



Dear Mr. Donald Clark, Secretary /FTC

The following letter is a copy letter regarding the Unjust FTC Action on MSC.Nastran Divestiture that we have forwarded to Senator Jon Kyl, Senator John McCain, Representative Jeff Flake and Representative J.D. Hayworth.

Your prompt action in this matter is appreciated.
Thank you.

Dr. Danny Liu
President, ZONA Technology
Fellow, American Institute of Aeronautics and Astronautics
Honorary State Chairman, Business Advisory Board of National Republican
Congressional Committee

ZONA Technology of Scottsdale Arizona respectfully requests your help in a recent unjust FTC action that is to grossly threaten ZONA's business future. This action is the recent approval of Federal Trade Commission (FTC) to divest the assets of a software program MSC.Nastran to EDS (Electronic Data Systems) as a result of MSC. Software Corporation's (MSC) earlier merger of two smaller competitors UAI and CSA.
See FTC website: <http://www.ftc.gov/opa/2003/01/fyi0301.htm>

Incorporated in 1986, ZONA Technology has made exceptional achievement in aerospace software development/service and have received the Federal SBA Tibbett 2000 award for outstanding contractual performance of some 20 DoD/NASA contracts. ZONA has been supporting aerospace community worldwide with its ZONA software in aeroelasticity, including Boeing, Lockheed-Martin/LMCO, Northrop-Grumman, SAAB, EADS, NASA/Dryden-Langley-MSFC, USAF/AFRL, USNavy/Navair/Navsea/Nswc, etc. Current aircraft/missile under ZONA support for design/analysis include F-18E/F, F-16, F-22, Predator/Altair, JSF, Sonic Cruiser, Sensor craft, AIM9X, CKEM, etc. ZONA Aeroelasticity software is an aerospace technology for modern aircraft design/analysis to achieve high performance with structural integrity. It is an essential tool for the air vehicle structures design/analysis. ZONA's sole competitor in it has been the Aeroelasticity module of MSC.Nastran. See ZONA Website: www.zonatech.com

Nastran is a powerful structural design software, developed under the support of NASA (Cosmic.Nastran) and further enhanced by MSC (MSC.Nastran). Since the 70's, MSC has rendered it an industry standard with added modules including Aeroelastic capability. Subsequent competitors were UAI.Nastran and CSA.Nastran, developed and further enhanced respectively by smaller firms UAI and CSA from the Cosmic.Nastran. And both have made them very competitive to the MSC.Nastran, except none of them has a matured Aeroelastic capability.

Before the MSC merger of CSA/UAI, ZONA has been approached by both CSA and UAI to link up ZONA aeroelastic software with the CSA.Nastran and UAI.Nastran. They both realized ZONA Aeroelastic software is the key to induce CSA.Nastrans and UAI.Nastran into the aerospace market. For example, a successful sale to Lockheed Martin in 2000 was made with joint CSA.Nastran and ZONA Aeroelastic software. This sales pattern could have been a growing business opportunity for ZONA. The MSC merger of these two companies has eliminated this prospect altogether. ZONA then has to go on with the stiff competition with the Aeroelastic module of MSC.Nastran with limited sales strategy.

Now with FTC's approval, EDS, a giant company of 60 times the size of MSC, will spearhead into the aerospace market with the Aeroelasticity module within MSC.Nastran. This time, ZONA will be facing two overwhelming competitors with MSC.Nastran having Aeroelastic capability in the aerospace market, as a result of the FTC unscramble action of the MSC merger. Thus the FTC unscramble action does not bring back to the once existing UAI and CSA situation, whereby ZONA could join either firms with ZONA's Aeroelastic software to compete with MSC.Nastran. . Instead, FTC now multiplies the Aeroelastic capability with MSC.Nastran to EDS, thus injudiciously further reduce ZONA's sales opportunity.

The recent bid on the divested MSC.Nastran could have altered ZONA's disadvantage position. ZONA was one of the two proposed firms that MSC submitted to FTC in the first wave. FTC disapproved ZONA on account of its limited size and resources as a competitor of MSC in spite of ZONA's aerospace market potentials as attested by some 20 letters of endorsement, all from the aerospace community. Instead, EDS was approved on the MSC's second re-submittal. FTC action might enhance competition among two big giants but at the expenses of multiplying the competitive pressure against small business like ZONA. The ramification of such action will lead to the monopoly of two giants while depriving the incentive of all smaller business. This is clearly in conflict to the FTC mission of promoting fair competition.

For this reason, ZONA earnestly request your help in re-establishing a fair FTC order by a new definition of the divested MSC.Nastran. We believe that it is only fair for FTC to order MSC to delete the aeroelastic module in the divested MSC.Nastran to be provided to EDS. It is imperative that we Arizonians should be protected in the fertile ground of aerospace business, large or small, for fair competition nationwide.

FTC window for comment will be closed by February 3rd, 2003.
ZONA appreciates your prompt action in this matter.

Respectfully yours,

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