are approved by the compensation committee.

Our equity awards typically have taken the form of stock options and restricted stock units. The compensation committee reviews all components of an executive's compensation when determining annual equity awards to ensure that the executive's total compensation conforms to our overall philosophy and objectives.

We set the exercise price of all stock option grants to equal the prior day's closing price of our common stock. Typically, the stock options we grant to our executives vest pro rata over the first sixteen quarters of a ten-year option term. Vesting and exercise rights cease shortly after termination of employment except in the case of death or disability. Prior to the exercise of an option, the holder has no rights as a stockholder with respect to the shares subject to such option, including voting rights and the right to receive dividends or dividend equivalents.

We became delinquent in our SEC filings in fiscal 2008 and remained delinquent throughout fiscal 2009 because of certain accounting errors we had identified. Our failure to timely file reports under the Exchange Act resulted in lack of an effective registration statement, so we suspended option grants until we became current.

Benefits and Other Compensation

We maintain broad-based benefits that are provided to all employees, including health and dental insurance, life and disability insurance and a 401(k) plan. Executives are eligible to participate in all of our employee benefit plans, in each case on the same basis as other employees. Our NEOs are not entitled to benefits that are not otherwise available to all employees.

Severance and Change-in-Control Benefits

Pursuant to executive retention agreements we have entered into with each of our NEOs as of June 30, 2009 and to the provisions of our option agreements, those executives are entitled to specified benefits in the event of the termination of their employment under specified circumstances, including termination following a change in control of our company. We have provided more detailed information about these benefits, along with estimates of value under various circumstances, in the table below under "Potential Payments Upon Termination or Change in Control."

We believe these agreements assist in maintaining a competitive position in terms of attracting and retaining key executives. The agreements also support decision-making that is in the best interests of our stockholders, and enable our executives to focus on company priorities. We believe that our severance and change in control benefits are generally in line with prevalent peer practice with respect to severance packages offered to executives.

Except with respect to our chief executive officer, our practice in the case of change-of-control benefits under the executive retention agreements has been to structure these as "double trigger" benefits. In other words, the change in control does not itself trigger benefits; rather, benefits are paid only if the employment of the executive is terminated under the circumstances described below during a specified period after the change in control. We believe a "double trigger" benefit maximizes shareholder value because it prevents an unintended windfall to executives in the event of a friendly change in control, while still providing them appropriate incentives to cooperate in negotiating any change in control in which they believe they may lose their jobs.

Tax and Accounting Considerations

Section 162(m) of the Internal Revenue Code of 1986, or IRC, generally disallows a tax deduction to a publicly traded company for certain compensation in excess of \$1,000,000 paid to the chief executive officer and the four other most highly compensated executive officers. Qualifying performance-based compensation is not subject to the deduction limitation if specified requirements are met.

Table of Contents

We periodically review the potential consequences of Section 162(m), and we generally intend to structure the performance-based portion of our executive compensation, where feasible, to comply with exemptions in Section 162(m) so that the compensation remains tax-deductible to us. The compensation committee in its judgment may, however, authorize compensation payments that do not comply with the exemptions in Section 162(m) when it believes that such payments are appropriate to attract and retain executive talent.

Conclusion

Through the compensation arrangements described above, a significant portion of each executive's compensation is contingent on our performance. Therefore, the realization of benefits by the executive is closely linked to our achievements and increases in stockholder value. We remain committed to this philosophy of paying for performance, recognizing that the competitive market for talented executives and the volatility of our business may result in highly variable compensation in any particular time period. The compensation committee gives careful consideration to our executive compensation program, including each element of compensation for each executive. The compensation committee believes the executive compensation program is reasonable in light of the programs available at the peer group. The compensation committee also believes that the compensation program gives each executive appropriate incentives, based on the executive's responsibilities, achievements and ability to contribute to our performance. Finally, the compensation committee firmly believes that our compensation structure and practices encourages management to work for real innovation, business improvements and outstanding stockholder returns, without taking unnecessary or excessive risks.

Risk Analysis of Compensation Plans

The compensation committee has reviewed the compensation policies as generally applicable to our employees, and believes that these policies do not encourage excessive and unnecessary risk-taking and that the level of risk that they do encourage is not reasonably likely to have a material adverse effect on our company. The design of the compensation policies and programs encourages employees to remain focused on both our short- and long-term goals. For example, while the cash bonus plan measure performance on an annual basis, the equity awards typically vest over a number of years, which we believe encourages employees to focus on sustained stock price appreciation, thus limiting the potential for excessive risk-taking.

Compensation Committee Report

The compensation committee of the board of directors has reviewed and discussed with management the foregoing Compensation Discussion and Analysis. Based on this review and discussion, the compensation committee has recommended to the board, and the board has agreed, that the section entitled Compensation Discussion and Analysis as it appears above, be included in this Form 10-K/A.

