



Frequently Asked Questions (FAQ)

EDS PLM Solutions licenses MSC.Nastran from MSC.Software

June 5, 2003

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Introduction

EDS and MSC have just announced the completion and FTC approval of a business agreement which provides EDS with the perpetual and unlimited rights to develop, enhance, sell and support the MSC.Nastran software worldwide effective immediately. The press release accompanying this document can be found at <http://www.eds.com/products/plm/press/>.

The Questions & Answers below describe the scope of the transaction with MSC.Software and anticipated upcoming sales/marketing activities that are important to EDS as they relate to the MSC.Nastran software license recently obtained by EDS PLM Solutions.

Why did the FTC investigate and bring legal action against MSC.Software?

In the late 1960's, MSC.Software acquired a public domain version of Nastran called Cosmic Nastran, which was initially developed by NASA as a tool for structural analysis of aircraft, space vehicles, launch systems, etc. MSC.Software has extended those

initial public domain product capabilities and marketed the product as MSC.Nastran over the past 25+ years.

During 1999, MSC.Software acquired two other companies having their own competitive versions of Nastran – Universal Analytics, Inc (UAI) and Computerized Structural Analysis and Research Corp (CSAR). Both of these companies had also taken the public domain Cosmic Nastran, made extensions to it, and marketed the products as their own commercial version of Nastran. The acquisition costs of each of these companies were \$8.4M and \$10M, respectively. While not huge players in the simulation markets, these companies did provide a level of Nastran competition that forced MSC.Software to both extend their products as well as price them competitively.

In October 2001, MSC.Software was issued a complaint by the Federal Trade Commission (FTC) related to MSC.Nastran, their finite element solver. The FTC complaint is related to these acquisitions and the competitive landscape that emerged after the acquisitions. Please see the FTC complaint document at <http://www.ftc.gov/os/2001/10/msccmp.htm> for more details.

The settlement of the complaint between the FTC & MSC.Software means that MSC.Software was required to divest themselves of at least one source code license of MSC.Nastran to another commercial software company in an attempt to re-establish competition in this area. EDS has been chosen as this competitor and is now approved by MSC.Software and the FTC to obtain a perpetual license including all distribution and intellectual property rights to the current commercially available MSC.Nastran code which was last released in November, 2002 (v2001rev9). MSC.Software will continue to develop, market, and sell it's own version of MSC.Nastran.

What is the Federal Trade Commission Settlement agreement with MSC.Software?

The full settlement agreement may be found via the following link:
<http://www.ftc.gov/os/2002/11/mscdo.pdf>

The settlement agreement speaks to several key issues:

1. MSC.Software must divest itself of one or more versions of the latest commercial MSC.Nastran code (v2001rev9) to “re-establish competition” in the Nastran market.
2. This divestiture includes a perpetual license to all the MSC.Nastran source code, object code, test cases, environments, documentation required to develop, sell and deliver Nastran products worldwide.
3. The divestiture also addresses paid-up or long-term licenses of MSC.Nastran that MSC.Software has sold to its current customers in the United States (only) within the past 3+ years. With these selected U.S. customers, the FTC agreement mandates that for those qualified customers who switch their Nastran licenses to EDS, they will receive a cash refund from MSC.Software for the pro-rated portion of their paid-up MSC.Nastran licenses. This refund opportunity for

certain customers in the United States is limited to 12 months from the time of the final FTC approval of the agreement (i.e., June 4, 2004).

Those U.S.-based customers who are eligible to receive such a refund for their MSC.Nastran licenses will be receiving a letter from MSC.Software within 15 days of this agreement documenting the terms and amount of money that this opportunity represents to each company.

4. The FTC settlement also provides a clear migration plan for those customers who decide to switch to NX.Nastran from MSC.Nastran. MSC is required to maintain data file compatibility with the version of MSC.Nastran received by EDS for a period of at least 3 years from the date of the agreement in order to ensure that customers who switch to the EDS version of Nastran will be able to continue to utilize their legacy Nastran input/output files.
5. The licensee (EDS) will also have access to lists of current and former **U.S.-based** employees of MSC.Software, UAI and CSAR to enable them to be hired into the licensee's company. The purpose of this section of the agreement is to enable the licensee to hire the required expertise to develop, market, and sell the Nastran product.

These are the primary settlement points, but there is significantly more detail in the online document referenced above.

What technology rights does EDS receive as a result of the proposed agreement?

EDS has acquired unlimited product license rights to MSC.Nastran v2001rev9, the latest current commercially available version of the Nastran code. This means EDS will have the right to sell MSC.Nastran as it exists currently, to extend those capabilities in the areas EDS determines strategically important for its overall CAE business, and to integrate Nastran into its existing and future NX MCAX product platforms.

