

ASPEN TECHNOLOGY INC /DE/
Form DEFA14A
July 16, 2003

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

Aspen Technology, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(4) Date Filed:

FILING PURSUANT TO RULE 14a-12

This filing is being made pursuant to Rule 14a-12 under the Securities Exchange Act of 1934, as amended. This filing contains statements about Aspen Technology, Inc. (Aspen), Advent International, Inc. (Advent), and the proposed sale of Aspen s Series D convertible preferred stock and warrants to Advent and holders of Aspen s Series B convertible preferred stock, and the exchange of shares of Aspen s Series B convertible preferred stock and warrants for Series D convertible preferred stock and warrants. Statements in this filing regarding these proposed transactions, the expected timetable for completing these transactions, and the benefits to be derived from the proposed transaction and any other statements about Aspen s future expectations, beliefs, goals, plans or prospects constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that are not statements of historical fact (including statements containing the words believes, plans, anticipates, expects, estimates and similar expressions) should also be considered to be forward-looking statements. There are a number of important factors that could cause events to differ materially from those indicated by such forward-looking statements, including: Aspen s ability to consummate the proposed financing transaction and the other factors described in Aspen s current report on Form 8-K filed with the SEC on July 11, 2003. Aspen expressly disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this filing.

The following is the text of the materials used by Aspen and its representatives beginning on July 16, 2003 in connection with the proposed financing transaction with Advent and the holders of Aspen's Series B convertible preferred stock.

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Aspen Technology, Inc.

*Investor Briefing Regarding
Series D Financing, Other Proxy Matters
July August 2003*

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[GRAPHIC]

Safe Harbor Statement

Some of the information and comments in this presentation may contain forward-looking statements that involve a number of risks and uncertainties. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include the risks set forth under the caption **B. Factors that may Affect Future Results and the Trading Price of Our Common Stock** in Item 5 of our current report on Form 8-K filed with the Securities and Exchange Commission on July 11, 2003.

\$100MM Investment by Advent International

Comprehensive Restructuring of Balance Sheet

Addresses majority of \$146MM of near-term maturities

Retires onerous, restrictive Series B Preferred at a discount

Enhances working capital

Eliminates overhang from balance sheet / stock issuance uncertainty

Addresses Customer, Investor & Partner Concerns

Enhances Operating Flexibility

Sponsorship by Value-Added Financial Partner

August 13

Special Meeting to Approve Transaction

Recent Changes Yielding Solid Results

New Management Team

Dave McQuillin appointed as new CEO March 2002; effective October 1, 2002

Larry Evans to continue as Chairman

Wayne Sim becomes SVP Sales July 10, 2002

Manolis Kotzabasakis & Steve Pringle become SVPs of two new product business units Engineering & Manufacturing / Supply Chain

Chuck Kane assumes CFO position effective July 1, 2003

Lisa Zappala to assist during transition period

New Business Plan

Focus on product line profitability and positive cash flow generation

25% reduction in quarterly expenses since 7/1/02

Restructured company around global product line P&L s; divested non-core products; improved sales execution

On track to roll-out four key new products to drive future growth

Solid operating performance for the December 2002 and March 2003 quarters

Scheduled to announce June 2003 results August 7, 2003

Significant Challenges Remain

FTC inquiry of Hyprotech acquisition

Significant leverage & near-term maturities

Working capital constrained

Challenging IT spending environment

FTC Inquiry of Hyprotech Acquisition

History

May 2002: AspenTech completed the \$97MM acquisition of Hyprotech Ltd.

