Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2009

OR

o **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: 000-24786

Aspen Technology, Inc.

(Exact name of registrant as specified in its charter)

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)

(781) 221-6400
(Registrant's telephone number, including area code)

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 twelve 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 o No ý

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 o No ý

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 definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer o	Accelerated Filer ý	Non-Accelerated Filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

As of October 18, 2009, there were 90,115,300 shares of the registrant's common stock (par value $0.10 per share) outstanding.

Table of Contents

TABLE OF CONTENTS

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. ***Condensed Consolidated Financial Statements (unaudited)***

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited and in thousands, except per share data)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2009	**2008**	**2009**	**2008**
Revenues:				
Software licenses	$ 41,070	$ 40,018	$ 137,979	$ 108,716
Service and other	30,222	34,226	102,346	104,585
Total revenues	71,292	74,244	240,325	213,301
Cost of revenues:				
Cost of software licenses	3,063	4,034	8,562	11,241
Cost of service and other	15,333	17,416	47,139	51,824
Amortization of technology-related intangible assets			25	
Total cost of revenues	18,396	21,450	55,726	63,065
Gross profit	52,896	52,794	184,599	150,236
Operating costs:				
Selling and marketing	21,632	25,362	66,172	70,946
Research and development	10,548	11,592	31,287	33,853
General and administrative	14,493	13,844	42,884	39,333
Restructuring charges	1,760	111	2,025	8,628
Loss (gain) on sales and disposals of assets		13	3	(87)
Loss on impairment of goodwill and intangible assets			623	
Total operating costs	48,433	50,922	142,994	152,673
Income (loss) from operations	4,463	1,872	41,605	(2,437)
Interest income	5,176	6,136	17,046	18,082
Interest expense	(2,230)	(4,510)	(7,827)	(13,738)
Other (expense) income, net	(3,308)	2,653	(3,969)	4,846
Income before provision for taxes	4,101	6,151	46,855	6,753
Benefit from (provision for) income taxes	3,995	(2,118)	(4,145)	(2,465)
Net income	$ 8,096	$ 4,033	$ 42,710	$ 4,288

Earnings per common share:

Basic	$ 0.09	$ 0.04	$ 0.47	$ 0.05
Diluted	$ 0.09	$ 0.04	$ 0.46	$ 0.05
Weighted average shares outstanding:				
Basic	90,065	89,972	90,042	89,522
Diluted	91,648	93,834	92,620	93,865

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

Table of Contents

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited and in thousands, except share data)

	March 31, 2009	June 30, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 126,257	$ 134,048
Accounts receivable, net	46,070	86,870
Current portion of installments receivable, net	52,967	51,762
Current portion of collateralized receivables, net	42,548	43,186
Unbilled services	2,658	3,459
Prepaid expenses and other current assets	23,876	11,710
Deferred tax assets	1,802	2,305
Total current assets	296,178	333,340
Non-current installments receivable, net	109,573	82,528
Non-current collateralized receivables, net	67,427	92,163
Property, equipment and leasehold improvements, net	9,562	11,799
Computer software development costs	4,403	5,443
Other intangible assets, net	172	615
Goodwill	15,665	19,019
Non-current deferred tax assets	6,746	7,743
Other non-current assets	1,875	1,976
	$ 511,601	$ 554,626
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of secured borrowing	$ 91,119	$ 47,816
Accounts payable	4,986	6,586
Accrued expenses	40,458	61,746
Income taxes payable	7,897	13,877
Deferred revenue	61,402	86,551
Current deferred tax liability	451	457
Total current liabilities	206,313	217,033
Long-term secured borrowing	31,352	99,391
Deferred revenue	21,442	20,354
Non-current deferred tax liability	637	725
Other non-current liabilities	34,698	44,310
Commitments and contingencies (Note 8)		
Series D redeemable convertible preferred stock, $0.10 par value		
Authorized 3,636 shares as of March 31, 2009 and June 30, 2008		
Issued and outstanding none as of March 31, 2009 and June 30, 2008		
Stockholders' equity:		
Common stock, $0.10 par value Authorized 120,000,000 shares		
Issued 90,305,805 shares as of March 31, 2009 and 90,235,526 shares at June 30, 2008		
Outstanding 90,072,341 shares at March 31, 2009 and 90,002,062 shares at June 30, 2008	9,031	9,024
Additional paid-in capital	496,567	493,088
Accumulated deficit	(293,807)	(336,517)
Accumulated other comprehensive income	5,881	7,731