COMPENSATION COMMITTEE

Donald P. Casey
Stephen M. Jennings

Potential Payments Upon Termination or Change in Control

On December 7, 2004, we entered into an employment agreement with Mark E. Fusco, pursuant to which Mr. Fusco agreed to serve as our President and Chief Executive Officer. Under this agreement, in the event of termination of Mr. Fusco's employment (other than for the reasons set forth below), including termination of his employment after a change in control (as defined below) or termination of employment by Mr. Fusco for "good reason" (which includes constructive termination, relocation, or reduction in salary or benefits), Mr. Fusco will be entitled to a lump sum severance payment equal to two times the sum of:

- the amount of Mr. Fusco's annual base salary in effect immediately prior to notice of termination (or in the event of termination after a change in control, then the amount of his annual base salary in effect immediately prior to the change in control, if higher); and

Table of Contents

- the amount of the average of the annual bonuses paid to Mr. Fusco for the three years (or the number of years employed, if less) immediately preceding the notice of termination (or in the event of termination after a change in control, then the amount of the average annual bonuses paid to Mr. Fusco for the three years (or the number of years employed, if less) immediately prior to the change in control, if higher) or the occurrence of a change in control, as the case may be.

In addition, in lieu of any further life, disability, and accident insurance benefits otherwise due to Mr. Fusco following his termination (other than for the reasons set forth below), including termination after a change in control, we will pay Mr. Fusco a lump sum amount equal to the estimated cost (as determined in good faith by us) to Mr. Fusco of providing such benefits, to the extent that Mr. Fusco is eligible to receive such benefits immediately prior to notice of termination, for a period of two years commencing on the date of termination. We will also pay all health insurance due to Mr. Fusco for a period of two years commencing on the date of termination.

Mr. Fusco's employment agreement provides that the payments received by him relating to termination of his employment will be increased in the event that these payments would subject him to excise tax as a parachute payment under IRC Section 4999. The increase would be equal to an amount necessary for Mr. Fusco to receive, after payment of such tax, cash in an amount equal to the amount he would have received in the absence of such tax. However, the increased payment will not be made if the total severance payment, if so increased, would not exceed 110% of the highest amount that could be paid without causing an imposition of the excise tax. In that event, in lieu of an increased payment, the total severance payment will be reduced to such reduced amount. We have indemnified Mr. Fusco for the amount of any penalty applicable to any payments Mr. Fusco receives from us as a result of his termination that are imposed by IRC Section 409A.

However, in the event that Mr. Fusco's employment is terminated for one or more of the following reasons, then Mr. Fusco will not be entitled to the severance payments described above:

- by us for cause (as defined below);
- by reason of Mr. Fusco's death or disability;
- by Mr. Fusco without good reason (unless such resignation occurs within six months following a change in control); or
- after Mr. Fusco shall have attained age 70.

Under the terms of Mr. Fusco's employment agreement, in the event of a potential change in control (as defined below), Mr. Fusco agrees to remain in our employment until the earliest of:

- three months after the date of such potential change in control;
- the date of a change in control;
- the date of termination by Mr. Fusco of his employment for good reason or by reason of death or retirement; and
- our termination of Mr. Fusco's employment for any reason.

For the purposes of Mr. Fusco's employment agreement, cause for our terminating Mr. Fusco means:

- the willful and continued failure by Mr. Fusco to substantially perform his duties after written demand by the board;
- willful engagement by Mr. Fusco in gross misconduct materially injurious to us; or
- a plea by Mr. Fusco of guilty or no contest to a felony charge.

For the purposes of Mr. Fusco's employment agreement, a change in control is deemed to have occurred if any of the following conditions shall have been satisfied:

Table of Contents

- continuing directors cease to constitute more than two-thirds of the membership of the board;
- any person or entity acquires, directly or indirectly, beneficial ownership of 50% or more of the combined voting power of our then-outstanding voting securities;
- a change in control occurs of a nature that we would be required to report on a current report on Form 8-K or pursuant to Item 6(e) of Schedule 14A of Regulation 14A or any similar item, schedule or form under the Exchange Act, as in effect at the time of the change, whether or not we are then subject to such reporting requirement, including our merger or consolidation with any other corporation, other than:
 - a merger or consolidation where (1) our voting securities outstanding immediately prior to such transaction continue to represent 51% or more of the combined voting power of the voting securities of the surviving or resulting entity outstanding immediately after such transaction, and (2) our directors immediately prior to such merger or consolidation continue to constitute more than two-thirds of the membership of the board of directors of the surviving or combined entity following such transaction; or
 - a merger or consolidation effected to implement our recapitalization (or similar transaction) in which no person or entity acquires 25% or more of the combined voting power of our then outstanding securities; or
 - our stockholders approve a plan of complete liquidation or an agreement for the sale or disposition of all or substantially all of our assets (or any transaction having a similar effect).

