UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the period ended June 30, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ______________

Commission file number 0-16230

STRUCTURAL DYNAMICS RESEARCH CORPORATION
(Exact name of registrant as specified in its charter)

Ohio	31-0733928
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2000 Eastman Drive, Milford, Ohio 45150
(Address of principal executive offices)
(Zip Code)

(513) 576-2400
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes **[X]** No [ ]

As of July 31, 2001 there were 36,837,090 shares of the Registrant's Common Stock, without par value, issued and outstanding.

STRUCTURAL DYNAMICS RESEARCH CORPORATION

Form 10-Q for period ended June 30, 2001

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

STRUCTURAL DYNAMICS RESEARCH CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(in thousands, except per share data)

	Three Months Ended June 30, 2001	Three Months Ended June 30, 2000	Six Months Ended June 30, 2001	Six Months Ended June 30, 2000
Revenue:				
Software licenses	$ 44,248	$ 43,915	$ 85,620	$ 82,685
Software maintenance and services	76,895	74,194	148,348	143,624
Total revenue	121,143	118,109	233,968	226,309
Cost of revenue:				
Cost of licenses	6,881	7,873	13,793	15,718
Cost of maintenance and services	42,247	42,829	83,949	85,006
Total cost of revenue	49,128	50,702	97,742	100,724
Gross profit	72,015	67,407	136,226	125,585
Operating expenses:				
Selling and marketing	32,020	29,811	61,507	57,762
Research and development	23,529	22,506	46,282	41,646
General and administrative	5,622	5,096	11,583	9,842
In-process research and development	250	--	250	--
Total operating expenses	61,421	57,413	119,622	109,250
Operating income	10,594	9,994	16,604	16,335
Other income, net	1,276	3,472	3,035	4,185
Income before income taxes	11,870	13,466	19,639	20,520
Income tax expense	3,020	5,185	4,961	7,900
Net income	$ 8,850	$ 8,281	$ 14,678	$ 12,620
Net income per share:				
Basic	$ .25	$ .23	$ .41	$ .35
Diluted	.23	.23	.39	.34
Comprehensive income	$ 7,830	$ 7,593	$ 10,853	$ 10,935

See accompanying notes to consolidated financial statements.

STRUCTURAL DYNAMICS RESEARCH CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
(in thousands)

Assets	June 30, 2001 (unaudited)	December 31, 2000
Current assets:		
Cash and cash equivalents	$188,062	$139,313
Short-term investments	4,329	16,779
Trade accounts receivable, net	101,619	108,816
Other accounts receivable	5,478	3,451
Prepaid expenses and other current assets	12,380	8,446
	311,868	276,805
Marketable securities	686	4,661
Property and equipment, at cost:		
Computer and other equipment	72,966	69,317
Office furniture and equipment	22,078	21,899
Leasehold improvements	10,481	10,425
	105,525	101,641
Less accumulated depreciation and amortization	82,256	77,112
Net property and equipment	23,269	24,529
Marketable software costs, net	55,641	56,943
Goodwill and other intangibles	10,101	5,994
Other assets	11,753	8,028
Total assets	$413,318	$376,960

See accompanying notes to consolidated financial statements.

STRUCTURAL DYNAMICS RESEARCH CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
(in thousands, except per share data)

Liabilities and Shareholders' Equity	June 30, 2001 (unaudited)	December 31, 2000
Current liabilities:		
Accounts payable	$ 13,953	$ 22,846
Accrued expenses	51,718	63,516
Accrued income taxes	4,253	1,922
Deferred revenue	88,852	61,760
Total current liabilities	158,776	150,044
Long-term liabilities	7,808	7,632
Shareholders' equity:		
Common stock, stated value $.0069 per share Authorized 100,000 shares; outstanding shares-36,698 and 35,445 net of 3,832 and 3,992 shares in treasury	255	246
Capital in excess of stated value	139,075	122,487
Retained earnings	117,696	103,018
Accumulated other comprehensive income (loss):		
Foreign currency translation loss	(10,296)	(6,473)
Unrealized holding gain on marketable securities	4	6
Accumulated other comprehensive loss	(10,292)	(6,467)
Total shareholders' equity	246,734	219,284
Total liabilities and shareholders’ equity	$413,318	$376,960

See accompanying notes to consolidated financial statements.

