

ASPEN TECHNOLOGY INC /DE/
Form DEF 14A
October 28, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-191)
INFORMATION REQUIRED IN PROXY STATEMENT
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 under §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):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2)

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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 Fee paid previously with preliminary materials.
- 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:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
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ASPEN TECHNOLOGY, INC.

**200 Wheeler Road
Burlington, Massachusetts 01803**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To be Held on December 8, 2011**

Dear Stockholder:

We invite you to attend our annual meeting of stockholders, which is being held as follows:

Date: Thursday, December 8, 2011
Time: 9 a.m. Eastern time
Location: Cooley LLP
500 Boylston Street, 14th Floor
Boston, Massachusetts

At the annual meeting, we will ask you and our other stockholders to:

1. elect two nominees of the board of directors, Joan C. McArdle and Simon J. Orebi Gann, to the board to hold office until the 2014 Annual Meeting of Stockholders;
2. ratify the selection by the audit committee of the board of KPMG LLP as our independent registered public accounting firm for our fiscal year ending June 30, 2012; and
3. approve, on an advisory basis, the compensation of our named executive officers as identified in the Proxy Statement for the annual meeting (so-called "say on pay"); and
4. approve, on an advisory basis, how often we should submit future advisory votes on executive compensation to stockholders. For the reasons set forth in the Proxy Statement, the board recommends a vote for "1 year" for the frequency of say-on-pay voting.

Each of the foregoing proposals is fully set forth in the Proxy Statement, which you are urged to read thoroughly. Stockholders also will be asked to consider any other business properly presented at the annual meeting.

Only stockholders of record at the close of business on October 17, 2011 are entitled to vote at the annual meeting. The annual meeting may be adjourned from time to time without notice at the annual meeting.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on December 8, 2011 at Cooley LLP, 14th Floor, 500 Boylston Street, Boston, Massachusetts:

The Proxy Statement, form of proxy card and 2011 Annual Report to Stockholders are available at www.aspentech.com, as well as at www.proxyvote.com.

Whether or not you expect to attend the annual meeting, please complete, date, sign and return the enclosed proxy, or vote over the telephone or the Internet, as instructed in these materials, as promptly as possible in order to ensure your representation at the annual meeting. We have enclosed for your convenience a return envelope that is postage prepaid if mailed in the United States. Even if you vote by proxy, you may still vote in person if you attend the annual meeting. If your shares are held of record by a broker, bank or other nominee and you wish to

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vote at the annual meeting, you must obtain a proxy issued in your name from the record holder.

By Order of the Board of
Directors,

Frederic G. Hammond
Secretary

Burlington, Massachusetts
October 28, 2011

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**PROXY STATEMENT
FOR
ANNUAL MEETING OF STOCKHOLDERS**

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Our fiscal year ends on June 30, and references to a specific fiscal year are the twelve months ended June 30 of such year (for example, "fiscal 2011" refers to the fiscal year ended June 30, 2011).

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QUESTIONS AND ANSWERS ABOUT THESE PROXY MATERIALS AND VOTING

Why did I receive a notice as to the Internet availability of proxy materials instead of a full set of materials?

Pursuant to rules adopted by the SEC, we have elected to provide access to our proxy materials over the Internet. We have sent a Notice of Internet Availability of Proxy Materials, together with a proxy card, to our stockholders of record as of October 17, 2011. Instructions on how to access proxy materials over the Internet or to request a printed copy may be found in the Notice of Internet Availability. In addition, you may request to receive future proxy materials in printed form by mail or electronically. Your election to receive future proxy materials by mail or electronically will remain in effect until you terminate such election.

How can I access the proxy materials over the Internet?

You may view and also download our proxy materials for the annual meeting, including the Notice of Internet Availability, the Proxy Statement, the form of proxy card and our 2011 Annual Report to Stockholders, on our website at www.aspentech.com as well as at www.proxyvote.com.

How do I attend the annual meeting?

The meeting will be held on Thursday, December 8, 2011 at 9 a.m. (Eastern time) at the offices of Cooley LLP, 14th Floor, 500 Boylston Street, Boston, Massachusetts. Directions to the meeting location are available at the website of Cooley LLP at www.cooley.com/offices. Cooley's website and the information contained therein is not incorporated into this Proxy Statement. Information on how to vote in person at the annual meeting is discussed below.

Who can vote at the annual meeting?

Only stockholders of record at the close of business on October 17, 2011, or the record date, will be entitled to vote at the annual meeting. On the record date, there were 93,957,309 shares of common stock outstanding and entitled to vote.

Stockholder of Record: Shares Registered in Your Name

If on October 17, 2011 your shares were registered directly in your name with our transfer agent, American Stock Transfer & Trust Co., then you are a stockholder of record. As a stockholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you to fill out and return the enclosed proxy card, or vote by proxy over the telephone or on the Internet as instructed below, to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If on October 17, 2011 your shares were held, not in your name, but rather in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in "street name" and the Notice is being forwarded to you by that organization. The organization holding your account is considered to be the stockholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the annual meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

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What am I voting on?

There are four matters scheduled for a vote:

election of two directors nominated by the board of directors;

ratification of the selection by the audit committee of the board of KPMG LLP as our independent registered public accounting firm for fiscal 2012;

approval, on an advisory basis, of the compensation of our named executive officers as identified in this Proxy Statement; and

approval, on an advisory basis, of how often we should submit future advisory votes on executive compensation to stockholders.

What if another matter is properly brought before the meeting?

The board of directors knows of no other matters that will be presented for consideration at the annual meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on those matters in accordance with their best judgment.

How do I vote?

With respect to the election of directors, you may either vote "For" all the nominees to the board of directors or you may "Withhold" your vote for any nominee you specify. With respect to both the ratification of KPMG LLP as our independent registered public accounting firm for fiscal 2012 and the approval, on an advisory basis, of the compensation of our named executive officers, you may vote "For" or "Against" or abstain from voting. With respect to the approval, on an advisory basis, of how often we should submit future advisory votes on executive compensation to stockholders, you may vote for every one, two or three years or abstain from voting.

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote in person at the annual meeting, vote by proxy using the enclosed proxy card, vote by proxy over the telephone, or vote by proxy through the Internet. Whether or not you plan to attend the annual meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the annual meeting and vote in person even if you have already voted by proxy.

In Person. To vote in person, come to the annual meeting and we will give you a ballot when you arrive.

By Mail. To vote using the proxy card, simply complete, sign and date the proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the annual meeting, we will vote your shares as you direct.

By Telephone. To vote over the telephone from a location in the United States, Canada or Puerto Rico, dial toll-free 1-800-690-6903 using a touch-tone phone and follow the recorded instructions. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by 11:59 p.m. Eastern time on December 7, 2011 to be counted.

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Via the Internet. To vote through the Internet, go to www.proxyvote.com to complete an electronic proxy card. You will be asked to provide the company number and control number from the Notice. Your vote must be received by 11:59 p.m. Eastern time on December 7, 2011 to be counted.

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Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from us. Simply complete and mail the proxy card to ensure that your vote is counted. Alternatively, you may vote by telephone or over the Internet as instructed by your broker or bank. To vote in person at the annual meeting, you must obtain a valid proxy from your broker, bank, or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

We provide Internet proxy voting to allow you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. Please be aware, however, that you must bear any costs associated with your Internet access, such as usage charges from Internet access providers and telephone companies.

How many votes do I have?

On each matter, you have one vote for each share of common stock you own as of October 17, 2011.

What if I return a proxy card or otherwise vote but do not make specific choices?

If you return a signed and dated proxy card or otherwise vote without marking voting selections, your shares will be voted "For" the election of the two director nominees nominated by the board of directors and "For" the ratification of KPMG LLP as our independent registered accounting firm for fiscal 2012. If any other matter is properly presented at the annual meeting, your proxyholder (one of the individuals named on your proxy card) will vote your shares using his best judgment.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We have engaged Alliance Advisors, L.L.C. on an advisory basis and they may help us solicit proxies from brokers, bank nominees and other institutional owners. We expect to pay Alliance Advisors, L.L.C. a fee of \$7,500 for their services, plus expenses.