For the purposes of Mr. Fusco's employment agreement, a potential change in control is deemed to have occurred if any of the following conditions shall have been satisfied:

- we enter into an agreement, the consummation of which would result in the occurrence of a change in control;
- we or anyone else publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a change in control;
- any person or entity becomes the beneficial owner, directly or indirectly, of 15% or more of the combined voting power of our then-outstanding securities (entitled to vote generally for the election of directors); or

- the board adopts a resolution to the effect that, for purposes of Mr. Fusco's employment agreement, a potential change in control has occurred.

On October 28, 2005, we entered into an amendment to our employment agreement with Mr. Fusco. 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, such a 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 IRC Section 409A, then the payment instead will be due within 15 days after the earlier of (i) the expiration of six months and one day following the Date of Termination or (ii) Mr. Fusco's death following the Date of Termination. Mr. Fusco's agreement was amended and restated on October 3, 2007 to comply with the applicable provisions of IRC Section 409A.

On September 26, 2006, we entered into executive retention agreements with the following executive officers: Bradley T. Miller, our Senior Vice President and Chief Financial Officer; Antonio J. Pietri, our Executive Vice President of Field Operations; Manolis E. Kotzabasakis, our Senior Vice President, Sales and Strategy; and Frederic G. Hammond, our Senior Vice President, General Counsel, and Secretary. We refer to each of those officers as a specified executive.

Pursuant to the terms of each executive retention agreement, if the specified executive's employment is terminated prior to a change in control without cause, the specified executive will be entitled to the following:

Table of Contents

- payment of an amount equal to the specified executive's annual base salary then in effect, payable over twelve months;
- payment of an amount equal to the specified executive's total target bonus for the fiscal year, pro-rated for the portion of the fiscal year elapsed prior to termination, payable in one lump sum;
- payment of an amount equal to the cost to the specified executive of providing life, disability and accident insurance benefits, payable in one lump sum, for a period of one year; and
- continuation of medical, dental and vision insurance coverage to which the specified executive was entitled prior to termination for a period of one year.

In the event the specified executive's employment is terminated without cause within twelve months following a change in control or by the specified executive for good reason (which includes constructive termination, relocation, a reduction in salary or benefits, or our breach of any employment agreement with the specified executive or a failure to pay benefits when due), then the specified executive shall be entitled to the following:

- payment of an amount equal to the sum of the specified executive's annual base salary then in effect and the specified executive's target bonus for the then-current fiscal year, payable in a single installment;
- payment of an amount equal to the cost to the specified executive of providing life, disability and accident insurance benefits, payable in a single installment, for a period of one year;
- continuation of medical, dental and vision insurance coverage to which the specified executive was entitled prior to termination for a period of one year; and
- full vesting of (a) all of the specified executive's options to purchase shares of our stock, which options may be exercised by the specified executive for a period of twelve months following the date of termination and (b) all restricted stock and restricted stock units then held by the specified executive.

Each executive retention agreement provides that the total payments received by the specified executive relating to termination of his/her employment will be reduced to an amount equal to the highest amount that could be paid to the specified executive without subjecting such payment to excise tax as a parachute payment under IRC Section 409A, provided that no reduction shall be made if the amount by which these payments are reduced exceeds 110% of the value of any additional taxes that the specified executive would incur if the total payments were not

reduced.

For the purposes of each agreement:

- **change in control** means (a) the acquisition of 50% or more of either the then-outstanding shares of our common stock or the combined voting power of our then-outstanding securities; (b) such time as the members of the board immediately prior to the change in control do not continue to constitute the majority of our directors following the change in control; (c) the consummation of a merger, consolidation, reorganization, recapitalization or share exchange involving our company, unless the transaction would not result in a change in ownership of 50% or more of both our then-outstanding common stock and the combined voting power of our then-outstanding securities; or (d) our liquidation or dissolution;
- **cause** means (a) the willful and continued failure by a specified executive to substantially perform his/her duties for us after delivery by the board of a written demand for performance (other than any such failure resulting from the executive's incapacity due to physical or mental illness, or any such failure after the executive gives us notice of termination for good reason), and a failure by the specified executive to cure the performance failure within 30 days; or (b) the willful engaging by the specified executive in gross misconduct that is demonstrably and materially injurious to us; and
- **good reason** means constructive termination of the specified executive, relocation, a reduction in the specified executive's salary or benefits, our breach of any employment agreement with the specified executive or our failure to pay benefits when due.