STRUCTURAL DYNAMICS RESEARCH CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Six Months Ended June 30,	
	2001	2000
Cash flows from operating activities:		
Net Income	$ 14,678	$ 12,620
Adjustments to reconcile net income to net cash flows from operating activities:		
Amortization of computer software cost	10,793	8,276
Depreciation	5,995	6,346
Stock contributions to 401(k) plan	2,403	3,295
Amortization of goodwill and acquired intangibles	976	4,970
In-process research and development	250	--
Loss on sale of property and divestitures	50	418
Deferred income tax (benefit) expense	(1,631)	871
Other	--	(120)
Changes in assets and liabilities from operating activities:		
Accounts receivable	5,361	(22,070)
Prepaid expenses and other assets	(3,685)	(1,364)
Accounts payable and accrued expenses	(18,962)	(5,901)
Deferred revenue	26,919	30,860
Other long-term liabilities	176	(8)
Income taxes	1,560	(921)
Net cash provided by operating activities	44,883	37,272
Cash flows from investing activities:		
Sales (purchases) of marketable securities, net	16,423	(2,420)
Additions to property and equipment, net	(4,734)	(6,344)
Additions to marketable software costs	(8,291)	(9,308)
Acquisition of Sherpa, net of cash acquired	(1,971)	(4,692)
Acquisition of Inovie, net of cash acquired	(5,981)	--
Other	(270)	(548)
Net cash (used) in investing activities	(4,824)	(23,312)
Cash flows from financing activities:		
Issuance of common stock	12,513	4,562
Net cash provided by financing activities	12,513	4,562
Effect of exchange rate changes on cash	(3,823)	(1,717)
Increase in cash and cash equivalents	48,749	16,805
Cash and cash equivalents:		
Beginning of period	139,313	121,507
End of period	$188,062	$138,312

See accompanying notes to consolidated financial statements.

STRUCTURAL DYNAMICS RESEARCH CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements
(Unaudited)
(in thousands, except per share data)

(1) Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared by SDRC pursuant to the rules and regulations of the Securities and Exchange Commission. As permitted by the rules of the Securities and Exchange Commission applicable to quarterly reports on Form 10-Q, these notes are condensed and do not contain all disclosures required by generally accepted accounting principles. In the opinion of management, these financial statements contain all adjustments (consisting of only normal recurring adjustments, unless otherwise noted) necessary to present fairly SDRC's financial position, results of operations and cash flows as of the dates and for the periods indicated. These financial statements should be read in conjunction with the Consolidated Financial Statements and related notes included in SDRC's Annual Report on Form 10-K for the year ended December 31, 2000.

(2) Earnings Per Share

Basic and diluted earnings per common share are computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period, respectively. Dilutive common equivalent shares are calculated using the treasury stock method and consist of dilutive stock option grants.

The reconciliations of amounts used for the basic and diluted earnings per share calculations are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Net income (numerator)	$ 8,850	$ 8,281	$ 14,678	$ 12,620
Weighted average outstanding:				
Common shares (basic denominator)	36,085	36,057	35,837	35,893
Dilutive employee stock options	2,771	636	1,790	769
Common stock and dilutive common stock equivalents (diluted denominator)	38,856	36,693	37,627	36,662
Earnings per share:				
Basic	$ .25	$ .23	$ .41	$ .35
Diluted	$ .23	$ .23	$ .39	$ .34

Options to purchase 297 and 1,455 shares of common stock for the three and six month periods ended June 30, 2001 and 2,739 and 2,348 shares of common stock for the three and six month periods ended June 30, 2000 respectively, were not included in the computation of dilutive earnings per share because the options' exercise price was greater than the average market price of common shares.

(3) Inovie Acquisition

In April 2001, SDRC acquired all the stock of Inovie® Software, Inc. ("Inovie"), a developer of web-based collaborative project management software. SDRC paid approximately $6,000 in cash. The transaction was recorded as a purchase and beginning in April 2001, the operating results of Inovie were included in SDRC's operating results. SDRC will couple Inovie's project management software with SDRC's product management solutions. Additionally, Inovie's products will continue to be offered separately and sold to a variety of non-manufacturing industries and end-user applications.

