

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

UGS Corporation  
5800 Granite Parkway #600  
Plano, TX 75024

Attention: *Thomas Lemberg*  
*Senior Vice President and General Counsel*

Dear Mr. Lemberg:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that UGS Corporation (“UGS”) of Plano, Texas, as successor in interest<sup>1</sup> to Structural Dynamics Research Corporation (“SDRC”), is liable for violations of the Export Administration Regulations (the “Regulations”),<sup>2</sup> which are issued under the authority of the Export Administration Act of 1979, as amended (the “Act”),<sup>3</sup> committed by SDRC on 15 occasions.

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<sup>1</sup>SDRC specialized in mechanical engineering software and was headquartered in Milford, Ohio. It was purchased by Electronic Data Systems Corporation (“EDS”), a company based in Plano, Texas, in August 2001 and was merged into UGS, an EDS subsidiary, effective December 2001. UGS was subsequently sold by EDS and is now an independent company.

<sup>2</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2006). The charged violations occurred during the 2000-2001 period. The Regulations governing the violation at issue are found in the 2000-2001 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2001)). The 2006 Regulations establish the procedures that apply to this matter.

<sup>3</sup> 50 U.S.C. app. §§ 2401-2420 (2000). From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508 (114 Stat. 2360 (2000)) and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 2, 2005, (70 Fed. Reg. 45273 (August 5, 2005)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)).

Specifically, BIS charges that UGS is liable for the following violations:

**Charges 1-15            15 C.F.R. § 764.2(a) - Exporting Items to Entity List Organizations  
Without the Required Department of Commerce License**

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on 15 occasions between on or about July 7, 2000 and on or about July 3, 2001, SDRC exported computer software or software updates, items subject to the Regulations (ECCN<sup>4</sup> 5D992), to organizations in India and China without the Department of Commerce licenses required by Section 744.1 of the Regulations. One of the exports involved a shipment of software from the United States to an organization in India. The other exports involved “downloads” of software updates by organizations in India and China from SDRC’s website. At all times relevant hereto, these organizations were listed on the Entity List set forth at Supplement No. 4 to Part 744 of the Regulations (“Entity List”). In so doing, SDRC committed 15 violations of Section 764.2(a) of the Regulations, and UGS is liable for the violations as the successor to SDRC.

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Accordingly, UGS is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including any or all of the following:

The maximum civil penalty allowed by law of up to \$11,000 per violation;

Denial of export privileges; and/or

Exclusion from practice before BIS.

If UGS fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. (Regulations, Sections 766.6 and 766.7). If UGS defaults, the Administrative Law Judge may find the charges alleged in this letter are true without hearing or further notice to UGS. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on each of the charges in this letter.

UGS is further notified that it is entitled to an agency hearing on the record if UGS files a written demand for one with its answer. (Regulations, Section 766.6). UGS is also entitled to be represented by counsel or other authorized representative who has power of attorney to

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<sup>4</sup>“ECCN” refers to “Export Control Classification Number.” See Supp. 1 to 15 C.F.R. Part 774.

represent it. (Regulations, Sections 766.3(a) and 766.4).

The Regulations provide for settlement without a hearing. (Regulations, Section 766.18). Should UGS have a proposal to settle this case, UGS or its representative should transmit the proposal to the attorney representing BIS named below.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, UGS's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center  
40 S. Gay Street  
Baltimore, Maryland 21202-4022

In addition, a copy of UGS's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security  
Attention: Parvin R. Huda  
Room H-3839  
United States Department of Commerce  
14th Street and Constitution Avenue, N.W.  
Washington, D.C. 20230

Parvin R. Huda is the attorney representing BIS in this case; any communications that UGS may wish to have concerning this matter should occur through her. Ms. Huda may be contacted by telephone at (202) 482-5301.