Treasury stock, at cost 233,464 shares of common stock as of March 31, 2009 and June 30, 2008		(513)		(513)
Total stockholders' equity		217,159		172,813
	$	511,601	$	554,626

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

Table of Contents

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited and in thousands)

	Nine Months Ended March 31,	
	2009	**2008**
Cash flows from operating activities:		
Net income	$ 42,710	$ 4,288
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	6,574	8,337
Net foreign currency loss (gain)	5,200	(3,502)
Stock-based compensation	3,659	8,370
Non-cash interest expense from amortization of debt issuance costs		960
Loss on disposal of property, equipment and leasehold improvements	406	
Deferred income taxes	1,351	(2,607)
Provision for doubtful accounts	885	(32)
Loss on impairment of goodwill and intangible assets	623	
Changes in assets and liabilities:		
Accounts receivable	36,012	(16,383)
Unbilled services	248	6,075
Prepaid expenses and other current assets	(10,728)	(1,039)
Installments and collateralized receivables	(8,523)	(4,911)
Income taxes payable	(3,867)	(68)
Accounts payable, accrued expenses and other current liabilities	(14,373)	(7,146)
Deferred revenue	(23,236)	51,309
Other non-current liabilities	(7,304)	4,088
Net cash provided by operating activities	29,637	47,739
Cash flows from investing activities:		
Purchase of property, equipment and leasehold improvements	(1,794)	(7,146)
Capitalized computer software development costs	(1,917)	
Decrease in other assets	(917)	125
Net cash used in investing activities	(4,628)	(7,021)
Cash flows from financing activities:		
Proceeds from secured borrowings	5,532	68,338
Repayment of secured borrowings	(35,900)	(107,363)
Exercise of stock options and warrants		2,802
Issuance of common stock under employee stock purchase plan		467
Payment of tax withholding obligations related to restricted stock	(288)	(1,003)
Payments of long-term debt and capital lease obligations		(193)
Net cash used in financing activities	(30,656)	(36,952)
Effects of exchange rate changes on cash and cash equivalents	(2,144)	322

Decrease (increase) in cash and cash equivalents	(7,791)	4,088
Cash and cash equivalents, beginning of period	134,048	132,267
Cash and cash equivalents, end of period	$ 126,257	$ 136,355
Supplemental disclosure of cash flow information:		
Interest paid	$ 7,834	$ 12,772
Income taxes paid	25,015	5,113

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

Table of Contents

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Interim Unaudited Condensed Consolidated Financial Statements

The accompanying interim unaudited condensed consolidated financial statements (Interim Financial Statements) of Aspen Technology, Inc. and subsidiaries (AspenTech or the Company) have been prepared on the same basis as our annual consolidated financial statements. We condensed or omitted certain information and footnote disclosures normally included in our annual consolidated financial statements. Such Interim Financial Statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) for interim financial information and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the SEC) for reporting on Form 10-Q. It is suggested that these Interim Financial Statements be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2008, which are contained in our Annual Report on Form 10-K as previously filed with the SEC. In the opinion of management, all adjustments, consisting of normal and recurring adjustments, considered necessary for a fair presentation of the financial position, results of operations, and cash flows at the dates and for the periods presented have been included and all intercompany accounts and transactions have been eliminated in consolidation. The results of operations for the three and nine-month periods ended March 31, 2009 are not necessarily indicative of the results to be expected for the full fiscal year.