What does it mean if I receive more than one Notice of Internet Availability?

If you receive more than one Notice of Internet Availability, your shares may be registered in more than one name or in different accounts. Please follow the voting instructions on the proxy cards in the proxy materials to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the annual meeting. If you are the record holder of your shares, you may revoke your proxy in any one of the following ways:

You may submit another properly completed proxy card with a later date.

You may grant a subsequent proxy by telephone or through the Internet.

You may send a timely written notice that you are revoking your proxy to our Secretary at Aspen Technology, Inc., 200 Wheeler Road, Burlington, Massachusetts 01803.

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You may attend the annual meeting and vote in person. Simply attending the annual meeting will not, by itself, revoke your proxy.

Your most current proxy card or telephone or Internet proxy is the one that is counted. If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

How are votes counted?

Votes will be counted by the inspector of election appointed for the meeting, who will separately count:

"For" and "Withhold" votes with respect to Proposal One;

"For" and "Against" votes with respect to Proposals Two and Three;

"1 Year", "2 Year" and "3 Year" with respect to Proposal Four; and

abstentions and broker non-votes.

Abstentions are counted in tabulations of the votes cast on proposals presented to stockholders other than the election of directors. Thus, except for Proposal Four, an abstention from voting on a matter has the same legal effect as a vote "Against" that matter. For Proposal Four, abstentions have no effect and will not be counted towards the vote total. Broker non-votes and directions to withhold are counted as present, but are not entitled to vote on proposals for which brokers do not have discretionary authority and have no effect other than to reduce the number of affirmative votes needed to approve a proposal.

What are "broker non-votes"?

Broker non-votes occur when a beneficial owner of shares held in "street name" does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed "non-routine." Generally, if shares are held in street name, the beneficial owner of the shares is entitled to give voting instructions to the broker or nominee holding the shares. If the beneficial owner does not provide voting instructions, the broker or nominee can still vote the shares with respect to matters that are considered to be "routine," but not with respect to "non-routine" matters.

Which ballot measures are considered "routine" or "non-routine"?

The ratification of the appointment of KPMG as our independent registered public accounting firm for fiscal 2012 (Proposal Two) is a matter considered routine under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected to exist in connection with Proposal Two.

The election of directors (Proposal One), the approval, on an advisory basis, of the compensation of our named executive officers (Proposal Three) and the indication, on an advisory basis, of how often we should submit future advisory votes on executive compensation to stockholders (Proposal Four) are matters considered non-routine under applicable rules. A broker or other nominee cannot vote without instructions on non-routine matters, and therefore there may be broker non-votes on Proposals One, Three and Four.

How many votes are needed to approve the proposals?

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For Proposal One, which relates to the election of directors, the two nominees receiving the most "For" votes (from the holders of votes of shares present in person or represented by proxy

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and entitled to vote on the election of directors) will be elected. Only votes "For" will affect the outcome.

Proposal Two, which relates to the ratification of KPMG as our independent registered accounting firm for fiscal 2012, must receive "For" votes from the holders of a majority of shares present in person or represented by proxy and entitled to vote at the meeting. If you "Abstain" from voting, it will have the same effect as an "Against" vote. Broker non-votes will have no effect.

Proposal Three, which relates to the approval, on an advisory basis, of the compensation of our named executive officers, must receive "For" votes from the holders of a majority of the shares that are present in person or represented by proxy and entitled to vote at the meeting. If you "Abstain" from voting, it will have the same effect as an "Against" vote. Broker non-votes will have no effect.

Proposal Four, which relates to the approval, on an advisory basis, of how often we should submit future advisory votes on executive compensation to stockholders, provides a choice among three frequency periods. The frequency period (every one, two or three years) that receives the most votes will be deemed to be the recommendation of the stockholders. As a result, any shares that are not voted, whether by abstention, broker non-votes or otherwise, will not affect the outcome of this proposal, except to the extent that the failure to vote for a particular frequency period may result in another frequency period receiving a larger proportion of the votes cast.

What is the quorum requirement?

A quorum of stockholders is necessary to hold a valid meeting. A quorum will be present if stockholders holding at least a majority of the outstanding shares of common stock as of the record date are present at the annual meeting in person or represented by proxy. On the record date, there were 93,957,309 shares outstanding and entitled to vote. Thus, the holders of 46,978,656 shares must be present in person or represented by proxy at the annual meeting to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the annual meeting. Broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of a majority of shares present at the meeting in person or represented by proxy may adjourn the annual meeting to another date.

When are stockholder proposals due for next year's annual meeting?

To be considered for inclusion in our proxy materials for presentation at the 2012 Annual Meeting of Stockholders, stockholder proposals must be received in writing by our Secretary at our principal executive offices at 200 Wheeler Road, Burlington, Massachusetts 01803, by June 30, 2012. However, if our 2011 Annual Meeting of Stockholders is not held between November 8, 2012 and January 7, 2013, then the deadline will be a reasonable time prior to the time we begin to print and mail our proxy materials. You are also advised to review our by-laws, which contain additional requirements about advance notice of stockholder proposals and director nominations.

If a stockholder wishes to present a proposal before the 2012 Annual Meeting but does not wish to have the proposal considered for inclusion in our Proxy Statement and proxy card in accordance with Rule 14a-8, the stockholder must also give written notice to our Secretary at the address noted above. Our Secretary must receive the notice not less than sixty days nor more than ninety days prior to next year's annual meeting; provided, however, that in the event that less than seventy days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder

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to be timely must be so received not later than the close of business on the tenth day following the date on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever occurs first.

How can I find out the results of the voting at the annual meeting?

Preliminary voting results will be announced at the annual meeting. Final voting results will be published in a Form 8-K on or before December 14, 2011. If final voting results are not available to us in time to file a Form 8-K by that date, we intend to file a Form 8-K to publish preliminary results and, within four business days after the final results are known to us, file an additional Form 8-K to publish the final results.

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PROPOSAL ONE. ELECTION OF DIRECTORS

Our by-laws provide that the board of directors is to be divided into three classes, with the classes serving for staggered three-year terms. In addition, our by-laws specify that the board has the authority to fix the number of directors. The number of directors currently is fixed at seven. There are two nominees for director at this annual meeting: Joan C. McArdle and Simon J. Orebi Gann. If elected, each would serve as a Class III director for a three-year term beginning at the annual meeting and ending at our 2014 Annual Meeting of Stockholders.

The three director classes currently are comprised as follows:

Joan C. McArdle and Simon J. Orebi Gann are Class III directors, and their terms will end at our 2011 Annual Meeting of Stockholders;

Mark E. Fusco and Gary E. Haroian are Class I directors, and their terms will end at our 2012 Annual Meeting of Stockholders; and

Donald P. Casey, Stephen M. Jennings and Robert M. Whelan, Jr. are Class II directors, and their terms will end at our 2013 Annual Meeting of Stockholders.

Vacancies on the board may be filled only by persons elected by a majority of the remaining directors. A director elected by the board to fill a vacancy in a class, including vacancies created by an increase in the number of directors, shall serve for the remainder of the full term of that class and until the director's successor is duly elected and qualified, or his or her earlier resignation, death or removal.

If elected at the annual meeting, each of the nominees will serve until the 2014 Annual Meeting and until his successor is elected and qualified, or until his earlier death, resignation or removal. If either of the nominees is unable or unwilling to serve, proxies will be voted for such substitute nominee or nominees as the board may determine. We are not aware of any reason that either nominee will be unable or unwilling to serve.

Our nominating and corporate governance committee seeks to assemble a board that, as a whole, possesses the appropriate balance of professional and industry knowledge, financial expertise and management experience necessary to oversee and direct our business. To that end, the committee has evaluated the board's current members in the broader context of the board's overall composition. The committee maintains a goal of recruiting members who complement and strengthen the skills of other members and who also exhibit integrity, collegiality, sound business judgment and other qualities that the committee views as critical to effective functioning of the board.

Neither of the director nominees is related by blood, marriage or adoption to any of our other directors, director nominees or executive officers, and neither is party to an arrangement or understanding with any person pursuant to which the nominee is to be selected or nominated for election as a director.