Table of Contents

Each executive retention agreement terminates on the earliest to occur of (a) July 31, 2010, (b) the first anniversary of a change in control, and (c) our payment of all amounts due to the specified executive following a change in control. Each agreement is subject to automatic renewal on August 1 of each year, unless we give notice of termination at least seven days prior to the renewal date.

The following table sets forth estimated compensation that would have been payable to each of these officers as severance or upon a change in control of our company under three alternative scenarios, assuming the termination triggering severance payments or a change in control took place on June 30, 2009:

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL TABLE

Name	Cash Payment \$(1)	Accelerated Vesting of Stock Options \$(2)	Accelerated Vesting of Restricted Stock Units \$(3)	Welfare Benefits \$(4)	Total (\$)
Mark E. Fusco					
• Termination without cause or with good reason prior to change in control	\$ 2,448,321			\$ 37,216	\$ 2,485,537
• Change in control only					
• Change in control with termination without cause or with good reason	2,448,321	\$ 101,875	\$ 266,563	37,216	2,853,975
Antonio J. Pietri					
• Termination without cause or with good reason prior to change in control	575,827			18,608	594,435
• Change in control only					
• Change in control with termination without cause or with good reason	575,827	10,188	26,656	18,608	631,279
Manolis E. Kotzabasakis					
• Termination without cause or with good reason prior to change in control	525,827			18,608	544,435
• Change in control only					
• Change in control with termination without cause or with good reason	525,827	16,300	31,988	18,608	592,723
Frederic G. Hammond					
• Termination without cause or with good reason prior to change in control	415,827			18,186	434,013
• Change in control only					
• Change in control with termination without cause or with good reason	415,827	20,375	31,988	18,186	486,376

(1) Amounts shown reflect payments based on salary and bonus as well as payment of estimated cost of life, disability and accident insurance benefits during the agreement period.

(2) Amounts shown represent the value of stock options upon the applicable triggering event described in the first column. The value of stock options is based on the difference between the exercise price of the options and \$8.53, which was the closing price of the common stock on

Edgar Filing: ASPEN TECHNOLOGY INC /DE/ - Form 10-K/A

The Pink OTC Markets, Inc. on the last trading day of fiscal 2009, June 30, 2009.

(3) Amounts shown represent the value of restricted stock units upon the applicable triggering event described in the first column, based on the closing price of the common stock on The Pink OTC Markets, Inc. on the last trading day of fiscal 2009, June 30, 2009.

(4) Amounts shown represent the estimated cost of providing employment-related benefits during the agreement period.

In February 2009 Mr. Miller stepped down from his position as Senior Vice President and Chief Financial Officer. He was paid in accordance with his retention agreement: \$300,000 of base annual salary; \$131,250 for a pro-rated portion of the fiscal 2009 target bonus; \$38,380 in vacation benefits; and \$15,556 in health care benefits.

Table of Contents**Executive Compensation Tables****Summary Compensation**

The following table summarizes information regarding compensation earned by the NEOs during the last three fiscal years:

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (\$)(1)	Stock Awards (\$)(2)	Option Awards (\$)(2)	Non-Equity Incentive Plan Compensation (\$)(3)	All Other Compensation (\$)(4)	Total (\$)
Mark E. Fusco	2009	\$ 500,000	\$ 350,000	\$ 113,085	\$ 1,110,087	\$	\$ 5,811	\$ 2,078,983
<i>President and Chief Executive Officer</i>	2008	500,000		236,520	1,460,695	420,000	3,305	2,620,520
	2007	450,000	11,250	414,508	1,380,267	838,750	2,250	3,097,025
Bradley T. Miller	2009	226,154	131,250	28,451	444,716		42,256	872,827
<i>Senior Vice President and Chief Financial Officer</i>	2008	300,000		173,750		151,813	4,332	629,895
	2007	215,769		140,933	113,444	209,668	2,922	682,736
Antonio J. Pietri	2009	300,000	192,500	11,308	57,762		259,050	820,620
<i>Executive Vice President, Field Operations</i>	2008	275,000		23,652	141,864	275,000	302,281	1,017,797
Manolis E. Kotzabasakis	2009	265,000		13,570	62,594	130,964	7,452	479,580
<i>Senior Vice President, Sales and Strategy</i>	2008	250,000		28,382	192,100	224,990	24,370	719,842
	2007	250,000		49,741	410,157	239,015	3,885	952,798
Frederic G. Hammond	2009	275,000	70,000	13,570	127,500		5,937	492,007
<i>Senior Vice President, General Counsel, and Secretary</i>	2008	250,000		28,382	246,904	140,000	2,808	668,094

(1) The amount shown for Mr. Fusco in fiscal 2007 represents a discretionary bonus earned by Mr. Fusco in fiscal 2007 but paid to him in July 2007. Amounts shown exclude performance-based incentive payments, which are included in Non-Equity Incentive Plan Compensation.