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

2. Immaterial Correction of Errors

During the first quarter of fiscal 2009, we identified certain errors related to income taxes, stock compensation expense and foreign transactions, that originated in prior periods and concluded that the errors were not material to any of the previously reported periods. These immaterial errors were corrected in the first fiscal quarter 2009 Interim Financial Statements. The impact to certain captions in the unaudited condensed consolidated statement of operations for the nine months ended March 31, 2009, resulting from these out-of-period components of the immaterial corrections, is as follows (in thousands):

	Nine Months Ended March 31, 2009 Increase (Decrease)
Total revenues	$
Income from operations	887
Income before provision for taxes	315
Net income	(3,618)

During the second quarter of fiscal 2008, we identified certain errors that originated in prior periods and concluded that the errors were not material to any of the previously reported periods. These immaterial errors were corrected in the second fiscal quarter 2008 Interim Financial Statements. The impact to certain captions in the condensed consolidated statement of operations for the nine

Table of Contents

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Immaterial Correction of Errors (Continued)

months ended March 31, 2008, resulting from these out-of-period components of the immaterial corrections, is as follows (in thousands):

	Nine Months Ended March 31, 2008 Increase (Decrease)
Total revenues	$ (1,117)
Income from operations	(1,337)
Income before provision for taxes	(486)
Net income	358

3. Income Taxes

The tax provision was impacted by the reversal of a previously established reserve for uncertain tax positions in the amount of $4.3 million for which the exposure no longer exists due to the statute of limitations expiring for the period which included the uncertain tax position. The anticipated tax provision at the U.S. statutory rate was favorably impacted primarily due to the release in the valuation allowance in the United States.

4. Supplementary Balance Sheet Information

Property, equipment and leasehold improvements in the accompanying unaudited condensed consolidated balance sheets consist of the following (in thousands):

	March 31, 2009	June 30, 2008
Property, equipment and leasehold improvements at cost		
Computer equipment	$ 9,684	$ 9,908
Purchased software	17,374	24,756
Furniture & fixtures	6,316	6,311
Leasehold improvements	3,681	4,009
Accumulated depreciation	(27,493)	(33,185)
Property, equipment and leasehold improvements net	$ 9,562	$ 11,799

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

	March 31, 2009	June 30, 2008
Royalties and outside commissions	$ 7,893	$ 6,576
Payroll and payroll-related	9,990	19,434
Restructuring accruals	5,065	4,658
Amounts due to receivable sale facilities for collections	40	5,687
Other	17,470	25,391
Total accrued expenses	$ 40,458	$ 61,746

Table of Contents

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Supplementary Balance Sheet Information (Continued)

Other long-term liabilities in the accompanying unaudited condensed consolidated balance sheets consist of the following (in thousands):

	March 31, 2009	June 30, 2008
Restructuring accruals	$ 8,260	$ 11,727
Deferred rent	2,438	2,562
Royalties and outside commissions	5,995	6,368
Other	18,005	23,653
Total other non-current liabilities	$ 34,698	$ 44,310

5. Net Income

Basic earnings per share was determined by dividing net income by the weighted average common shares outstanding during the period. Diluted earnings per share was determined by dividing net income by diluted weighted average shares outstanding during the period. Diluted weighted average shares reflects the dilutive effect, if any, of potential common shares. To the extent their effect is dilutive, potential common shares include common stock options and warrants, based on the treasury stock method, and other commitments to be settled in common stock. The calculations of basic and diluted net income per share and basic and diluted weighted average shares outstanding are as follows (in thousands, except per share data):

	Three Months Ended March 31,						Nine Months Ended March 31,					
	2009			2008			2009			2008		
	Income	Shares	Per Share Amount	Income	Shares	Per Share Amount	Income	Shares	Per Share Amount	Income	Shares	Per Share Amount
Basic earnings per share:												
Net income	$ 8,096	90,065	$ 0.09	$ 4,033	89,972	$ 0.04	$ 42,710	90,042	$ 0.47	$ 4,288	89,522	$ 0.05
Diluted earnings per share:												
Employee equity awards		1,273			3,396			2,177			3,602	
Warrants		310			466			401			741	
Net income giving effect to dilutive adjustments	$ 8,096	91,648	$ 0.09	$ 4,033	93,834	$ 0.04	$ 42,710	92,620	$ 0.46	$ 4,288	93,865	$ 0.05