Directors are elected by a plurality of the votes of the holders of shares present in person or represented by proxy and entitled to vote on the election of directors. The two nominees receiving the highest number of affirmative votes will be elected.

Brief biographies of the nominees are contained on page 34 of this Proxy Statement and include information, as of the date of this Proxy Statement, regarding the specific and particular experience, qualifications, attributes or skills of each nominee for director that led the nominating and corporate governance committee to believe that such nominee should continue to serve on the board. In addition, following the biographies of the nominees are the biographies of directors not currently up for re-election containing information as to why the committee believes that such director should continue serving on the board.

**THE BOARD RECOMMENDS A VOTE FOR THE ELECTION OF
EACH OF JOAN C. MCARDLE AND SIMON J. OREBI GANN.**

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**PROPOSAL TWO. RATIFICATION OF SELECTION OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The audit committee of the board of directors has selected KPMG LLP as our independent registered public accounting firm for fiscal 2012 and has further directed that management submit the selection of our independent registered public accounting firm for ratification by the stockholders at the annual meeting. KPMG LLP has audited our financial statements since their appointment on March 12, 2008 to audit our consolidated financial statements for our fiscal year 2008. Representatives of KPMG LLP are expected to be present at the annual meeting. They will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Neither our by-laws nor other governing documents or law require stockholder ratification of the selection of KPMG LLP as our independent registered public accounting firm. However, the audit committee is submitting the selection of KPMG LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the audit committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the audit committee in its discretion may direct the appointment of different independent auditors at any time during the year if they determine that such a change would be in our best interests and that of our stockholders.

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the annual meeting will be required to ratify the selection of KPMG LLP. Abstentions will be counted toward the tabulation of votes cast on proposals presented to the stockholders and will have the same effect as negative votes. Broker non-votes are counted towards a quorum, but are not counted for any purpose in determining whether this matter has been approved.

THE BOARD RECOMMENDS A VOTE FOR PROPOSAL TWO.

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PROPOSAL THREE. ADVISORY VOTE ON EXECUTIVE COMPENSATION

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, our stockholders are entitled to vote to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this Proxy Statement in accordance with SEC rules. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this Proxy Statement.

The compensation of our named executive officers is disclosed in the section entitled "Executive Compensation" below, including the tabular and narrative disclosures set forth in such section under the headings "Executive Compensation Tables" and "Compensation Discussion and Analysis." As discussed in those disclosures, we believe that our compensation policies and decisions are focused on pay-for-performance principles and strongly aligned with our stockholders' interests. Compensation of our named executive officers is designed to enable us to attract and retain talented and experienced executives to lead our company successfully in a competitive environment.

We are asking our stockholders to indicate their support for the compensation of our named executive officers as described in this Proxy Statement by casting a non-binding advisory vote "FOR" the following resolution:

"RESOLVED, that the stockholders approve the compensation of the "named executive officers" of Aspen Technology, Inc., as disclosed in the section entitled "Executive Compensation" in the Proxy Statement for the Aspen Technology, Inc. 2011 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission."

Because the vote is advisory, it will not be binding on us or the board of directors. Nevertheless, the views expressed by our stockholders, whether through this vote or otherwise, are important to us and, accordingly, the board and its compensation committee intend to consider the results of this vote in making determinations in the future regarding executive compensation arrangements.

THE BOARD RECOMMENDS A VOTE FOR PROPOSAL THREE.

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**PROPOSAL FOUR. ADVISORY VOTE ON FREQUENCY OF
FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION**

The Dodd-Frank Act also enables our stockholders to indicate their preference regarding how frequently we should solicit a non-binding advisory vote on the compensation of our named executive officers as disclosed in the Compensation Discussion and Analysis, the compensation tables, and the related narrative disclosure. Accordingly, we are asking stockholders to indicate whether they would prefer an advisory vote once every one, two or three years.

After considering the benefits and consequences of each option for the frequency of submitting the advisory vote on the compensation of our named executive officers to stockholders, the board of directors recommends submitting the advisory vote on the compensation of our named executive officers to our stockholders every year.

The board believes that an annual advisory vote makes sense for us because it is important to us to receive feedback from stockholders on executive compensation philosophy, policies and procedures, and an advisory vote on named executive officer compensation every year will be a meaningful and effective way to gather feedback from our stockholders on these matters.

While we believe our recommendation is appropriate at this time, the stockholders are not voting to approve or disapprove our recommendation, but are instead asked to provide an advisory vote on whether the non-binding advisory vote on the approval of our executive officer compensation practices should be held every one, two or three years. Alternatively, stockholders may abstain from casting a vote.

The board and its compensation committee value the opinions of our stockholders in this matter and, to the extent there is any significant vote in favor of one frequency over the other options, we will consider our stockholders' concerns and the board will evaluate any appropriate next steps. However, because this vote is advisory and therefore not binding on the board or us, the board may decide that it is in the best interests of our stockholders that we hold an advisory vote on executive compensation more or less frequently than the option preferred by our stockholders. The vote will not be construed to create or imply any change or addition to the fiduciary duties of the board.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR
"1 YEAR" FOR
THE FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION.**

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EXECUTIVE OFFICERS OF THE REGISTRANT

You should refer to "Information Regarding the Board of Directors and Corporate Governance Directors Nominees Directors Continuing in Office Until Our 2012 Annual Meeting" later in this proxy statement for information about our President and Chief Executive Officer, Mark E. Fusco. Biographical information for our other executive officers follows.

Mark P. Sullivan has served as our Executive Vice President since August 2010 and Chief Financial Officer since July 2009. Mr. Sullivan previously served as our Senior Vice President from July 2009 to July 2010. He served as a financial consultant to our company from March 2009 through June 2009. From 1994 to December 2008, Mr. Sullivan served in various financial executive positions at Fidelity Investments, a diversified financial services company. From 1987 to 1993, he served as Chief Operating Officer and Principal Finance and Accounting Officer at Westerbeke Corporation, a manufacturer of generators, diesel propulsion engines and other power solutions for commercial and recreational marine applications. During 1987, he served as Consulting Manager in the Business Investigatory Services group of Coopers & Lybrand Company, a public accounting and professional services firm which merged with Price Waterhouse in 1998 to form PricewaterhouseCoopers LLP. From 1980 to 1987, he held a number of financial leadership roles with Analog Devices, Inc., a manufacturer of analog, mixed-signal and digital signal processing integrated circuits used in industrial, communication, computer and consumer applications. He holds a B.A. from Middlebury College and an M.S. in Management from the Massachusetts Institute of Technology. Mr. Sullivan is 55 years old.

Antonio J. Pietri has served as our Executive Vice President, Field Operations since July 2007. Mr. Pietri served as our Senior Vice President and Managing Director for our Asia-Pacific region from 2002 to June 2007 and held various other positions with our company from 1996 until 2002. From 1992 to 1996, he was at Setpoint Systems, Inc., which we acquired, and before that he worked at ABB Simcon and AECTRA Refining and Marketing, Inc. He holds an M.B.A. from the University of Houston and a B.S. in Chemical Engineering from the University of Tulsa. Mr. Pietri is 46 years old.

Manolis E. Kotzabasakis has served as our Executive Vice President, Products since August 2010. Mr. Kotzabasakis served as our Senior Vice President, Sales and Strategy from July 2007 to July 2010; our Senior Vice President, Worldwide Sales and Business Development from January 2005 to June 2007; our Senior Vice President, Marketing and Strategy from July 2004 to December 2004; our Senior Vice President, Engineering Business Unit from September 2002 to June 2004; Vice President of our Aspen Engineering Suite of Products, Research and Development from 1998 to 2002; and Director of our Advanced Process Design Group from 1997 to 1998. He holds a B.Sc. in Chemical Engineering from the National Technical University of Athens and an M.Sc. and Ph.D. in Chemical Engineering from the University of Manchester Institute of Science and Technology. Mr. Kotzabasakis is 52 years old.