(2) The amounts shown represent compensation expense recognized for financial statement purposes under Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment (SFAS No. 123R), with respect to restricted stock units and stock options granted to the NEOs. Each stock option was granted with an exercise price equal to the fair market value of our common stock on the grant date. For a description of the assumptions relating to our valuations of the restricted stock units and stock options, see Note 8 to the Consolidated Financial Statements included in the original Form 10-K.

(3) Amounts shown consist of awards based on performance under the 2009 Executive Plan and 2009 Operations Plan. For additional information regarding these awards, see Compensation Discussion and Analysis Reasons for Providing, and Manner of Structuring, the Key Compensation Elements in Fiscal 2009. The amounts earned in fiscal 2009, 2008 and 2007 were paid on September 30, 2009, September 15, 2008 and July 31, 2007, respectively.

(4) For NEOs, amounts shown include matching contributions under our 401(k) deferred savings retirement plan. The amount shown for Mr. Pietri in fiscal 2008 includes payments related to his former expatriate assignment as Senior Vice President of Regional Sales and Services in Shanghai, China prior to relocation to Burlington, Massachusetts in July 2007, consisting of: (a) \$81,885 for reimbursement of his relocation and housing expenses in connection with his move from Shanghai to Burlington; (b) \$1,500 for expatriate executive transition and hardship assistance payments; (c) \$146,022 in related Chinese tax payments; (d) \$44,260 for applicable federal, state and medical tax gross-ups; (e) \$23,549 in tax equalization payments for expatriate benefits; (f) \$786 for foreign goods and services adjustments; and (g) \$4,279 in matching contributions under our 401(k) deferred savings retirement plan.

Grants of Plan-Based Awards

The following table sets forth information regarding incentive compensation we granted to the NEOs during fiscal 2009.

GRANTS OF PLAN-BASED AWARDS TABLE

Name	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)		
	Threshold (\$)	Target (\$)	Maximum (\$)
Mark E. Fusco	\$ 245,000	\$ 700,000	\$ 1,067,500
Bradley T. Miller	61,250	175,000	266,875
Antonio J. Pietri	96,250	275,000	419,375
Manolis E. Kotzabasakis	26,000	260,000	370,500
Frederic G. Hammond	49,000	140,000	213,500

(1) Consists of performance-based cash incentive bonus awards under the 2009 Executive Plan and 2009 Operations Plan. Actual amounts of awards are set forth in the summary compensation table above.

Table of Contents

Mr. Kotzabasakis participated in the 2009 Operations Plan, and each of the other NEOs participated in the 2009 Executive Plan. In addition to the 2009 Executive Plan and the 2009 Operations Plan, in September 2009, the compensation committee approved funding a discretionary bonus pool for employees who did not participate in a commission-based incentive plan. Awards from the bonus pool were paid in cash based on individual performance during fiscal 2009. For additional information, see Compensation Discussion and Analysis Reasons for Providing, and Manner of Structuring, the Key Compensation Elements in Fiscal 2009 Variable Cash Compensation 2009 Executive Plan, 2009 Operations Plan and 2009 Discretionary Cash Bonus Awards.

We became delinquent in our SEC filings in fiscal 2008 because of certain accounting errors we had identified. Our failure to timely file reports under the Exchange Act resulted in lack of an effective registration statement, so we suspended equity incentive grants until we became current during fiscal 2009. See Compensation Discussion and Analysis Reasons for Providing, and Manner of Structuring, the Key Compensation Elements in Fiscal 2009 Equity Compensation.

Outstanding Equity Awards at Fiscal Year End

The following table sets forth information as to unexercised options held at the end of such fiscal year, by the NEOs. The NEOs did not exercise any options during fiscal 2009.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable(1)	Option Exercise Price (\$)(2)	Option Expiration Date(3)	Number of Shares or Units of Stock That Have Not Vested (#)(4)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(5)
Mark E. Fusco	24,000		\$ 8.12	11/15/2013	31,250	\$ 266,563
	17,452		5.73	12/6/2013		
	82,548		5.73	3/19/2015		
	69,808		5.73	3/19/2015		
	930,192		5.73	3/19/2015		
	328,125	21,875	5.27	9/13/2015		
	140,625	9,375	5.27	9/13/2015		
	137,500	52,862	10.42	11/14/2016		
		9,638	10.42	11/14/2016		
Bradley T. Miller	30,808		10.42		(6)	
	31,692		10.42		(6)	
Antonio J. Pietri	4,000		8.50	8/30/2009		
	6,000		14.05	4/9/2011		
	5,188		3.25	8/15/2013		
				11/15/2013	3,125	26,656
	18,213		6.57	10/13/2014		
	3,781		6.57	10/13/2014		