June 2002: FTC launches investigation into Hyprotech acquisition (process ongoing)

Impact on AspenTech's Operations

Outcome:	Dismissal	Non-Exclusive Licensing of Products	Full Divestiture
Impact:	No Effect	Varies	Materially Negative

\$7MM charge for investigation expenses to date / Significant management bandwidth

Uncertainty of ultimate outcome creates issues with existing & potential customers and investors

Significantly impacts our ability to raise capital

The Advent Investment is Not Contingent on Completion of the FTC Inquiry

Significant Leverage & Near-Term Maturities

**Debt & Preferred Maturity Profile
Status Quo**

[CHART]

Cash and projected cash flow not sufficient to meet redemptions

Potential for highly-dilutive stock issuances to satisfy redemptions (overhang)

Existing Series B Preferred and WB warrants have full ratchet anti-dilution

Leverage and maturities raise significant concerns:

Viability: Shareholders,* bondholders,* customers,(1) employees,(1) partners(1)

Dilution: Shareholders*

* *Impacts valuation*

(1) *Impacts operations*

**Debt & Preferred Maturity Profile
Status Quo**

[CHART]

**Debt & Preferred Maturity Profile
Pro Forma, As Adjusted(2)**

[CHART]

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Dilution: Shareholders*

* *Impacts valuation*

(1) *Impacts operations*

The Advent Investment Addresses AspenTech's Significant Near-Term

Maturities and Leaves Us with a More Flexible Capital Structure

Working Capital Constrained

Cash significantly less than comparable software companies

Limited flexibility to withstand disruptions in business (e.g., negative FTC outcome, economic downturn)

Continued reliance on sale of installment receivables exacerbates problem

Cash, net of Debt

[CHART]

Cash, / CY2003 Revenues

[CHART]

Working Capital Constrained

Cash significantly less than comparable software companies

Limited flexibility to withstand disruptions in business (e.g., negative FTC outcome, economic downturn)

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**Cash, net of Debt
Pro Forma, As Adjusted**

[CHART]

**Cash / CY2003 Revenues
Pro Forma, As Adjusted**

[CHART]

**The Advent Investment Provides \$15MM+ of Cash to Bolster Working Capital
Position and Boosts Near-term Cash Flow**

Why Now?

Stabilization of Operations

Series B Redemptions Commence August 2003

5.4MM shares immediately available for issuance

Greater than 13% of existing float / shares outstanding

17.3x 2003YTD average daily trading volume

Potential for more shares to be issued in future

FTC Issue Still Unresolved

Negative outcome could materially impact operations

Unclear whether Company will have ability to raise capital immediately following outcome (if negative)

5 1/4% Convertible Maturity Looming

Potential FY 04 impact if not resolved

Alternatives Considered

Do Nothing

Deemed too risky given:

Upcoming capital redemptions

Potential impact on business if negative outcome from FTC process

Ongoing challenging IT spending environment

Standalone Recapitalization

Does not provide additional capital

Significant uncertainty in execution

Bondholders' interests not aligned with shareholders

Not deemed to be better than Advent proposal

Anti-dilution provisions of Series B and WB warrants represent significant obstacle

Public Market Financing Alternatives

FTC process a serious obstacle given magnitude of risk

Market capitalization and liquidity preclude raising sufficient capital required for comprehensive restructuring

**A Significant Capital Infusion From a Private Equity Investor Was
Deemed the Most Effective Alternative to Address Our Issues**

Why Advent International?

Evaluated 20+ potential private equity partners

Terms & conditions of Advent's proposal deemed to be most favorable to the Company

Only finalist willing to close a financing without resolution of the FTC inquiry

Value-added long-term investor with track record of creating value for portfolio companies

\$6.0 billion of cumulative capital raised

Over 100 investment professionals worldwide, headquartered in Boston, with 14 offices worldwide

Seasoned operating and financial partners

Transaction Overview

Advent invests \$100MM in Series D Convertible Preferred Stock

\$60MM of existing Series B Preferred Stock exchanged for \$51MM (15% discount to stated value)

\$30MM cash, \$21MM of Series D Preferred

Series D holders to receive 7,267,286 warrants:

Advent to receive 6,006,006 warrants

Series B holders to receive 1,261,280 warrants

Existing 791,044 Series B warrants to be amended:

Existing full ratchet anti-dilution price protection amended to standard weighted average (entitled to 5.4MM warrants at \$3.33 without amendment)

Exercise price amended to \$4.08 (22.5% premium to the \$3.33 Series D conversion price)

Sources

(\$ in millions)

SOURCES

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New Series D Preferred (new money)	\$	100.0
Series D Preferred (rollover)		21.0