

Letter to Our Shareholders



Fiscal 2003 was a year of transition and significant progress for AspenTech. Despite the challenges of an anemic economy and a stagnant IT spending environment, the company met or exceeded its operational and financial objectives for the last three quarters of the fiscal year. These profitable results were the culmination of several decisive actions, which included reorganizing the company around our Engineering and Manufacturing/Supply Chain product lines, strengthening the management team, dramatically reducing operating expenses, and improving execution across the company.

By taking these actions and dramatically improving our operating performance, the company was able to take an important step forward with the restructuring of our balance sheet. In August 2003, we closed a \$100 million private equity transaction with Advent International, which eliminated near-term debt obligations, bolstered working capital, and put the company in a solid financial position to fuel top-line and bottom-line growth.

With these changes, AspenTech enters fiscal 2004 with an improved and sustainable operating model, an excellent market position, and the financial

resources to improve shareholder value by delivering valuable, differentiated solutions to our customers.

Updated Strategic Direction

We began the fiscal year by showcasing our newest solutions at AspenWorld, the biennial conference for process industry executives that attracts more than 2,000 participants. These solutions address the emerging Enterprise Operations Management (EOM) market and are designed to increase the profitability of our process industry customers by improving their operational efficiency and flexibility. As a first mover in