The following potential common shares were excluded from the calculation of diluted weighted average shares outstanding because the exercise price of the stock options and warrants exceeded the average market price for our common stock and their effect would be anti-dilutive at the balance sheet date (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2009	2008	2009	2008
Employee equity awards and warrants	3,155	2,019	2,259	1,994

Table of Contents

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Comprehensive Income

Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The components of comprehensive income for the three and nine months ended March 31, 2009 and 2008 were as follows (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2009	2008	2009	2008
Net income	$ 8,096	$ 4,033	$ 42,710	$ 4,288
Foreign currency translation adjustments	134	(1,152)	(1,850)	(1,059)
Total comprehensive income	$ 8,230	$ 2,881	$ 40,860	$ 3,229

7. Restructuring Charges

During the three and nine months ended March 31, 2009, we recorded $1.8 and $2.0 million, respectively, in restructuring charges. Of this amount for the three and nine months ended March 31, 2009, $1.6 million and $1.7 million, respectively, related to headcount reductions and $0.2 million and $0.3 million, respectively, related to changes in the estimates of future operating costs and sublease assumptions related to restructuring programs originating in periods prior to June 30, 2008.

At March 31, 2009, total restructuring liabilities for all plans of $13.3 million consisted of $12.9 million of liabilities for the closure of facilities and $0.4 million of liabilities for headcount reductions . Management anticipates that payments of $5.2 million will be made over the next twelve months with the remaining $9.3 million paid through 2016.

During the nine months ended March 31, 2009, the following activity was recorded (in thousands):

Summary Restructuring Plans	Closure/ Consolidation of Facilities	Employee Severance, Benefits, and Related Costs	Total
Accrued expenses and other non-current liabilities, June 30, 2008	$ 16,354	$ 31	$ 16,385
Restructuring charge		1,567	1,567
Restructuring charge Accretion	506		506
Change in estimate Revised assumption	(211)	163	(48)
Sub-total	295	1,730	2,025
Payments	(3,707)	(1,378)	(5,085)
Accrued expenses and other non-current liabilities, March 31, 2009	$ 12,942	$ 383	$ 13,325

(a) Restructuring charges originally arising in the three months ended March 31, 2009

In the three months ended March 31, 2009, we initiated a worldwide plan to reduce operating expenses by reorganizing business units through headcount reductions. During the three months ended March 31, 2009, we recorded a charge of $1.6 million associated with headcount reductions. As of March 31, 2009, there was $0.4 million in accrued expenses relating to headcount reductions.

Table of Contents

ASPEN TECHNOLOGY, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Commitments and Contingencies

(a) FTC and Honeywell Settlement

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.

On December 23, 2004, we completed the transactions contemplated by the Honeywell Agreement. Under the terms of the transactions:

- We agreed to a cash payment of approximately $6.0 million from Honeywell in consideration of the transfer of our operator training services business, our covenant not to compete in the operator training business until the third anniversary of the closing date, and the transfer of ownership of the intellectual property of our Hyprotech engineering products, $1.2 million of which was held back by Honeywell and a portion of which was released upon resolution of adjustments for uncollected billed accounts receivable and unbilled accounts receivable, as discussed below;

- We transferred and Honeywell assumed, as of the closing date, approximately $4.0 million in accounts receivable relating to the operator training business; and

- We entered into a two-year support agreement with Honeywell under which we agreed to provide Honeywell with source code of new releases of the Hyprotech engineering products provided to customers under standard software maintenance services agreements.

The Honeywell transaction resulted in a deferred gain of $0.2 million, which was amortized over the two-year life of the support agreement, and was subject to a potential increase of the gain of up to $1.2 million upon resolution of the holdback payment issue, which is discussed below.

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