EDS will now be able to market and sell the MSC.Nastran product on a worldwide, royalty free basis and is able to license the product to be sold through its distribution channels worldwide, including all certified EDS VAR's and distributors. **The EDS versions of the MSC.Nastran product will be branded, marketed and sold as NX Nastran.** If so inclined, EDS is also able to re-license the Nastran technology or components of that code to other interested software providers as an option to extend the reach of the product – specifically in specialty CAE areas that other companies may provide such as advanced non-linear, acoustics, FE model updating from test data, etc.



What is the significance of this Nastran license deal to EDS customers?

NX Nastran, as the EDS version of Nastran will be called, will provide an important core component and technology backbone to the complete range of NX product simulation and validation tools within the general portfolio of product lifecycle management tools available from EDS. This is particularly so since all of the EDS simulation products (Unigraphics NX, I-deas and FEMAP) are able to leverage MSC.Nastran today in their current product releases. These solver links have existed for over 15 years in the case of I-deas and Femap and will be strengthened even further as we move forward in integrating Nastran into the NX and Teamcenter environments.

By being able to more fully leverage the potential of Nastran in the much broader PLM-centric product development environment, EDS PLM Solutions will be able to provide a deep level of integrated product digital prototyping and simulation that promises to yield substantial product development efficiencies and cost savings for all engineering enterprises. This agreement will strengthen EDS' ability to deliver a broad variety of knowledge-driven, systems-level product performance simulation capabilities based on MSC.Nastran to more effectively meet the needs of all NX and Teamcenter customers.

On a practical financial level, EDS is able to offer our customers a more complete and value-added PLM solution that provides customers with a lower total cost of ownership for the advanced CAE functionalities available within the Nastran software. EDS intends to compete aggressively with MSC.Software and other stand-alone CAE companies in the CAE solver market with NX Nastran.

How will EDS package and offer the NX Nastran products?

The NX Nastran products offered by EDS will ultimately be available in 2 basic forms:

1) NX Nastran

Stand-alone NX Nastran for the extended enterprise running on network server-type CPUs to support multiple users leveraging multiple finite element pre/post applications

The Enterprise versions of NX Nastran are ideal for customers who need a flexible and cost effective solver solution that is able to fit within any product performance simulation process. It is able to provide a high degree of interoperability with a large number of applications, whether EDS supplied or not, and ensure a common simulation backbone across a wide variety of user needs and the entire product simulation process. This ensures that all simulation data is more readily accessible and available to all with the minimum of effort and re-work.

2) NX Nastran for the desktop versions

A range of very cost effective NX Nastran solutions that are more closely integrated with each of the NX Digital Simulation desktop software platforms (Unigraphics NX Scenario for Structures, NX and Femap).

As such, these solutions will be locked to the specific pre/post solution on the primary user's engineering desktop CPU and will be tightly integrated with the UI and analysis processes enabled by those FE pre/post-processors. These solutions are ideal for customer's needing a complete yet cost effective simulation toolset for a limited number of users.

The initial release of NX Nastran will be accompanied by a specific release of NX Nastran for Femap that will leverage Femap's well established pre- and post-processing abilities as the backbone for the popular MSC.visualNastran for Windows products, from MSC.Software. In addition to the standard floating license options, NX Nastran for Femap will also have a node-locked, dongle-based license option just as the current Femap products do today.

Additional engineering desktop solutions for NX will be made available in due course. At the present time, it is projected that these integrated NX Nastran Desktop versions for will be available with the next major NX releases in starting in Q1, 2004 with I-deas NX Series v11 and in Q3, 2004 for NX.

When will the initial NX Nastran products be available to EDS customers?

The first availability of the stand-alone NX Nastran enterprise code from EDS is targeted for distribution to selected beta sites, EDS channel partners and "reference evaluation" customers during July, 2003, primarily in the United States and at selected customers in EMEA and Asia/Pacific. Full-scale sales availability worldwide is anticipated during Q3, 2003 and formal release schedules will be developed within each major country or region of the world by July 15. The integrated desktop versions of NX Nastran for Femap will also be available worldwide during Q3, 2003 - final commercial distribution dates in each country/region are still to be determined.

Initially, only English documentation and supporting collateral will be available through at least the Q4, 2003 time frame. A detailed schedule for localization of NX Nastran documentation and supporting product collateral will be determined and communicated to our sales/support organization and customers during Q3, 2003.

What class of problems can NX Nastran handle ?

NX Nastran is MSC.Nastran and as such it is able to provide the same comprehensive level of product performance simulation capabilities in a broad range of engineering disciplines to provide critical performance predictions for stress, displacement, buckling, failure, vibration, heat-transfer, acoustics, and aero-elasticity. MSC.Nastran is the industry standard today for advanced system-level analysis in the automotive, aerospace, heavy equipment and shipbuilding industries due to its unique capabilities for solution customization (DMAP) and system dynamics modeling/sub-structuring (Superelements).

How does NX.Nastran compare to the current EDS PLM CAE offerings?