Sincerely,

Michael D. Turner  
Director  
Office of Export Enforcement

Enclosure

# Scheduled of Violations - UGS Corporation

No.	Date	Commodity	ECCN	Dest.	DOC Entity List Name	Violations	Value	Export Type
1	7/7/2000	IDEAS 8 Software Update	5D992	India	Space Applications Centre	15 C.F.R. §§ 764.2(a), (e)	\$ -	Download
2	9/29/2000	IDEAS Software	5D992	India	Ordnance Factory Kanpur	15 C.F.R. §§ 764.2(a), (e)	\$ 18,816	Physical Export
3	11/9/2000	IDEAS 8m1 Software Update	5D992	China	Southwest Electronic Engineering Institute	15 C.F.R. §§ 764.2(a), (e)	\$ -	Download
4	11/15/2000	IDEAS 8m1 Software Update	5D992	India	Ordnance Factory Kanpur	15 C.F.R. §§ 764.2(a), (e)	\$ -	Download
5	11/15/2000	IDEAS 8m1 Software Update	5D992	India	Space Applications Centre	15 C.F.R. §§ 764.2(a), (e)	\$ -	Download
6	12/28/2000	IDEAS Software	5D992	China	Southwest Electronic Engineering Institute	15 C.F.R. §§ 764.2(a), (e)	\$ 13,500	Download
7	12/28/2000	IDEAS Software	5D992	China	Southwest Electronic Engineering Institute	15 C.F.R. §§ 764.2(a), (e)	\$ 10,941	Download
8	3/14/2001	IDEAS 8m2 Software Update	5D992	China	Southwest Electronic Engineering Institute	15 C.F.R. §§ 764.2(a), (e)	\$ -	Download
9	3/14/2001	IDEAS 8m2 Software Update	5D992	China	Southwest Electronic Engineering Institute	15 C.F.R. §§ 764.2(a), (e)	\$ -	Download
10	3/14/2001	IDEAS 8m2 Software Update	5D992	India	Space Applications Centre	15 C.F.R. §§ 764.2(a), (e)	\$ -	Download
11	3/14/2001	IDEAS 8m2 Software Update	5D992	India	Ordnance Factory Kanpur	15 C.F.R. §§ 764.2(a), (e)	\$	Download
12	4/4/2001	IDEAS 8m2 Software Update	5D992	China	Southwest Electronic Engineering Institute	15 C.F.R. §§ 764.2(a), (e)	\$ -	Download
13	4/4/2001	IDEAS 8m2 Software Update	5D992	China	Southwest Electronic Engineering Institute	15 C.F.R. §§ 764.2(a), (e)	\$ -	Download
14	6/4/2001	IDEAS 8m2 Software Update	5D992	China	Southwest Electronic Engineering Institute	15 C.F.R. §§ 764.2(a), (e)	\$ -	Download
15	7/3/2001	IDEAS Software	5D992	China	South-West Computer Center	15 C.F.R. §§ 764.2(a), (e)	\$ -	Download
<b>Total</b>							<b>\$ 43,257</b>	

UNITED STATES DEPARTMENT OF COMMERCE  
BUREAU OF INDUSTRY AND SECURITY  
WASHINGTON, D.C. 20230

\_\_\_\_\_  
In the Matter of: )  
)  
UGS Corporation )  
5800 Granite Parkway #600 )  
Plano, TX 75024 )  
)  
Respondent )  
\_\_\_\_\_

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Respondent, UGS Corporation (“UGS”), and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively, the “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (the “Regulations”),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”),<sup>2</sup>

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<sup>1</sup> The charged violations occurred during the 2000-2001 period. The Regulations governing the violation at issue are found in the 2000-2001 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2001)). The 2006 Regulations establish the procedures that apply to this matter.

<sup>2</sup> From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 2, 2005 (70 Fed. Reg. 45,273 (Aug. 5, 2005)), has continued the Regulations in effect under IEEPA.

WHEREAS, UGS filed a voluntary self-disclosure with BIS's Office of Export Enforcement in accordance with Section 764.5 of the Regulations concerning the transactions at issue herein;

WHEREAS, BIS has notified UGS of its intention to initiate an administrative proceeding against UGS, pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a proposed charging letter to UGS that alleged that UGS committed 15 violations of the Regulations as successor-in-interest to Structural Dynamics Research Corporation ("SDRC"),<sup>3</sup> specifically:

1. *15 C.F.R. § 764.2(a) - Exporting Items to Entity List Organizations Without the Required Department of Commerce Licenses:* On 15 occasions between on or about July 7, 2000 and on or about July 3, 2001, SDRC exported computer software or software updates, items subject to the Regulations (ECCN<sup>4</sup> 5D992), to organizations in India and China without the Department of Commerce licenses required by Section 744.1 of the Regulations. One of the exports involved a shipment of software from the United States to an organization in India. The other exports involved "downloads" of software updates by organizations in India and China from SDRC's website. At all times relevant hereto, these

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<sup>3</sup> SDRC specialized in mechanical engineering software and was headquartered in Milford, Ohio. It was purchased by Electronic Data Systems Corporation ("EDS"), a company based in Plano, Texas, in August 2001 and was merged into UGS, an EDS subsidiary, effective December 2001. UGS was subsequently sold by EDS and is now an independent company.

<sup>4</sup>"ECCN" refers to "Export Control Classification Number." See Supp. 1 to 15 C.F.R. Part 774.

organizations were listed on the Entity List set forth at Supplement No. 4 to Part 744 of the Regulations ("Entity List").

WHEREAS, UGS has reviewed the proposed charging letter and is aware of the allegations made against it and the administrative sanctions which could be imposed against it if the allegations are found to be true;

WHEREAS, UGS fully understands the terms of this Agreement and the Order ("Order") that the Assistant Secretary of Commerce for Export Enforcement will issue if he approves this Agreement as the final resolution of this matter;

WHEREAS, UGS enters into this Agreement voluntarily and with full knowledge of its rights;

WHEREAS, UGS states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

WHEREAS, UGS neither admits nor denies the allegations contained in the proposed charging letter;

WHEREAS, UGS wishes to settle and dispose of all matters alleged in the proposed charging letter by entering into this Agreement; and

WHEREAS, UGS agrees to be bound by the Order, if entered;

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over UGS, under the Regulations, in connection with the matters alleged in the proposed charging letter.