Frederic G. Hammond has served as our Senior Vice President, General Counsel and Secretary since July 2005. From February to June 2005, Mr. Hammond was a partner at the law firm of Hinckley, Allen & Snyder LLP in Boston, Massachusetts. From 1999 through August 2004, Mr. Hammond served as vice president, business affairs and general counsel of Gomez Advisors, Inc., a performance management and benchmarking technology services firm. From 1992 to 1999, Mr. Hammond served as general counsel of Avid Technology, Inc., a provider of digital media creation, management and distribution solutions. Prior to 1992, Mr. Hammond was an attorney with the law firm of Ropes & Gray LLP in Boston, Massachusetts. He holds a B.A. from Yale College and a J.D. from Boston College Law School. Mr. Hammond is 51 years old.

Table of Contents**EXECUTIVE COMPENSATION****Executive Compensation Tables*****Summary Compensation Table for Fiscal 2011***

The following table contains information regarding compensation earned during the last three fiscal years by our named executive officers, who consist of Mark E. Fusco, President and Chief Executive Officer; Mark P. Sullivan, Executive Vice President and Chief Financial Officer; Antonio J. Pietri, Executive Vice President, Field Operations; Manolis E. Kotzabasakis, Executive Vice President, Products; and Frederic G. Hammond, Senior Vice President, General Counsel and Secretary.

Name and Principal Position	Year	Salary (\$)	Bonus \$(1)	Stock Awards \$(2)	Option Awards \$(2)	Non-Equity Incentive Plan	All Other	Total (\$)
						Compensation \$(3)	Compensation \$(4)	
Mark E. Fusco <i>President and Chief Executive Officer</i>	2011	550,000		1,171,696	700,920	750,000	5,887	3,178,503
	2010	500,000	196,000	4,141,520	506,880	700,000	5,716	6,050,116
	2009	500,000	350,000					5,811
Mark P. Sullivan <i>Executive Vice President and Chief Financial Officer</i>	2011	310,000		439,386	262,845	240,625	7,481	1,260,337
	2010	300,000	224,000	620,750			9,629	1,154,380
	2009							
Antonio J. Pietri <i>Executive Vice President, Field Operations</i>	2011	315,000		439,386	262,845	300,000	8,562	1,325,793
	2010	300,000	77,000	1,212,850		275,000	9,479	1,874,329
	2009	300,000	192,500				259,050	751,550
Manolis E. Kotzabasakis <i>Executive Vice President, Products</i>	2011	290,000		439,386	262,845	275,000	8,128	1,275,359
	2010	265,000	72,800	687,600	60,826	260,000	6,390	1,352,615
	2009	265,000				130,964	7,452	403,416
Frederic G. Hammond <i>Senior Vice President, General Counsel, and Secretary</i>	2011	300,000		183,078	109,519	175,000	9,030	776,626
	2010	275,000	39,200	496,600	60,826	140,000	8,074	1,019,699
	2009	275,000	70,000				5,937	350,397

(1) Amounts shown exclude performance-based incentive payments, which are included in "Non-Equity Incentive Plan Compensation." Mr. Sullivan's includes a first year guarantee of \$175,000 and a discretionary award of \$49,000.

(2) Amounts shown represent grant date fair value computed in accordance with ASC Topic 718, with respect to restricted stock units and stock options granted to the named executive officers. Pursuant to SEC rules, the amounts shown disregard the impact of estimated forfeitures related to service-based vesting conditions. 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 9 to the consolidated financial statements included in our Annual Report on Form 10-K for fiscal 2011, filed with the SEC on August 23, 2011, which identifies assumptions made in the valuation of option awards.

(3) Amounts shown consist of awards based on performance under our 2011 Executive Plan and equivalent predecessor plans for each respective fiscal year. For additional information regarding these awards in fiscal 2011, see "Compensation Discussion and Analysis Variable Cash Compensation."

(4) Amounts shown include matching contributions under our 401(k) deferred savings retirement plan and the annual value associated with life and death and disability insurance. The amount shown for Mr. Pietri in fiscal 2011 includes (a) expatriation foreign tax of \$1,000; (b) \$971 for state and medical tax gross-ups; and (c) \$6,591 in matching contributions under our 401(k) deferred savings

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retirement plan. The amount shown for Mr. Pietri in fiscal 2010 includes (a) expatriation foreign tax of \$1,000; (b) \$888 for state and medical tax gross-ups; and (c) \$7,591 in matching contributions under our 401(k) deferred savings retirement plan. The amount shown for Mr. Pietri in fiscal 2009 includes (a) \$57,371 for reimbursement of his relocation and housing expenses in connection with his move from China to Massachusetts; (b) \$172,052 of expatriation foreign tax; (c) \$24,252 for applicable federal, state and medical tax gross-ups; (d) and \$5,375 in matching contributions under our 401(k) deferred savings retirement plan.

Table of Contents**Grants of Plan-Based Awards for Fiscal 2011**

The following table shows all plan-based awards granted to our named executive officers during fiscal 2011. The equity awards granted in fiscal 2011 identified in the table below are also reported in the table entitled "Outstanding Equity Awards at Fiscal Year-End." For additional information regarding the non-equity incentive plan awards, please refer to "Compensation Discussion and Analysis Reasons for Providing and Manner of Structuring the Key Compensation Elements Variable Cash Compensation."

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	All Other Option Awards: Number of Securities Underlying Options (#)(4)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards \$(5)
		Threshold (\$)	Target (\$)	Maximum \$(2)				
Mark E. Fusco	N/A	\$ 300,000	\$ 750,000	\$ 750,000				
	8/2/2010				107,200			\$ 1,171,696
Mark P. Sullivan	8/2/2010					132,000	\$ 10.93	700,920
	N/A	120,000	300,000	300,000				
Antonio J. Pietri	8/2/2010				40,200			\$ 439,386
	8/2/2010					49,500	\$ 10.93	262,845
Manolis E. Kotzabasakis	N/A	130,000	325,000	325,000				
	8/2/2010				40,200			\$ 439,386
Frederic G. Hammond	8/2/2010					49,500	\$ 10.93	262,845
	N/A	76,000	190,000	190,000				
Manolis E. Kotzabasakis	8/2/2010				40,200			\$ 439,386
	8/2/2010					49,500	\$ 10.93	262,845
Frederic G. Hammond	N/A	76,000	190,000	190,000				
	8/2/2010				16,750			\$ 183,078
	8/2/2010					20,625	\$ 10.93	109,519

- (1) Consists of performance-based cash incentive bonus awards under the 2011 Executive Plan. Actual amounts of awards are set forth in the summary compensation table above to the extent they have been determined and paid as of the date of filing of this Proxy Statement.
- (2) Under the 2011 Executive Plan, the compensation committee is also permitted to make discretionary bonus payments in excess of the "Maximum." Any such amounts would be reflected under the "Bonus" column in the summary compensation table above.
- (3) Represents restricted stock units granted under the 2005 Stock Incentive Plan.
- (4) Represents stock options granted under the 2005 Stock Incentive Plan and the 2010 Equity Incentive Plan.
- (5) Amounts shown represent grant date fair value computed in accordance with ASC Topic 718, with respect to restricted stock units and stock options granted to the named executive officers. Pursuant to SEC rules, the amounts shown disregard the impact of estimated forfeitures related to service-based vesting conditions. 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 9 to the consolidated financial statements included in our Annual Report on Form 10-K for fiscal 2011, filed with the SEC on August 23, 2011, which identifies assumptions made in the valuation of option awards

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The following table sets forth certain information as to unexercised options and stock awards held at the end of fiscal 2011 by the named executive officers.