13,558	3,125	5.27	9/13/2015
14,567		5.27	9/13/2015
11,250	110	10.42	11/14/2016
2,500	6,140	10.42	11/14/2016

(table continued on next page)

Table of Contents

	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable(1)	Option Exercise Price \$(2)	Option Expiration Date(3)	Number of Shares or Units of Stock That Have Not Vested (#)(4)	Market Value of Shares or Units of Stock That Have Not Vested \$(5)
Manolis E. Kotzabasakis	7,500		15.44	(6)		
	2,873		8.50	8/30/2009		
	2,981		30.75	10/17/2010		
	4,519		30.75	10/17/2010		
	9,998		14.05	4/9/2011		
	2		14.05	4/9/2011		
	7,674		2.98	8/16/2012		
	545		2.98	8/16/2012		
	4,326		2.98	8/16/2012		
	2		2.98	8/16/2012		
	25,000		2.50	12/20/2012		
	33,739		2.75	8/15/2013		
	12,311		2.85	8/15/2013		
	23,863		2.85	8/15/2013		
	55,400		2.85	8/15/2013		
	28,761		2.75	8/15/2013		
	79,537		2.85	8/15/2013		
	32,963		2.85	8/15/2013		
	1,137		2.85	8/15/2013		
	30,777		2.75	8/15/2013		
				11/15/2013	3,750	\$ 31,988
	26,250		6.57	10/13/2014		
	11,250		6.57	10/13/2014		
	14,964	5,000	5.27	9/13/2015		
	50,036		5.27	9/13/2015		
	14,460	3,000	10.42	11/14/2016		
	2,040	4,500	10.42	11/14/2016		
Frederic G. Hammond				11/15/2013	3,750	31,988
	12,779		5.27	9/13/2015		
	17,913		5.27	9/13/2015		
	87,221		5.27	9/13/2015		
	75,837	6,250	5.27	9/13/2015		
	16,359	3,000	10.42	11/14/2016		
	141	4,500	10.42	11/14/2016		

(1) Each option that had not fully vested as of June 30, 2009 becomes exercisable, subject to the optionee's continued employment with us, over a four-year period in equal quarterly installments, with the exception of the option grant to Mr. Fusco on March 21, 2005 for 1,100,000 shares, of which 500,000 vested immediately and 600,000 vested over a four-year period in equal quarterly installments.

(2) Each option has an exercise price equal to the fair market value of our common stock at the time of grant.

(3) The expiration date of each option occurs ten years after the grant of such option.

(4) Each restricted stock unit becomes exercisable subject to the holder's continued employment with us as to 25% on achievement of specified performance goals and the balance in twelve equal quarterly installments thereafter.

(5) The closing price of our common stock on The Pink OTC Markets, Inc. on June 30, 2009, was \$8.53.

(6) In connection with our failure to timely file reports under the Exchange Act and consequent lack of an effective registration statement covering shares issuable in connection with certain equity grant awards, in December 2007 the board of directors voted to extend the period of time within which such awards may be exercised. These awards are subject to this extension.

Table of Contents

Vesting dates for each outstanding option award for the NEOs are as follows:

Vesting Date	Exercise Price	Number of Shares Underlying Vesting Awards			
		Mark E. Fusco	Antonio J. Pietri	Manolis E. Kotzabaskis	Frederic G. Hammond
2010					
9/30/2009	\$ 5.27	31,250	3,125	5,000	6,250
9/30/2009	10.42	12,500	1,250	1,500	1,500
12/31/2009	10.42	12,500	1,250	1,500	1,500
3/31/2010	10.42	12,500	1,250	1,500	1,500
6/30/2010	10.42	12,500	1,250	1,500	1,500
2011					
9/30/2010	10.42	12,500	1,250	1,500	1,500

Vesting dates for each outstanding restricted stock unit for the NEOs are as follows:

Vesting Date	Number of Shares Underlying Vesting Awards			
	Mark E. Fusco	Antonio J. Pietri	Manolis E. Kotzabaskis	Frederic G. Hammond
2010				
7/28/2009	6,250	625	750	750
10/29/2009	6,250	625	750	750
1/29/2010	6,250	625	750	750
4/28/2010	6,250	625	750	750
2011				
7/28/2010	6,250	625	750	750

Option Exercises and Stock Vested

The NEOs did not exercise any options during fiscal 2009. The table below details shares of common stock that vested under restricted stock units during fiscal 2009.

	2009 Shares Vested	
	Number of Shares Acquired on Vesting(1)	Value Realized on Vesting(\$)
Mark E. Fusco	25,000	\$ 213,125
Bradley T. Miller	6,375	58,119
Antonio J. Pietri	2,500	21,313
Manolis E. Kotzabaskis	3,000	25,575
Frederic G. Hammond	3,000	25,575

(1) With respect to shares acquired upon vesting of restricted stock units, each named executive elected to have shares withheld to pay associated income taxes. The number of shares reported represents the gross number prior to withholding of such shares.