2. The following sanction shall be imposed against UGS in complete settlement of the alleged violations of the Regulations relating to the transactions specifically detailed in the proposed charging letter and voluntary self-disclosure:

a. UGS shall be assessed a civil penalty in the amount of \$57,750, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of the Order.

b. The timely payment of the civil penalty agreed to in paragraph 2.a is hereby made a condition to the granting, restoration, or continuing validity of any export license, permission, or privilege granted, or to be granted, to UGS. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of UGS's export privileges under the Regulations for a period of one year from the date of imposition of the penalty.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, UGS hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, if entered), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if entered; (c) request any relief from the Order, if entered, including without limitation relief from the terms of a denial order under 15 C.F.R. § 764.3(a)(2); and (d) seek judicial review or otherwise contest the validity of this Agreement or the Order, if entered.

4. Upon entry of the Order and timely payment of the \$57,750 civil penalty, BIS will not initiate any further administrative proceeding against UGS in connection



with any violation of the Act or the Regulations arising out of the transactions identified in the proposed charging letter and the voluntary self-disclosure.

5. BIS will make the proposed charging letter, this Agreement, and the Order, if entered, available to the public.

6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement approves it by entering the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

9. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

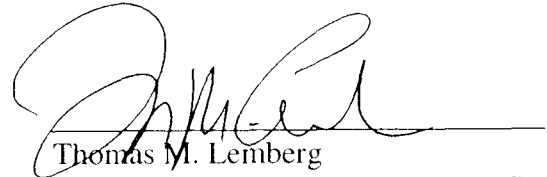
BUREAU OF INDUSTRY AND SECURITY  
U.S. DEPARTMENT OF COMMERCE



Michael D. Turner  
Director  
Office of Export Enforcement

Date: 5/19/06

UGS CORPORATION



Thomas M. Lemberg  
Senior Vice President and General Counsel

Date: May 17, 2006

UNITED STATES DEPARTMENT OF COMMERCE  
BUREAU OF INDUSTRY AND SECURITY  
WASHINGTON, D.C. 20230

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In the Matter of: )  
 )  
UGS Corporation )  
5800 Granite Parkway #600 )  
Plano, TX 75024 )  
 )  
Respondent )  
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ORDER RELATING TO UGS CORPORATION

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has notified UGS Corporation (“UGS”) of its intention to initiate an administrative proceeding against UGS pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (the “Regulations”),<sup>1</sup> and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”),<sup>2</sup> through the issuance of a proposed charging letter to UGS that alleged that UGS committed 15 violations of the Regulations as successor-in-

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<sup>1</sup>The charged violations occurred during the 2000-2001 period. The Regulations governing the violation at issue are found in the 2000-2001 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2001)). The 2006 Regulations establish the procedures that apply to this matter.

<sup>2</sup> From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 2, 2005 (70 Fed. Reg. 45,273 (Aug. 5, 2005)), has continued the Regulations in effect under IEEPA.

interest to Structural Dynamics Research Corporation (“SDRC”).<sup>3</sup> Specifically, the charges are:

1. *15 C.F.R. § 764.2(a) - Exporting Items to Entity List Organizations Without the Required Department of Commerce Licenses:* On 15 occasions between on or about July 7, 2000 and on or about July 3, 2001, SDRC exported computer software or software updates, items subject to the Regulations (ECCN<sup>4</sup> 5D992), to organizations in India and China without the Department of Commerce licenses required by Section 744.1 of the Regulations. One of the exports involved a shipment of software from the United States to an organization in India. The other exports involved “downloads” of software updates by organizations in India and China from SDRC’s website. At all times relevant hereto, these organizations were listed on the Entity List set forth at Supplement No. 4 to Part 744 of the Regulations (“Entity List”).

WHEREAS, BIS and UGS have entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein, and

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<sup>3</sup> SDRC specialized in mechanical engineering software and was headquartered in Milford, Ohio. It was purchased by Electronic Data Systems Corporation (“EDS”), a company based in Plano, Texas, in August 2001 and was merged into UGS, an EDS subsidiary, effective December 2001. UGS was subsequently sold by EDS and is now an independent company.

<sup>4</sup>“ECCN” refers to “Export Control Classification Number.” *See* Supp. 1 to 15 C.F.R. Part 774.

WHEREAS, I have approved of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$57,750 is assessed against UGS, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due date specified herein, UGS will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, that the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to UGS. Accordingly, if UGS should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of UGS's export privileges under the Regulations for a period of one year from the date of entry of this Order.

FOURTH, that the proposed charging letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.

Wendy W. Jackson for  
Darryl W. Jackson  
Assistant Secretary of Commerce  
for Export Enforcement

Entered this 23rd day of May, 2006.