	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 (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(7)
Mark E. Fusco	24,000		\$ 8.12	12/10/2013		
	1,100,000		5.73	3/21/2015		
	500,000		5.27	9/15/2015		
	200,000		10.42	11/17/2016		
	128,000		9.55	11/8/2019		
	33,000	99,000	10.93	8/1/2020		
					41,667(4)	715,839
					83,500(5)	1,434,530
					80,400(6)	1,381,272
Mark P. Sullivan	3,094	37,125	10.93	8/1/2017		
					32,500(5)	558,350
					30,150(6)	517,977
Antonio J. Pietri	21,994		6.57	10/13/2014		
	20,000		10.42	11/17/2016		
	12,375	37,125	10.93	8/1/2017		
					7,500(4)	128,850
					15,000(5)	257,700
					30,150(6)	517,977
Manolis E. Kotzabasakis	32,500		6.57	10/13/2014		
	70,000		5.27	9/13/2015		
	24,000		10.42	11/17/2016		
	15,360		9.55	11/8/2019		
	12,375	37,125	10.93	8/1/2017		
					7,500(4)	128,850
					15,000(5)	257,700
					30,150(6)	517,977
Frederic G. Hammond	89,308		5.27	9/15/2015		
	24,000		10.42	11/17/2016		
	15,360		9.55	11/8/2019		
	5,156	15,469	10.93	8/1/2017		
					5,000(4)	85,900
					10,000(5)	171,800
					12,563(6)	215,832

(1) The options in this column were granted on August 2, 2010. The shares underlying these options vest in 16 equal quarterly installments, commencing on September 30, 2010 and continuing on the last business day of each successive quarter thereafter, subject to the holder's continued employment with us.

(2) Each option has an exercise price equal to the fair market value of our common stock at the time of grant as reported on The NASDAQ Global Select Market on the date of grant.

- (3) The expiration date of each option occurs ten years after the grant of such option, except with respect to the options granted on August 2, 2010 under the 2005 Stock Incentive Plan to Messrs. Sullivan, Pietri, Kotzabasakis and Hammond.

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- (4) These stock awards were granted on November 9, 2009. Under the terms of these stock awards, 38% of the shares vested on the date of grant and the remainder vest in 10 equal quarterly installments, commencing on March 31, 2010 and continuing on the last business day of each successive quarter thereafter, subject to the holder's continued employment with us.
- (5) These stock awards were also granted on November 9, 2009. Under the terms of these stock awards, 13% of the shares vested on the date of grant and the remainder vest in 14 equal quarterly installments, commencing on March 31, 2010 and continuing on the last business day of each successive quarter thereafter, subject to the holder's continued employment with us. Multiple stock awards were granted with different vesting schedules on the same date with partial upfront vesting because of the delay in our ability to make equity awards in previous fiscal years. Equity grants were suspended during fiscal 2008 and fiscal 2009 because of our delinquent SEC filings and lack of an effective registration statement to register the common stock underlying equity awards. We became current with our Securities Exchange Act filings on November 9, 2009 and granted more than one stock award to each individual to reflect the compensation committee's prior recommendations for annual equity grants during the periods in which equity grants were suspended.
- (6) These stock awards were granted on August 2, 2010. The shares underlying these stock awards vest in 16 equal quarterly installments, commencing on September 30, 2010 and continuing on the last business day of each successive quarter thereafter, subject to the holder's continued employment with us.
- (7) The closing price of our common stock on The NASDAQ Global Select Market on June 30, 2011 was \$17.18.

Option Exercises and Stock Vested in 2011

The table below details shares of common stock that vested under restricted stock units ("RSUs" and each, an "RSU") and options that were exercised by our named executive officers during fiscal 2011.

	Stock Awards			
	Number of Shares Acquired on Exercise	Value Realized on Exercise(\$)	Number of Shares Acquired on Vesting(1)	Value Realized on Vesting(\$)
Mark E. Fusco			141,467	\$ 1,942,305
Mark P. Sullivan	9,281	\$ 31,405	26,300	364,343
Antonio J. Pietri	42,438	341,786	42,425	586,108
Manolis E. Kotzabasakis	322,788	3,975,657	28,800	396,791
Frederic G. Hammond	110,692	1,198,962	17,937	246,370

- (1) With respect to shares acquired upon vesting of restricted stock units, each named executive officer 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 Discussion and Analysis

Overview

We have prepared the following Compensation Discussion and Analysis to provide you with information that we believe is helpful to understand our executive compensation policies and decisions as they relate to the compensation for fiscal 2011 of our chief executive officer and other executive officers included in the Summary Compensation Table starting on page 12. The chief executive officer and these other executive officers are referred to in this proxy statement as our "named executive officers." Our objectives and the philosophy of our executive compensation program are described starting on page 16, after the Executive Summary immediately below. We also describe actions

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regarding compensation taken before and after fiscal 2011 when it enhances the understanding of our executive compensation program.

Executive Summary

The compensation committee believes that our executive compensation program is appropriately designed and reasonable in light of the executive compensation programs of our peer group companies and responsible in that it both encourages our named executive officers to work for our long-term prosperity and reflects a pay-for-performance philosophy, without encouraging our employees to assume excessive risks. We use executive compensation to drive continued improvement in corporate operating and financial performance, and to reward our executives for contributing to that performance.

The highlights of our company performance for fiscal 2011 that were directly linked to executive compensation decisions the compensation committee made in fiscal 2011 include:

Bookings for the year ended June 30, 2011 were \$388.7 million, compared to our target of \$325 million; and

Cash flow from operations was \$63.3 million, compared to our target of \$62.2 million.

The highlights of our executive compensation program for fiscal 2011 include:

Our executive compensation is heavily weighted toward at-risk, performance-based compensation. In fiscal 2011, approximately 83% of our CEO's compensation and an average of 72% of our other named executive officers' compensation was in the form of variable cash compensation and equity awards, the actual economic value of which will depend directly on the performance of our stock price over the period during which the awards vest and, with respect to stock options, could be as little as zero if our stock price were less than the exercise price of such stock options.

In order to provide long-term incentives and ensure that our executives maintain a long-term view of stockholder value, equity awards generally vest over four years.

We require our executives to maintain specified levels of ownership of our stock to ensure that our executives' interests are even more effectively linked to those of our stockholders.

Our executive retention agreements contain "double triggers" (requiring termination of service other than for cause or resignation for good reason in connection with a change in control to trigger benefits). Further, these agreements do not provide for tax gross-up payments intended to offset the cost of excise taxes that could be imposed if any payments are considered "parachute payments" under the Internal Revenue Code. Mr. Fusco's employment agreement provides that he may voluntarily resign for any reason within 180 days following a change in control and receive severance benefits. In addition, Mr. Fusco's employment agreement provides that if his severance payments exceed 110% of the highest amount that he could be paid without causing an imposition of the excise tax, he will receive a tax gross-up payment. Mr. Fusco's agreement was entered into over six years ago when these types of change in control severance benefits were a more common pay practice.

In line with our pay-for-performance philosophy, we do not offer multi-year guarantees for salary increases, non-performance based guaranteed bonuses or equity compensation.

We do not provide supplemental retirement benefits or perquisites, such as access to personal security, private aircraft, automobiles, financial planning advice, tax preparation services or club memberships, to our executives.

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We do not allow our executives to hedge their exposure to ownership of, or interest in, our stock; nor do we allow them to engage in speculative transactions with respect to our stock.

Significant changes to our executive compensation program made for fiscal 2012 include:

an expansion of our peer group, after our compensation committee's consultation with our independent compensation consultant, to enhance the stability of the group; and

use of total license contract value, or TLCV, instead of bookings as a corporate performance objective for our variable cash bonus plan. We believe it is appropriate to use TLCV as a performance objective because TLCV is now one of the key metrics we use to assess our corporate performance, growth and financial condition, particularly while we are transitioning to our aspenONE® subscription license offering. Using this corporate performance objective that directly reflects our financial condition and results of operations is consistent with our pay for performance philosophy.

Objectives and Philosophy of Our Executive Compensation Program

Our compensation philosophy for our executive officers is based on a desire to ensure sustained financial and operating performance, and to reward and retain talent that we believe is critical to our ongoing success. We believe that the compensation of our executive officers should align their interests with those of our stockholders and focus behavior on the achievement of both near-term corporate targets as well as long-term business objectives and strategies.

The primary objectives of our executive compensation program are as follows:

attract and retain talented and experienced executives in the highly competitive technology and software industries;

reward and retain executives whose knowledge, skills and performance are critical to our continued success, and simultaneously align their interests with those of our stockholders by motivating them to increase stockholder value;

balance retention compensation with pay-for-performance compensation by ensuring that a significant portion of total compensation is determined by financial operating results and the creation of stockholder value; and

motivate our executives to manage our business to meet short-term and long-term objectives and reward them appropriately for meeting or exceeding them.