(4) Agreement and Plan of Merger

On May 23, 2001, SDRC entered into an Agreement and Plan of Merger with Electronic Data Systems Corporation ("EDS") and Emerald Acquisition Corporation I ("Emerald"), a wholly owed subsidiary of EDS. If the transaction is completed, SDRC would merge into Emerald and become a wholly owned subsidiary of EDS. The acquisition is subject to several conditions, including regulatory approvals and the approval of SDRC's shareholders. Each outstanding share of SDRC common stock would be cancelled and converted into a right to receive cash of $25. The purchase price would be approximately $920,000. The transaction is intended to close by September 30, 2001. Once completed, EDS plans to consolidate SDRC with Unigraphics Solutions Inc., another subsidiary of EDS.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(in thousands)

Certain statements in this Form 10-Q are forward looking statements that involve risks and uncertainties, including the timely availability and acceptance of new products, the impact of competitive products and pricing, the management of growth, and the other risks detailed from time to time in SDRC's Securities and Exchange Commission reports. SDRC's results could differ from those results described herein. Forward looking information should be evaluated in the context of these and other factors, some of which are described in more detail in "Factors That May Affect Future Results".

SDRC is a leading developer and global provider of software solutions for collaborative product development. Customers use SDRC's mechanical design automation ("MDA") and product knowledge management ("PKM") software solutions to develop mechanical products and manage information about their products. The I-DEAS® and Metaphase® solution suites are SDRC's primary MDA and PKM product brands, respectively. SDRC's software solutions facilitate innovation through collaboration, enabling customers to optimize product development early in the design process, increase productivity and significantly improve time-to-market. SDRC's software solutions maximize the efficiency of the design process, allowing product-related information to be distributed throughout the enterprise. These solutions are most valuable to companies seeking to accelerate their time to market for new products in response to increased competition. Complementing its software solutions, SDRC supports its customers with training, software implementation, consulting and hotline services. SDRC has a worldwide professional services staff with extensive knowledge of information management, mechanical design technology and development processes.

On May 23, 2001, SDRC entered into an Agreement and Plan of Merger with Electronic Data Systems Corporation ("EDS") and Emerald Acquisition Corporation I ("Emerald"), a wholly owed subsidiary of EDS. If the transaction is completed, SDRC would merge into Emerald and become a wholly owned subsidiary of EDS. The acquisition is subject to several conditions, including regulatory approvals and the approval of SDRC's shareholders. Each outstanding share of SDRC common stock would be cancelled and converted into a right to receive cash of $25. The purchase price would be approximately $920,000. The transaction is intended to close by September 30, 2001. Once completed, EDS plans to consolidate SDRC with Unigraphics Solutions Inc., another subsidiary of EDS.

Revenue

Total revenues grew 3% for the three and six month periods ended June 30, 2001 compared to the corresponding periods of 2000. Revenue growth was lead by Metaphase licenses and services revenues. Total revenues from Metaphase and other PKM related products grew 23% during the first six months of 2001 compared to the same period in 2000. PKM accounted for 39% of total revenues during the first six months of 2001 compared to 33% during the first six months of last year. Metaphase licenses revenues grew 46% and 45% compared to the previous year periods, to $16,476 and $33,791 for the three and six months ended June 30, 2001. Metaphase license growth during the second quarter was driven by approximately twenty-five license orders over one hundred thousand dollars each. Total license revenues during the three and six months ended June 30, 2001 grew 1% and 4% as growing Metaphase sales were partially offset by declining MDA sales. MDA license sales declined due to lower spending primarily within the automotive industry. Total maintenance and services revenue grew 4% during the quarter ended June 30, 2001 and was relatively flat for the six months then ended when compared to the same periods of 2000. Metaphase maintenance and services revenues grew 12% and 13% during the 2001 periods compared to last year. MDA maintenance revenue growth remained solid while MDA service revenues declined as billable resources were deployed onto Metaphase service contracts.

For the six month periods ended June 30, 2001 and 2000, revenue in North America accounted for 42% and 43%, Europe 32% and 35%, and Asia Pacific 26% and 22% respectively, of consolidated net revenues. Asia Pacific's revenue growth in 2001 was due to large license orders from two major automotive industry customers. SDRC expects the international market to continue to account for a significant portion of total future revenue.

