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UGS and HP Form Alliance to Offer Product Lifecycle Management Solutions, Helping Customers Transform Their Process of Innovation

Alliance with HP among first two major agreements with systems integrators signed by UGS since the company launched independent operations

PLANO, Texas and PALO ALTO, Calif. -- UGS, a leading global provider of product lifecycle management (PLM) software and services, and HP (NYSE, NASDAQ: HPQ) announced today a strategic alliance intended to provide customers a one-stop shop of enterprise-level PLM solutions designed to offer quicker time to value. UGS and HP will provide total PLM solutions to more efficiently enable companies to integrate individual components, such as hardware, software, services, integration and support.

The solutions provided by UGS and HP address three major concerns for PLM customers:

- Companies can leverage their investments in existing technology and resources by upgrading PLM software.
- Companies can minimize risk and investment while maximizing flexibility through UGS' and HP's commitment to open standards and broad product line and industry expertise.
- Companies can create competitive advantage by accessing technology and solutions based on industry standards from UGS and HP that help companies transform their process of innovation to achieve cost and process efficiencies.

As noted in UGS' fourth quarter 2004 and full year 2004 earnings announcement, the alliance with HP is part of UGS' broader strategy to be a global leader in PLM (See separate release). The alliance marks one of the first major agreements with systems integrators announced by UGS since the company launched independent operations in May 2004.

The alliance is the first of its kind in the PLM industry and will provide customers a choice when selecting an enterprise-wide PLM solution. The scalable, open solutions offered by the partners tie PLM to in-place ERP, CRM and SCM solutions giving customers a competitive advantage by providing complete knowledge management and insight into their business.

In this five-year commitment, HP and UGS will invest in joint sales, product development, marketing, and services delivery. As part of HP Services, the HP Consulting and Integration team will be available to provide customers with the IT consulting, systems integration and the rapid technology implementation needed to develop and deploy reliable solutions. The alliance will also combine thought leadership in product development and enterprise systems, certification of HP services resources on UGS software products, joint technology roadmaps for migration planning and development of integrated PLM solutions for multiple industries.

“This expansion of our relationship with HP is a milestone in the evolution of the PLM marketplace, which continues to evolve and grow into new industries such as consumer packaged goods and retail and apparel. HP's infrastructure offerings coupled with UGS' industry-leading PLM software provides a best-of-breed integrated PLM solution at the enterprise level,” said Jim Milton, executive vice president, Global Sales and Services, UGS.

“Together, HP and UGS provide a complete set of PLM solutions to meet the needs of our joint customers providing rapid time to market and return on investment.”

“Manufacturing companies need to integrate the disparate global business processes of their suppliers, allied partners and customers,” said Tom Iannotti, senior vice president and general manager, Technology Solutions Group – Americas, HP and lead for the worldwide UGS alliance. “This new alliance combines the technologies, services and industry experience of two market leaders to minimize customers' investment risk. In addition, outsourcing and hosting solutions from HP Services and creative HP financing will increase customer flexibility to reduce cost of entry for new customers or existing customers using new PLM solutions.”

The global market for PLM software and services is expected to grow by a compound annual growth rate of almost 10 percent through 2007 to more than US\$12.4 billion, according to Daratech.

About HP

HP is a technology solutions provider to consumers, businesses and institutions globally. The company's offerings span IT infrastructure, global services, business and home computing, and imaging and printing. For the four fiscal quarters ended Oct. 31, 2004, HP revenue totaled \$79.9 billion. More information about HP (NYSE, Nasdaq: HPQ) is available at <http://www.hp.com>.

About UGS

UGS is a leading global provider of product lifecycle management (PLM) software and services with nearly 4 million licensed seats and 42,000 clients worldwide. Headquartered in Plano, Texas, the company promotes openness and standardization and works collaboratively with its clients in creating enterprise solutions enabling them to transform their process of innovation and thus begin to capture the value of PLM. For more information on UGS products and services, visit www.ugs.com.

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