Components of Our Executive Compensation Program

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

base salary;

annual variable cash bonuses;

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

severance and change in control benefits; and

benefits offered to all of our employees.

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 targets of similarly situated officers

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employed by the peer companies, as we believe this approach helps us to hire and retain 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 named executive officers to focus on achieving our business objectives;

the need to motivate executives to address particular business challenges unique to a particular year;

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 named executive officers, 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.

While the compensation committee does not have a formal policy for determining the allocation between cash and non-cash compensation, or short-term and long-term compensation, historically the compensation committee has allocated the majority of an executive's total target compensation to variable and equity compensation as they assume greater responsibility in the organization. The compensation committee determines the percentage mix of compensation it believes is appropriate for each executive taking into account specific responsibilities within the company, the talent and expertise necessary to achieve our corporate objectives and specific expected performance outcomes for the year.

Determining Executive Compensation

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 and non-employee directors, 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 named executive officers. The board is responsible for establishing corporate objectives and targets for purposes of variable cash compensation. For fiscal 2011, the board established corporate targets of global license bookings and cash flow from operations.

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 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, including base salary and target bonus levels, for approval by the independent directors. In fiscal 2011, the board approved the compensation committee's recommendations as presented.

As part of its deliberations, in any given year, the compensation committee reviews and considers materials such as our operational data and projections of total compensation under various scenarios. Additionally, the compensation committee considers the total compensation that may become payable

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to executives in various hypothetical scenarios, executive and director stock ownership information, our stock performance data and analyses of historical executive compensation levels. Further, the compensation committee considers current company-wide compensation levels, industry and peer company benchmark data, recommendations from the company's human resources, accounting and finance and legal departments, and the recommendations of our chief executive officer with respect to the other executives. The compensation committee also reviews materials and advice provided by its independent compensation consultant, Pearl Meyer and Partners for fiscal 2011 and Towers Watson for fiscal 2012, in the committee's deliberations on the amount, form and other aspects of executive compensation.

Role of Management

For named executive officers 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 executive officer. In the case of the chief executive officer, the board of directors (other than the chief executive officer) evaluates his performance and determines 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 2011 compensation packages for each of the named executive officers, other than for Mr. Fusco.

Our human resources, accounting and finance, and legal departments work with our chief executive officer to design and develop compensation programs applicable to named executive officers 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 its compensation committee.

Compensation Benchmarking

In accordance with our executive compensation philosophy described above, 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 named executive officers with those of our stockholders. In making compensation decisions, the compensation committee reviewed publicly available information on practices, programs and compensation levels of members of a peer group selected by the compensation committee, and also used as a reference point the IPAS Global Technology Survey and the Radford Technology Survey, or collectively the other global industry survey sources. The composition of the peer group is reviewed and updated by the compensation committee annually, based in part on the recommendations of its independent compensation consultant, as well as the recommendations of our chief executive officer and chief financial officer.

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;

target cash bonus compensation ranging from the 60th to the 75th percentile for our peer group; and

equity compensation ranging from the 50th to 75th percentile for our peer group.

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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. Similarly, the higher percentile for equity compensation is intended align the interests of our executives with those of our stockholders because the economic value of equity compensation depends directly on the performance of our stock price over the period during which the awards vest. The compensation committee considers peer group data, including mean and distribution data for peer company officers, and analyzes such data as part of the process to determine compensation levels for named executive officers.

A number of other factors, such as economic conditions, individual performance assessment, and individual negotiations, may play an important role (or no role) with respect to the cash or equity compensation offered to any named executive officer in a given year. In setting actual compensation levels for a named executive officer, the compensation committee, in addition to considering peer group data, also considers the named executive officer's duties and responsibilities and ability to influence corporate performance. In addition to peer group analysis, the compensation committee also reviews global industry 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.

Peer Group

The fiscal 2011 peer group selected by the compensation committee after consultation with its independent compensation consultant consisted of U.S. publicly-traded software companies that had revenue within a specified range of our trailing twelve-month revenue, a business model and size similar to ours (or were otherwise in the same geographical location), and that the compensation committee believed competed with us for executive talent. At the time the compensation committee reviewed peer group data for purposes of fiscal 2011, the peer group had annual revenue of between \$215 million and \$1.04 billion and market capitalizations between \$173 million and \$4.8 billion. As compared to the peer group used for fiscal 2010, the fiscal 2011 peer group excluded i2 Technologies and Wind River Systems (because they were acquired in early 2010) and added Ariba.

For fiscal 2011, the 13 companies included in the peer group were:

ANSYS, Inc.
Ariba
Epicor Software Corporation
Informatica Corporation
JDA Software Group, Inc.
Lawson Software, Inc.
Manhattan Associates, Inc.
Mentor Graphics Corporation
Nuance Communications, Inc.
Parametric Technology Corporation
Progress Software Corporation
QAD Inc.
TIBCO Software Inc.

For fiscal 2012, the compensation committee engaged its independent compensation consultant, Towers Watson, to review the fiscal 2012 peer group proposed by management and provide observations and suggestions for change as appropriate. The fiscal 2012 peer group was developed to expand the peer group to enhance the stability of the group. As compared to the peer group used for

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fiscal 2011, the fiscal 2012 peer group was expanded to include Cadence Design, CommVault, Concur Technologies, Digital River, Epicor, Lawson, Magma Design, Quest Software and Solera Holdings. The compensation committee then decided to exclude Epicor and Lawson going forward for fiscal 2013 because those two companies were being acquired in going private transactions.

Reasons for Providing and Manner of Structuring the Key Compensation Elements

Base Salary

The compensation committee recognizes the importance of base salary as an element of compensation that helps to attract and retain our executives. We provide base salary as a fixed source of compensation for our executives, allowing them a degree of certainty as a significant portion of their total compensation is "at risk" and dependent upon the achievement of financial goals and individual objectives. Base salary is used to recognize the performance, skills, knowledge, experience and responsibilities required of all our employees, including our named executive officers. We target base salary levels at approximately the 50th percentile of our peer group.

Historically, the compensation committee has reviewed the annual salaries for each of our named executive officers on an annual basis, considering whether existing base salary levels continue to be at approximately the 50th percentile for our peer group and other global industry survey data. In addition to considering the peer group and other global industry survey data, the compensation committee may also, but does not always, consider other factors, including the experience, tenure and performance of a named executive officer, the scope of the such officer's responsibility, the salary level negotiated by such officer in any existing employment agreement, broader economic conditions, our financial health, and the extent to which the compensation committee is generally satisfied with such officer's past performance and expected future contributions.

In fiscal 2010, the committee determined to maintain base salaries for named executive officers other than our chief financial officer (who was hired in July, 2009) at fiscal 2009 levels due to generally prevailing economic conditions at the time. For fiscal 2011, the compensation committee initially consulted the peer group and other global industry data, as well as an analysis developed by the committee's independent compensation consultant, and then made an independent determination to increase base salary for each named executive officer in light of all the peer group and other data and recommendations presented.

Variable Cash Compensation

In addition to base salary, executives are eligible to earn additional cash compensation through annual variable cash bonuses. These 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 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 ranges from the 60th to the 75th percentile for target cash bonus compensation of similarly situated executives at our peer group.

The compensation committee generally starts the process of determining the target bonus levels, and the individual performance goals by which performance will be measured under the bonus programs for executives (other than the chief executive officer, whose target bonus level and individual performance goals are set by the board of directors), 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 individual performance measures and the target bonus percentages for the next fiscal year for executives (other than the chief executive officer). As part of this analysis, the compensation committee considers the likely bonus payouts for the ongoing fiscal year for executives

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(other than the chief executive officer) 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 or confirmed by an independent compensation consultant. 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 fiscal year. Among other things, the board approves the corporate performance goals for the year and the compensation committee determines individual performance goals (other than goals for the chief executive officer, which are set by the board).

In addition to awards based on the performance metrics established in the plan, the compensation committee may make discretionary awards under the plan to eligible employees in such amounts as the committee determines are appropriate and in our best interests. No award is 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 otherwise payable will be prorated.