EDS PLM has competitive offerings today to the MSC.Nastran solvers, primarily contained in the I-deas NX Series Simulation suite. The integrated Unigraphics NX Scenario for Structures+/Structures PE solver offers a more limited set of capabilities than either the I-deas Model Solution or MSC.Nastran solvers.

The I-deas Model Solution linear solvers are widely used within the I-deas customer base but are not as well known as a “brand name” CAE solver in the general market space when compared to MSC.Nastran, ANSYS, etc. Generally speaking, while being a very good value vs. the CAE solver functionality provided, the Model Solution linear and non-linear solvers do not support the entire range of performance simulations required for complex mechanical systems such as aircraft, space systems, vehicles, trains, etc. The Model Solution code also does not operate on some of the larger, multi-CPU and parallel processing type of server computers that MSC.Nastran is often utilized on. On the other hand, Model Solution has some product strengths vs. MSC.Nastran in terms of performance, ease-of-use and unique geometry-based capabilities. Those “best-in-class” attributes will be leveraged into NX Nastran as we move forward with enhancing the core Nastran code obtained from MSC. Other current solution modules of the I-deas Simulation suite are also designed to utilize Nastran results directly such as Response Analysis, Durability and Advanced Durability.

The current I-deas Model Solution software development staff will be taking over responsibility for the future enhancement of the NX Nastran solver products. This dedicated group is a very established and knowledgeable team in the area of FEA solver technology representing over 400 man-years of combined software development experience. In addition to the existing staff, EDS will be hiring additional experienced Nastran R&D staff ASAP from external industry sources such as MSC.Software. EDS will also be working with some strategic CAE software partners to extend the functionality of the NX Nastran offerings and to integrate NX Nastran functionality into the combined NX/Teamcenter environment for Digital Decision Making.

What is the migration plan for EDS customers that have active seats of the I-deas NX Series Model Solution or Unigraphics NX Scenario for Structures/PE solvers under maintenance?

The I-DEAS Model Solution and the Unigraphics NX Scenario for Structures/PE solvers will continue to be maintained, enhanced and supported for all active customers on maintenance. There will be an eventual migration to the equivalent NX Nastran solver functionalities, but this is not imminent nor is it required by NX customers in the near term, especially for the I-deas customers who will continue to see enhancements in the latest I-deas 10 release (now available) and in future releases of I-deas. We will continue to support these existing integrated solvers until we are prepared with an equivalent desktop version of the NX Nastran solvers to integrate into the NX user environment. At the time of conversion/migration or upgrade to the NX platform for advanced CAE, existing I-deas NX Series and Unigraphics NX CAE solver customers who are currently on paid maintenance will receive the equivalent integrated NX Nastran-based desktop solver capabilities at no additional license charge. Maintenance payments will be adjusted accordingly based on the then current catalog prices for those equivalent NX Nastran modules.

Current I-deas, Femap or Unigraphics NX Scenario customers who are interested in acquiring the NX Nastran enterprise version of the software, in addition to their current I-deas, Femap or Unigraphics integrated desktop solvers, can purchase and add these NX Nastran products immediately to their current EDS software installation. All three EDS CAE product lines already support the use of Nastran as the FE solver (as well as ABAQUS and ANSYS) in addition to the current integrated solvers of Model Solution or Structures PE.

How will technical support for these NX Nastran products be handled?

The technical support for NX Nastran will be provided through the same EDS PLM GTAC hot-line and problem escalation processes as for all of the other EDS NX products. In addition, in selected countries, EDS will be supported by strategic CAE channel partners who have in-depth knowledge of MSC.Nastran and can provide additional customer pre-sales and post-sales support. Examples of these EDS channel partners are ATA Engineering and Maya Technologies in North America.

How does this deal impact the current OEM partnership relationships with MSC.Software for the ADAMS technology sold by EDS as well as the Femap technology sold by MSC?

The Nastran deal will have no negative impact whatsoever on those existing OEM relationships. Both companies are actively committed to maintaining and moving forward with those existing relationships for an indefinite period of time. EDS will continue to sell and license the ADAMS technology as a component of both the I-deas and NX platforms for motion simulation and MSC will continue to sell and license the Femap technology embedded within the MSC.visual Nastran for Windows products.

Who do I contact to get more information about the new NX Nastran offerings?

Following are the current primary EDS sales/marketing contacts for these new NX Nastran products in the geographic zones listed below:

In the Americas:

Keram Nazari (Based in Exton, PA) (610) 458-3660x20

In Europe, Africa and Middle East:

Guy Wills (Based in Hitchin, UK) 44-1462-44-5029

In Asia/Pacific:

Seiji Chiba (Based in Tokyo, Japan) 81-3-5354-6700

The primary EDS PLM **HQ** points of contact for NX Digital Simulation products are:

Jim Rusk, VP of NX Digital Simulation Products (513) 576-2403

Don Tolle, Marketing Director, Digital Simulation Solutions (513) 576-2403

Keith Perrin, NX Digital Simulation Product Manager (714) 952-6173