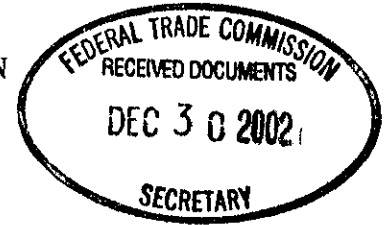


UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION



In the Matter of

MSC.SOFTWARE CORPORATION,
a corporation.

Docket No. 9299

**PETITION OF MSC.SOFTWARE CORPORATION
FOR APPROVAL OF PROPOSED DIVESTITURE**

Pursuant to Section 2.41(f) of the Federal Trade Commission ("Commission") Rules of Practice and Procedure, 16 C.F.R. § 2.41(f) (2002), and Paragraph II.A. of the Decision and Order in the above-captioned matter (the "Decision and Order"), MSC.Software Corp. ("MSC") hereby petitions the Commission to approve the divestiture of the Assets To Be Divested (as defined in the Decision and Order) to Unigraphics Solutions, Inc., a wholly-owned subsidiary of Electronic Data Systems Corporation ("EDS").

Background

On July 6, 2002, MSC and the Commission entered into an Agreement Containing Consent Order, which included the Decision and Order (collectively the "Consent Agreement") to settle the Commission's charges that MSC's acquisitions of Universal Analytics, Inc. ("UAI") and Computerized Structural Analysis & Research Corp. ("CSAR") violated federal antitrust laws. The Consent Agreement expressly provides that it does not constitute an admission by MSC that the law had been violated or that the facts alleged by the Commission in its Complaint are true. On August 14, 2002, the Commission accepted the Consent Agreement for public comment. The Commission approved the issuance of a final consent order in this matter on October 29, 2002.

The Commission's Complaint had charged that the acquisitions of UAI and CSAR lessened competition in a "market" for advanced versions of Nastran, a type of computer aided engineering ("CAE") software. Section II of the Decision and Order requires that, no later than 150 days from the date the Commission accepted the Consent Agreement for public comment or 90 days after the date on which the Order became final, MSC must convey a license to one or two firms in order to establish additional competition in the sale, distribution, and licensing of advanced Nastran software. Such a transaction must receive the prior approval of the Commission.

This Petition describes the principal terms of the agreement by which MSC proposes to license the "Licensed Rights" to EDS and explains why that agreement satisfies the purposes of the Decision and Order.

The Transaction Documents

MSC and EDS have reached an agreement in principle regarding the divestiture of the Licensed Rights as well as other obligations contained in the Decision and Order. The key terms of that agreement are reflected in a Divestiture and Software License Agreement (the "Agreement"). A copy of that Agreement and its attachments, exhibits and schedules (the "Transaction Documents") is attached to this Application as Confidential Appendix A. The parties expect to execute this Agreement, in substantially the same form as that attached, very shortly.

MSC requests that the Transaction Documents and other information provided in Confidential Appendix A be treated by the Commission as strictly confidential and not be made available to the public. Confidential Appendix A contains commercially and competitively sensitive information relating to the divestiture of the Assets To Be Divested. Disclosure of the

information contained in the Confidential Appendix to the public may prejudice MSC and EDS and may negatively affect MSC's ability to comply with the Consent Agreement. MSC requests that the Commission inform it immediately if the Commission will not treat the accompanying Appendix A as confidential so that MSC may seek appropriate relief.

As explained below, the terms of the Transaction Documents comply with and satisfy the purposes of the Decision and Order.

Under the Agreement, pursuant to Sections II.A and II.B of the Decision and Order, MSC has agreed to license to EDS certain Licensed Rights, as that term is defined in the Decision and Order, on a perpetual, worldwide, royalty-free, non-exclusive basis. The Licensed Rights include, but are not limited to, all intellectual property and other property rights related to the version of MSC.Nastran current as of the date the Consent Order was accepted by the Commission for public comment, as well as all intellectual property rights of any kind acquired by MSC as a result of MSC's acquisitions of UAI and CSAR.

The Agreement also provides that MSC is obligated to comply with all aspects of the Consent Agreement. Accordingly, pursuant to Section I.K of the Decision and Order, the Agreement provides that MSC shall, for a period of twelve (12) months following the date on which the foregoing assets are divested, provide to EDS such personnel, information, technical assistance, advice and training as are necessary and appropriate to effectuate the purposes of the Decision and Order. Furthermore, MSC agrees to comply with Section V of the Decision and Order by providing EDS with: (a) certain information about current and former employees of MSC involved in the design, development, maintenance or customer support of MSC.Nastran, (b) certain information about all non-clerical employees of UAI and CSAR who were employed by either of those firms at any time within two years prior to the firms' respective acquisitions by

PUBLIC VERSION

MSC, and (c) the opportunity to interview such individuals and negotiate employment with any of them. Lastly, the Agreement provides that nothing in the Agreement shall be interpreted to vary or contradict the terms of the Decision and Order, including MSC's obligations under Sections VII and VIII, respectively, pursuant to which MSC must, among other things: (i) allow certain customers who use MSC.Nastran in the United States to terminate or rescind their contract or license in order to deal with EDS, (ii) for a period of three (3) years following the date the assets are divested to EDS, maintain the interoperability of current and future versions of Complimentary Software and the software licensed to EDS pursuant to the Agreement, and (iii) not refuse to deal with any customer or prospective customer based on the fact such customer or prospective customer deals with EDS.

