

Aspen Technology, Inc. and Subsidiaries Consolidated Statement of Cash Flows

| Years Ended June 30 | 2001 | 2002 | 2003 |
|--|-----------------|------------------|-----------------|
| (In thousands) | | | |
| Cash flows from operating activities: | | | |
| Net income (loss) | \$(20,375) | \$(77,165) | \$(160,833) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities— | | | |
| Depreciation and amortization | 24,099 | 25,763 | 30,994 |
| Goodwill impairment charge | — | — | 74,715 |
| Write-off of assets related to restructuring | 1,159 | 1,169 | 38,732 |
| Charges for in-process research and development | 9,915 | 14,900 | — |
| Write-off of investments | 5,000 | 8,923 | — |
| Deferred stock-based compensation | 65 | (65) | — |
| (Gain) loss on the disposal of property | (257) | — | 288 |
| Deferred income taxes | (12,783) | 896 | — |
| Research and development costs subject to common stock settlement | — | 924 | 1,082 |
| Changes in assets and liabilities— | | | |
| Accounts receivable | (3,399) | 1,591 | 20,861 |
| Unbilled services | (7,277) | 333 | 16,714 |
| Prepaid expenses and other current assets | (417) | (1,400) | 7,338 |
| Long-term installments receivable | (8,845) | 6,816 | (1,587) |
| Accounts payable and accrued expenses | 5,195 | 8,865 | (7,184) |
| Unearned revenue | 4,323 | 751 | (1,240) |
| Deferred revenue | (9,786) | (368) | (2,283) |
| Other liabilities | (675) | 36 | 3,969 |
| Net cash provided by (used in) operating activities | (14,058) | (8,031) | 21,566 |
| Cash flows from investing activities: | | | |
| Purchase of property and leasehold improvements | (20,350) | (12,940) | (4,746) |
| Proceeds on sale of property | 2,438 | 1,725 | — |
| Capitalized computer software development costs | (5,573) | (7,986) | (7,661) |
| Increase in other assets | (1,693) | (1,940) | 1,323 |
| Decrease in short-term investments | 33,884 | 12,257 | 18,535 |
| Cash used in the purchase of businesses, net of cash acquired | (21,746) | (93,437) | — |
| Net cash provided by (used in) investing activities | (13,040) | (102,321) | 7,451 |
| Cash flows from financing activities: | | | |
| Issuance of common stock and common stock warrants, net of issuance costs | — | 47,956 | — |
| Issuance of Series B convertible preferred stock and common stock warrants, net of issuance costs | — | 56,588 | — |
| Payment of amounts owed to Accenture | — | — | (8,433) |
| Issuance of common stock under employee stock purchase plans | 4,710 | 5,306 | 3,293 |
| Exercise of stock options and warrants | 11,901 | 1,619 | 150 |
| Payments of long-term debt and capital lease obligations | (1,041) | (4,305) | (6,603) |
| Net cash provided by (used in) financing activities | 15,570 | 107,164 | (11,593) |
| Effect of exchange rate changes on cash and cash equivalents | (1,210) | 126 | 572 |
| Increase (decrease) in cash and cash equivalents | (12,738) | (3,062) | 17,996 |
| Cash and cash equivalents, beginning of period | 49,371 | 36,633 | 33,571 |
| Cash and cash equivalents, end of period | \$36,633 | \$33,571 | \$51,567 |
| Supplemental disclosure of cash flow information: | | | |
| Cash paid for income taxes | \$2,072 | \$1,955 | \$1,695 |
| Cash paid for interest | \$5,023 | \$4,841 | \$5,902 |
| Supplemental disclosure of non-cash financing activities: | | | |
| Accretion of discount on Series B convertible preferred stock | \$— | \$2,209 | \$6,784 |
| Preferred stock dividend due to beneficial conversion feature of Series B convertible preferred stock | \$— | \$3,232 | \$— |
| Issuance of common stock in settlement of obligation subject to common stock settlement | \$— | \$18,500 | \$— |
| Modification of Series B convertible preferred stock to Series B redeemable convertible preferred stock | \$— | \$— | \$57,537 |
| Issuance of common stock in settlement of Series B convertible preferred stock dividend | \$— | \$— | \$2,662 |
| Supplemental disclosure of cash flows related to acquisitions: | | | |
| The Company acquired certain companies as described in Note 4. These acquisitions are summarized as follows: | | | |
| Fair value of assets acquired, excluding cash | \$60,379 | \$140,141 | \$3,027 |
| Payments in connection with the acquisitions, net of cash acquired | (21,746) | (93,437) | — |
| Value of stock issued in connection with the acquisitions | (31,555) | — | — |
| Charge for in-process research and development | 9,915 | 14,900 | — |
| Liabilities assumed | \$16,993 | \$61,604 | \$3,027 |

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