Compensation Committee Interlocks and Insider Participation

Neither Donald P. Casey nor Stephen M. Jennings, the members of the compensation committee, is or has ever been an officer or employee of our Company or any of our subsidiaries, nor has had any related person transaction involving our Company. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as members of the board of directors or compensation committee.

Table of Contents**Director Compensation**

The following table provides information regarding the compensation paid to our non-employee members of the board of directors in fiscal 2009.

Name	Fees Earned or Paid in Cash (\$)	Option Awards \$(1)	Total (\$)
Donald P. Casey	\$ 205,500	\$	205,500
Gary E. Haroian	180,500		180,500
Stephen M. Jennings	174,500		174,500
Joan C. McArdle	172,500		172,500
David M. McKenna	60,000	\$ 25,134	85,134
Michael Pehl	64,500		64,500

(1) The amounts shown represent compensation expense recognized for financial statement purposes under SFAS No. 123(R) with respect to stock options granted to the directors. Each stock option was granted with an exercise price equal to the fair market value of our common stock on the grant date. For a description of the assumptions relating to our valuations of the stock options, see Note 8 to the Consolidated Financial Statements included in the original Form 10-K. The following are the aggregate number of option awards outstanding held by each of our non-employee directors as of June 30, 2009: Mr. Casey, 48,000; Mr. Haroian, 48,000; Mr. Jennings, 100,298; Ms. McArdle, 117,298; Mr. McKenna, 24,000; and Mr. Pehl, 60,000.

In fiscal 2009, we paid our non-employee directors an annual fee of \$25,000 for their services as directors, and we paid retainers as set forth in the table below. All annual retainers are payable in monthly installments.

Position	Retainer
Chairman of the Board	\$ 75,000
Audit Committee Chair	30,000
Audit Committee Member	20,000
Compensation Committee Chair	15,000
Compensation Committee Member	7,500

We also paid each director \$2,500 for participation in our quarterly board meetings, and \$2,000 for participation in all other board of directors or committee meetings of at least one hour duration. All participation fees are payable quarterly.

Historically, we granted to each non-employee director, upon his or her initial election to the board, an option to purchase 24,000 shares of our common stock at the fair market value of our common stock on the date of grant, provided such non-employee director was not, within the twelve months preceding his or her election as a director, an officer or employee of our company or any of our subsidiaries. Any such option vests quarterly over a three-year period, beginning on the last day of the calendar quarter following the grant date. Beginning with the first annual meeting following a non-employee director's election to the board and on a quarterly basis thereafter, we also granted each non-employee director an option to purchase 3,000 shares of our common stock. Each option was fully exercisable at the time of grant and had an exercise price equal to the fair market value of our common stock at the time of grant. Options granted to non-employee directors have terms of ten years. Unless otherwise agreed between the optionee and us, all options granted to non-employee directors may be exercised for up to 24 months from the date of the director's resignation from the board.

In January 2008, the board determined to grant each non-employee director options to purchase 21,000 shares of our common stock on the second trading day immediately following our becoming current in our SEC filings. Of those shares, 15,000 would vest immediately on the date of grant and the balance would vest in two equal quarterly installments on the last business day of the two quarters following the date of grant. The options would have an exercise price equal to the closing price of our common stock on the business day immediately preceding the date of grant and would have a term of ten years.

On October 29, 2009, the board determined to supersede its January 11, 2008 resolution with respect to option grants to non-employee directors following our becoming current in our SEC filings, and resolved instead to grant 9,750 restricted stock units to each non-employee director contemporaneously with the next annual program grant to our employees. The restricted stock units shall be fully vested on the grant date. The board further resolved on October 29, 2009 that each non-employee director be paid cash in an amount equal to 5,250 times the closing price per share of our common stock on the last trading day before the grant date, which shall be the date of program grants to our employees. Payment shall be made no later than thirty days following date of grant.

Table of Contents

Item 13. Certain Relationships and Related Transactions, and Director Independence

Board Determination of Independence

Our board of directors uses the definition of independence established by The NASDAQ Stock Market. Under applicable NASDAQ rules, a director qualifies as an independent director if, in the opinion of the board of directors, he or she does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The board of directors has determined that Donald P. Casey, Gary E. Haroian, Stephen M. Jennings and Joan C. McArdle do not have any relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director of Aspen Technology, Inc., and that each of these directors therefore is an independent director as defined in NASDAQ Listing Rule 5605(a)(2).