The process of the compensation committee and, with respect to the chief executive officer, the board for establishing variable cash compensation for fiscal 2011 was completed in the first quarter of fiscal 2011. The compensation committee performed a detailed analysis by named executive officer against the peer group and other global industry data, and based on corporate and individual performance goals tailored to our company, including our goals around completion of the secondary offering by funds managed by Advent International Corporation in September 2010, increasing our presence in certain geographical markets, strengthening our internal controls, and developing our employees. On July 29 2010, the compensation committee and, with respect to our chief executive officer, the board, approved the Executive Annual Incentive Bonus Plan for fiscal 2011, or the 2011 Executive Plan, a cash incentive bonus plan for our executives for fiscal 2011. The participants in the 2011 Executive Plan include Mark Fusco, Mark Sullivan, Antonio Pietri, Manolis Kotzabasakis and Frederic Hammond and those other executives who report directly to our chief executive officer.

2011 Executive Plan

Any amounts earned under the 2011 Executive Plan were payable in cash and directly tied to achievement of corporate financial targets and individual performance goals. Amounts payable under the 2011 Executive Plan are based and weighted as follows:

65% of the overall bonus was based on our corporate achievement of target global license bookings of \$325 million; and

35% of the overall bonus was based on our achievement of target cash flow from operations of \$62.2 million.

The board of directors selected global license bookings and cash flow from operations as the primary corporate performance goals for fiscal 2011 because it expected that, particularly in light of the implementation of our new aspenONE licensing model, those two goals would be the best indicators of the achievement of the execution of our operating plan in fiscal 2011 and would be important to increasing the value of our common stock, therefore aligning the financial interests of executives with those of our stockholders. Global license bookings are a measure of the business closed during a period and represent the amount of contractually committed subscription and software fees, including any software maintenance and support fees bundled with a license.

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The 2011 Executive Plan goals were based upon targets approved by the board as part of our fiscal 2011 operating plan. In order for any bonus to be payable to any executive under either the global license bookings or operating cash flow metric, achievement of at least 70% of the applicable target metric was necessary. Each metric was measured independently. The compensation committee generally sets the target performance level for the corporate financial objectives at a level that would only be achieved if we continued to substantially improve on our past levels of performance, and if our executives performed at very high levels. As a result, the compensation committee believed that 2011 Executive Plan global license bookings and cash flow from operations targets would be difficult to reach but would be attainable with significant effort, but would not entail taking inappropriate risks.

Individual performance objectives were also established in connection with the 2011 Executive Plan. The compensation committee established, and assessed compliance with, individual performance goals for Mark Fusco, and Mr. Fusco, as chief executive officer, developed, and assessed compliance with, individual goals for the chief financial officer and the three other named executive officers covered by the 2011 Executive Plan, subject to the compensation committee's review. The compensation committee approved the individual performance goals for Mark Sullivan, Antonio Pietri, Manolis Kotzabasakis and Frederic Hammond, and recommended to the board approval of the goals for Mr. Fusco. The board subsequently approved the individual performance goals for Mr. Fusco. Under the 2011 Executive Plan, each executive received a performance achievement rating between 80% and 100%, which was used as a multiplier against the funded level of each financial metric to determine a final earned bonus under each financial metric.

In fiscal 2011, performance was evaluated at mid-year and at year-end, and named executive officers were eligible to earn a bonus of up to 25% of their annual bonus target at mid-year and 75% at year-end under the 2011 Executive Plan. If less than 25% of the target bonus was earned at mid-year, the unrealized difference (up to the 25% mid-year potential) could be made up at year-end based on annual achievement against annual goals. The mid-year evaluation was based on mid-year performance of corporate performance goals only and payments could not exceed 25% of the annual bonus targets. The named executive officers received 25% of their annual bonuses based on achievement of the company performance goals during the first half of the year.

The year-end payment was based on total annual performance against the annual performance targets less any payment received at mid-year. Annual company performance goals and achievement of such goals were as follows for fiscal 2011:

Plan Metric	Financial Target(\$)	Actual Results(\$)
Global license bookings	\$ 325 million	\$ 388.7 million
Cash flow from operations	62.2 million	63.3 million

As we exceeded both of our global license bookings and cash flow targets, we paid both elements at 100% for financial performance during the balance of fiscal 2011.

The year-end calculation was also weighted by the individual performance assessment rating. Mr. Fusco successfully led the completion of the secondary offering in September 2010, executed our strategic initiatives in certain geographical markets, and developed a strategy and plan for continued growth. Mr. Pietri led our initiatives in growth territories and contributed to the growth in our total license contract value. Mr. Sullivan implemented information technology improvements, helped lead the secondary offering completed in September 2010, and expanded his role outside the company. Mr. Sullivan also made continued progress in the remediation of certain material weaknesses identified in our internal control over financial reporting, except that the material weakness relating to income tax accounting was not completely remediated. (The remediation efforts taken during our fiscal 2011 and planned for fiscal 2012 are further described in our Annual Report on Form 10-K for fiscal 2011, filed with the SEC on August 23, 2011.) Mr. Kotzabasakis reorganized the company's product

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management teams, developed talent bench strength in the areas of product management, research and development and quality, and drove growth in total license contract value. Mr. Hammond provided oversight of legal issues relating to our initiatives in certain geographical markets, corporate compliance, contract management, and the secondary offering completed in September 2010. Based on the 100% performance rating ascribed to each named executive officer except for Mr. Sullivan, the compensation committee approved bonuses as shown in the following table:

Named Executive Officer	Fiscal 2011 Annual Target Cash Payment(\$)	Total Bonus Received for Fiscal 2011(\$)
Mark E. Fusco	750,000	750,000
Mark P. Sullivan	250,000	240,625
Antonio J. Pietri	300,000	300,000
Manolis E. Kotzabasakis	275,000	275,000
Frederic G. Hammond	175,000	175,000

Equity Compensation

We provide a portion of our executive compensation in the form of stock options and RSUs that vest over time. We believe that this 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 also create an ownership culture. Our equity awards typically take the form of stock options and RSUs. Stock options typically require significant growth in stockholder value to generate long-term value to our executives which is in line with our performance-oriented culture. In addition, the vesting feature of our equity grants is intended to further our goal of executive retention by providing an incentive to an executive to remain in our employ during the vesting period. RSUs have intrinsic value which is important in retaining our executive talent. The compensation committee carefully considers the mix of equity instruments when determining annual equity awards to ensure that the executive's total compensation conforms to our overall philosophy and objectives.

In determining the size and mix of equity grants to our executives, the compensation committee considers comparative equity grants received by executives in our peer group and in the global industry survey data generally between the 50th and 75th percentiles (when available) and also considers the individual executive's performance, contributions and level of responsibility, the executive's ability to significantly influence our growth and profitability. In addition, the compensation committee takes into account our company-level performance and the recommendations of the chief executive officer other than for himself.

Our equity awards typically have taken the form of stock options and RSUs. We typically make an initial equity award of stock options and/or RSUs to new executives and an annual equity program grant in August each year as part of our overall compensation program. All grants of options and RSUs to our executives are approved by the compensation committee. Equity awards for our chief executive officer are determined by the compensation committee and then recommended to the board of directors for approval.

We set the exercise price of all stock option grants to equal the prior trading day's closing price of our common stock. Typically, the equity awards 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

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employment except in the case of death or disability. Prior to the exercise of an option, or vesting of an RSU, the holder has no rights as a stockholder with respect to the shares subject to such equity awards, including voting rights and the right to receive dividends or dividend equivalents.

For fiscal 2011, the compensation committee made recommendations, following the closing of the applicable prior fiscal year, for annual equity grants for our named executive officers to the board. The compensation committee's grant recommendations were made after consideration and discussion about each individual's prior year performance, company performance for the year in question, and a review of peer group and global industry survey data. The compensation committee considered each of these parameters for each of our named executive officers and determined both the size of the equity awards and equity mix (the relative balance of options and RSUs).

Fiscal 2011 Equity Awards

On August 2, 2010, we granted stock options and RSUs to our named executive officers as follows set forth below. The compensation committee considered the factors described above when determining the value of each grant. The grants vest in sixteen equal quarterly installments on the last business day of the quarter beginning on September 30, 2010.