The Proposed Acquirer

1. *Background*

Founded in 1962 as Electronic Data Systems, EDS is a leading global information technology ("IT") services company. EDS provides strategies, solutions, services and products to assist companies succeed in the digital economy. EDS employs more than 138,000 people in 60 countries and has more than 35,000 business and government clients around the world. Its 2001 revenues were \$21.5 billion, more than 40 percent non-U.S., and in 2001 its total contract signings represented \$31.4 billion in revenue.

Gartner Consulting estimates that the PLM Solutions Division of EDS, which represents the acquisitions of both Unigraphics Solutions, Inc. and SDRC in September 2001, captured approximately \$107 million or 10% of the revenue of the approximate \$1 billion CAE market in 2000. For 2002, Daratech estimated EDS PLM to generate approximately \$125 million of the market revenue, again about 10% of the CAE total. (By comparison, MSC

captured approximately 17% of the 2000 CAE market). PLM's current revenue is generated approximately in the following customer segments: 15% aerospace, 35% automotive, 30% consumer and 20% others.

SDRC comes to EDS with a very strong background in the CAE market.

Originally a consulting organization to assist companies in machine tool chatter analysis, SDRC grew into a market leader by commercializing its Supertab product – now known as I-DEAS.

Through the years, SDRC has pioneered many advanced meshing technologies, geometry abstractions, solver technologies (including an advanced solution for component and system analysis called Systan), and led the way in the integration of simulation and data management.

While in recent years SDRC has been most recognized for I-DEAS, it is a leader in integrated, advanced CAE pre/post capabilities that can run as an integrated solution with the design environment or as standalone pre/post using geometry from other CAD solutions. Its pre/post environment supports a variety of solutions – including MSC.Nastran, Abaqus and Ansys. Its solver is also widely used by I-DEAS pre/post customers, although generally applied in conjunction with linear statics, normal mode dynamics and forced response applications.

Unigraphics Solutions, prior to being integrated into EDS PLM Solutions, historically focused on the integrated design/CAE user that is more closely associated with the design process and continues to do so with its Unigraphics Scenario product today. This product places the emphasis on process automation, smooth and robust step-by-step analysis procedures, and driving to results quickly for rapid review. It also currently has integrated solver capability with MSC.Nastran, Abaqus and Ansys, which, when combined with the pre/post environment, ensures that the design/CAE users work with the same solution capabilities that their analysis-oriented colleagues use for solutions.

2. *Financial Capability*

For the nine months ended September 30, 2002, EDS reported revenues of \$15 billion. At September 30, 2002, EDS had total assets of \$18 billion, cash and cash equivalents of \$343 million, current assets of \$ 8 billion and total shareholders' equity of \$7 billion. For the nine months ended September 30, 2002, cash flows from operations exceeded \$1 billion.

3. *Relevant Experience*

On October 1, 2001, UGS and SDRC became EDS Product Lifecycle Management Solutions (EDS PLM Solutions). EDS PLM Solutions represents a unified approach to extended enterprise collaboration that enables all participants in the product lifecycle to work in concert as products are brought to market and support is required. Product lifecycle management enables companies to marshal the skills, expertise, knowledge, and experience of the entire extended enterprise and apply them to every major stage in the product lifecycle to achieve competitive excellence. EDS provides the complete set of PLM solutions needed to turn the product-lifecycle process into a distinct and sustainable competitive advantage.

EDS brings a wealth of experience in the fundamental areas required to support the CAE products – and specifically MSC.Nastran. Currently, EDS sells products into the CAE markets. Throughout the world, EDS PLM Solutions has sales, support and marketing operations that sell Mechanical Design Automation (“MDA”) and data management solutions. In this product suite are integrated CAE solutions built off of the I-DEAS MDA product line and also the Unigraphics NX product line. In addition, EDS sells a stand-alone pre/post product called FEMAP that is capable of serving as a multi-CAD, pre/post processor that supports MSC.Nastran, Abaqus and Ansys as solvers. For each of these applications, EDS provides

global support, distribution and sales organizations to compete in the European, Asian and Americas regions.

EDS PLM Solutions has operations worldwide, with very large operations in the UK, France, Germany, Sweden and Italy in Europe. In Asia, the largest operation is in Japan, with very large operations in China, Taiwan, Korea, and additional offices throughout the ASEAN region. In the Americas, EDS PLM Solutions has offices throughout the United States, Canada and South America.

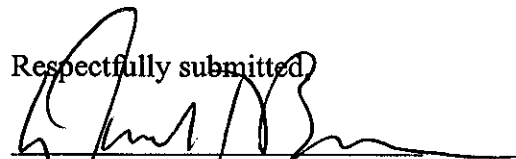
In addition to direct sales and technical support in these regions, EDS is also aligned with resellers to sell and support their products. In Japan, a significant portion of the EDS revenue is driven through its distribution partners. In Europe, many of its smaller accounts are served by distributors, particularly in Eastern Europe and parts of Scandinavia. United States customers are largely served by direct sales and support activities.

Conclusion

The proposed divestiture to EDS will accomplish the purposes of the Consent Agreement and remedy any alleged lessening of competition in the market for the sale, distribution, and licensing of advanced Nastran software. EDS has the financial capability and relevant experience to ensure that a viable and effective competitor to MSC is established. Accordingly, MSC requests that the Commission approve the proposed divestiture and acquirer.

Date: December 30, 2002

Respectfully submitted



David T. Beddow

CarrieLyn D. Guymon

O'MELVENY & MYERS LLP

Attorneys for MSC Software Corporation

APPENDIX A

CONFIDENTIAL