Related-Party Transactions

The following discussion relates to certain transactions that involve both our company and one of our executive officers, directors, director nominees or five percent stockholders, each of whom we refer to as a related party. For purposes of this discussion, a related-party transaction is a transaction, arrangement or relationship:

- in which we participate;
- that involves an amount in excess of \$120,000; and
- in which a related party has a direct or indirect material interest.

From July 1, 2008 through March 5, 2010, there were no related-party transactions, except for the executive officer and director compensation arrangements described under Item 11. Executive Compensation.

The board of directors has adopted written policies and procedures for the review of any related-party transaction. If a related person proposes to enter into such a transaction, arrangement or relationship, which we refer to as a related person transaction, the related person must report the proposed related person transaction to our General Counsel. The policy calls for the proposed related person transaction to be reviewed and, if deemed appropriate, approved by the audit committee. Whenever practicable, the reporting, review and approval will occur prior to entry into the transaction. If advance review and approval is not practicable, the audit committee will review and, in its discretion, may ratify the related person transaction. The policy also permits the chairman of the audit committee to review and, if deemed appropriate, approve proposed related person transactions that arise between audit committee meetings, subject to ratification by the audit committee at its next meeting. Any related person transactions that are ongoing in nature will be reviewed annually.

A related person transaction reviewed under the policy will be considered approved or ratified if it is authorized by the audit committee after full disclosure of the related person's interest in the transaction. As appropriate for the circumstances, the audit committee will review and consider:

- the related person's interest in the related person transaction;
- the approximate dollar value of the amount involved in the related person transaction;
- the approximate dollar value of the amount of the related person's interest in the transaction without regard to the amount of any profit or loss;
- whether the transaction was undertaken in the ordinary course of our business;
- whether the terms of the transaction are no less favorable to us than terms that could have been reached with an unrelated third party;
- the purpose of, and the potential benefits to us of, the transaction; and

Table of Contents

- any other information regarding the related person transaction or the related person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

The audit committee may approve or ratify the transaction only if the audit committee determines that, under all of the circumstances, the transaction is in our best interests. The audit committee may impose any conditions on the related person transaction that it deems appropriate.

In addition to the transactions that are excluded by the instructions to the SEC's related person transaction disclosure rule, the board has determined that the following transactions do not create a material direct or indirect interest on behalf of related persons and, therefore, are not related person transactions for purposes of this policy:

- interests arising solely from the related person's position as an executive officer of another entity (whether or not the person is also a director of such entity), that is a participant in the transaction, where (a) the related person and all other related persons own in the aggregate less than a 10% equity interest in such entity and (b) the related person and his or her immediate family members are not involved in the negotiation of the terms of the transaction and do not receive any special benefits as a result of the transaction, and
- a transaction that is specifically contemplated by provisions of our charter or bylaws.

The policy provides that transactions involving compensation of executive officers shall be reviewed and approved by the compensation committee in the manner specified in its charter.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)(3) Exhibits

Exhibit Number	Description	Filed with this Form 10-K/A
31.1	Certification of President and Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002	X
31.2		X

Edgar Filing: ASPEN TECHNOLOGY INC /DE/ - Form 10-K/A

Certification of Senior Vice President and Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 1 to Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, as of April 22, 2010.

ASPEN TECHNOLOGY, INC.

By: /s/ MARK E. FUSCO
Mark E. Fusco
President and Chief Executive Officer

By: /s/ MARK P. SULLIVAN
Mark P. Sullivan
Senior Vice President and Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Mark E. Fusco, Mark P. Sullivan and Frederic G. Hammond, and each of them, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution for him or her, and in his or her name in any and all capacities, to sign any and all further amendments to the Annual Report on Form 10-K of the registrant for the fiscal year ended June 30, 2009 (as amended hereby), and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, and any of them, his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Amendment No. 1 to Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities indicated, as of April 22, 2010.

Signature	Title
/s/ MARK E. FUSCO Mark E. Fusco	President, Chief Executive Officer and Director <i>(Principal Executive Officer)</i>
/s/ MARK P. SULLIVAN Mark P. Sullivan	Senior Vice President and Chief Financial Officer <i>(Principal Financial and Accounting Officer)</i>
/s/ STEPHEN M. JENNINGS Stephen M. Jennings	Chairman of the Board of Directors

Edgar Filing: ASPEN TECHNOLOGY INC /DE/ - Form 10-K/A

/s/ DONALD P. CASEY Donald P. Casey	Director
/s/ GARY E. HAROIAN Gary E. Haroian	Director
/s/ JOAN C. MCARDLE Joan C. McArdle	Director
David M. McKenna	Director
/s/ MICHAEL PEHL Michael Pehl	Director

Table of Contents

EXHIBIT INDEX

Exhibit Number	Description	Filed with this Form 10-K/A
31.1	Certification of President and Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002	X
31.2	Certification of Senior Vice President and Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002	X