Named Executive Officer	Type of Equity Award	Number of Shares Subject to Award (#)
Mark E. Fusco	Stock options	132,000
	Restricted stock units	107,200
Mark P. Sullivan	Stock options	49,500
	Restricted stock units	40,200
Antonio J. Pietri	Stock options	49,500
	Restricted stock units	40,200
Manolis E. Kotzabasakis	Stock options	49,500
	Restricted stock units	40,200
Frederic G. Hammond	Stock options	20,625
	Restricted stock units	16,750

Fiscal 2012 Compensation Actions

The compensation committee took the following additional actions related to named executive officer compensation after the year ended June 30, 2011 through the date of this Proxy Statement:

Base Salary

In July 2011, the compensation committee, and in the case of Mr. Fusco, the board of directors, raised the base salaries of our named executive officers as set forth in the table below:

Named Executive Officer	Fiscal 2011 Base Salary (\$)	Fiscal 2012 Base Salary (\$)	Percentage Increase (%)
Mark E. Fusco	\$ 550,000	\$ 600,000	9.1%
Mark P. Sullivan	310,000	325,000	4.8
Antonio J. Pietri	315,000	325,000	3.2
Manolis E. Kotzabasakis	290,000	300,000	3.4
Frederic G. Hammond	300,000	310,000	3.3

When determining fiscal 2012 base salaries, the compensation committee considered peer group data in accordance with its general philosophy to target base salary levels at approximately the

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50th percentile of our peer group. The compensation committee also considered other relevant data such as experience, tenure and performance.

2012 Executive Plan

In July 2011, our compensation committee approved an Executive Annual Incentive Bonus Plan FY12, or the 2012 Executive Plan, for each of our executive officers and certain other members of senior management (other than for Mr. Fusco, whose plan was approved by the board on July 14, 2011, upon a recommendation of the compensation committee). The plans were amended by our compensation committee in October 2011. Each such plan is identical in form, except for the amount of the executive's target awards.

The purpose of these plans is to motivate and reward performance for the achievement of certain corporate objectives for fiscal 2012. Payments under each plan are based upon the achievement of certain corporate performance metrics established by the board. The annual targets under the 2012 Executive Plan for each of the named executive officers are as follows:

Named Executive Officer	Fiscal 2012	
	Annual Target	
	Cash Payment(\$)	
Mark E. Fusco	\$	750,000
Mark P. Sullivan		300,000
Antonio J. Pietri		325,000
Manolis E. Kotzabasakis		300,000
Frederic G. Hammond		190,000

Fiscal 2012 Performance Goals

In fiscal 2012, we are focusing on certain non-GAAP and other business metrics, including the key metric of growth in total license contract value, to track our business performance. We estimate that TLCV grew by approximately 11.7% during fiscal 2011 from \$1.14 billion at June 30, 2010 to \$1.28 billion at June 30, 2011.

Given the key business metrics on which we are focusing to assess our performance, the compensation committee approved fiscal 2012 corporate objectives of growth in TLCV and cash flow from operations. These two performance metrics are weighted at 50% each for purposes of determining each eligible executive's bonus, and in order for any bonus to be payable, we must achieve at least 70% of the specified metrics. We believe this is an appropriate and effective way to link incentive compensation to corporate performance. For fiscal 2012 these plans do not contain individual performance metrics. Instead, each eligible executive's bonus is based solely on achievement of the corporate performance metrics, which is consistent with our philosophy to link executive compensation to corporate performance.

In fiscal 2012, performance against the financial metrics under each plan will be evaluated at mid-year and at year-end. There is the potential for a mid-year payment based on performance against mid-year targets, not to exceed 25% of the annual bonus target. If an executive's employment terminates prior to the end of the performance period, eligibility for any payment will be subject to the retention agreement then in effect between us and the executive. In addition to awards based on the performance metrics established under each plan, the compensation committee may make a discretionary award to the executive in such amount as the compensation committee determines to be appropriate and in our best interests.

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The compensation committee approved its annual program grant for fiscal 2012 in July 2011. The awards issued to our named executive officers in August 2011 are as follows:

Named Executive Officer	Type of Equity Award	Number of Shares Subject to Award (#)
Mark E. Fusco	Stock options	100,000
	Restricted stock units	130,000
Mark P. Sullivan	Stock options	37,500
	Restricted stock units	45,000
Antonio J. Pietri	Stock options	37,500
	Restricted stock units	45,000
Manolis E. Kotzabasakis	Stock options	37,500
	Restricted stock units	45,000
Frederic G. Hammond	Stock options	15,625
	Restricted stock units	18,750

For fiscal 2012, the compensation committee determined that equity awards would be allocated 75% to RSUs and 25% to stock options. The compensation committee then reviewed peer group data in line with the committee's general approach to target equity compensation between the 50th and 75th percentiles. The compensation committee also considered each individual's performance and level of contribution when determining the size of fiscal 2012 equity awards.

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 named executive officers are not entitled to benefits that are not otherwise available to all employees.

Stock Ownership Guidelines

In fiscal 2011, we adopted stock ownership guidelines requiring our chief executive officer to own stock with a value equal to at least three times his annual salary, our other named executive officers to hold stock with a value of at least one times their annual salaries and our directors to own stock with a value of at least one times their annual cash retainers. New named executive officers and directors will have five years from the date that they become named executive officers or directors to reach the applicable ownership threshold. As of the record date, all of our named executive officers and directors satisfied the applicable ownership thresholds.

Severance and Change in Control Benefits

Pursuant to Mr. Fusco's employment agreement and the executive retention agreements we have entered into with each of our named executive officers as of June 30, 2011 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

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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.

Our practice in the case of change in 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 during a specified period after the change in control and under the circumstances described below in " Employment and Change in Control Agreements and Potential Payments Upon Termination or Change in Control." Mr. Fusco's employment agreement contains "double trigger" benefits. In addition, Mr. Fusco's employment agreement provides that he may voluntarily resign for any reason within 180 days following a change in control and receive severance benefits as described below in " Employment and Change in Control Agreements and Potential Payments Upon Termination or Change in Control."

Tax and Accounting Considerations

The accounting and tax treatment of particular forms of compensation do not materially affect our compensation decisions. However, we evaluate the effect of such accounting and tax treatment on an ongoing basis and will make appropriate modifications to compensation policies where appropriate. 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 in any taxable year to the chief executive officer and the and the three other most highly paid executive officers, other than the chief financial officer. Qualifying performance-based compensation is not subject to the deduction limitation if specified requirements are met.

The compensation committee periodically reviews 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.

Risk Analysis of Compensation Policies and Programs

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 measures 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. In addition, we believe the equity ownership guidelines we established in fiscal 2011 for our directors and named executive officers may mitigate against excessive and unnecessary risk-taking. Under those equity ownership guidelines, we require our directors to own shares of our common stock with a dollar value equal to their annual retainer, we require our chief executive officer to own shares with a dollar value of three times base salary, and we require our other named executive officers to own shares with a dollar value of one times base salary.

Conclusion

Through the compensation arrangements described above, a significant portion of each executive's compensation is contingent on our company-wide and his individual performance. Therefore, the

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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 relative to 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 believes that our compensation structure and practices encourage management to work for real innovation, business improvements and outstanding stockholder returns, without taking unnecessary or excessive risks.

Employment and Change in Control Agreements

On December 7, 2004, we entered into an employment agreement with Mark 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

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 is imposed by IRC Section 409A.

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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 180 days 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 of directors; 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:

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 Securities 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 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

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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.

We have executive retention agreements with the following executive officers: Mark Sullivan, our Executive Vice President and Chief Financial Officer; Antonio Pietri, our Executive Vice President of Field Operations; Manolis Kotzabasakis, our Executive Vice President, Products; and Frederic Hammond, our Senior Vice President, General Counsel, and Secretary; each of whom we refer to 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:

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 RSUs then held by the specified executive.

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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 4999, 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.

Each executive retention agreement terminates on the earliest to occur of (a) July 31, 2012, (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.

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The following table sets forth estimated compensation that would have been payable to each of our named executive officers as severance or upon a change in control of our company under two alternative scenarios, assuming the termination triggering severance payments or a change in control took place on June 30, 2011:

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	\$ 2,212,663			\$ 32,113	