Cost of Revenue

Cost of revenue consists principally of the staff and related costs associated with fee based services and support for software maintenance contracts; amortization of goodwill, acquired intangibles and capitalized software costs; royalty fees paid to third parties under licensing agreements and the cost of distributing software products. The total cost of revenue was $49,128 and $97,742 for the three and six month periods ended June 30, 2001, respectively compared to $50,702 and $100,724 for the corresponding periods in 2000.

The cost of licenses, as a percentage of license revenue was 16% for the three and six month periods ended June 30, 2001, compared to 18% and 19% for the corresponding periods in 2000. The cost of licenses decreased 13% and 12% for the three and six month periods ended June 30, 2001, compared to the same periods in 2000. The primary reason for the decline in license costs was a reduction in amortization of goodwill and other acquired intangibles. The reduction in amortization is the result of an impairment charge recorded in December 2000 to write-down goodwill and other intangibles to their fair values. Third party royalty fees also declined while software amortization expense increased during the first six months of 2001 due to the release of I-DEAS 8.

The cost of maintenance and services declined 1% during the three and six month periods ended June 30, 2001 compared to the same periods in 2000. The cost of services and maintenance, as a percentage of related revenue was 55% and 57% for the three and six month periods ended June 30, 2001 compared to 58% and 59% for the corresponding periods in 2000. Lower amortization expense, cost controls, and the successful transition of resources to Metaphase service projects resulted in lower expenses compared to 2000.

Selling and Marketing Expenses

Selling and marketing expenses consist primarily of the compensation, travel and facility costs associated with the worldwide sales and marketing staff, advertising expenses and product localization. Selling and marketing expenses represented 26% of revenue for the three and six month periods ended June 30, 2001 respectively, compared to 25% and 26% during the corresponding 2000 periods. These expenses increased 7% and 6% during the three and six month periods ended June 30, 2001 compared to the corresponding periods in 2000. The increase is due to incremental salaries and sales commissions associated with the increase in Metaphase revenues during 2001. Additionally, during the second quarter of 2001, SDRC conducted an industry symposium for collaborative development technologies.

Research and Development Expenses

Research and development expenses consist primarily of salaries, benefits, computer equipment and facilities cost associated with the product development staff. They exclude costs which are capitalized in accordance with Statement of Financial Accounting Standards No. 86, *Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed*. Research and development expenses increased 5% and 11% for the three and six month periods ended June 30, 2001 compared to the three and six month periods ended June 30, 2000. During the three and six months ended June 30, 2001, SDRC capitalized $4,053 and $8,042 of software development cost, while in the corresponding 2000 periods $3,148 and $9,384 of cost were capitalized. Total software development cost, including research expenses and capitalized amounts, was $27,582 and $54,324 for the three and six months ended June 30, 2001 compared to $25,654 and $51,030 for the corresponding 2000 periods. The increases in 2001 were mainly due to incremental salary cost and external contractor fees for PKM product development. The amount of capitalized software development cost and accordingly, research and development expenses, may vary among periods depending on the stage of development being performed on future product releases.

General and Administrative Expenses

General and administrative expenses consist of costs associated with the executive, finance, legal, human resource and corporate administrative staffs. General and administrative expenses represented 5% of revenue for the three and six month periods ended June 30, 2001 and 4% of revenue for the three and six months ended June 30, 2000. General and administrative expenses increased to $5,622 and $11,583 for three and six months ended June 30, 2001 respectively, compared to $5,096 and $9,842 for the corresponding 2000 periods. Additional staffing and compensation costs accounted for the increase.

Other Income, net

Other income for the three and six month periods ended June 30, 2001 was $1,276 and $3,034 and consisted primarily of interest income from cash equivalents and marketable securities. For the three and six months ended June 30, 2000, other income was $3,472 and $4,185 and primarily reflects interest income. In addition to interest income, other income in the second quarter of 2000 reflects a net gain of approximately $969 associated with the settlement of a lease obligation for an unoccupied building in the United Kingdom. Also, during the first quarter of 2000, other income included a charge of approximately $1,400 for the divestiture of SDRC's Advanced Test & Analysis operations. Other income also includes foreign currency transaction losses which were larger in 2001 compared to 2000.

Income Taxes

Income tax expense was $3,020 and $4,961 for the three and six months ended June 30, 2001 and $5,185 and $7,900 for 2000 respectively. The effective income tax rate for the three and six months ended June 30, 2001, was 25% compared to 39% and 38% for the corresponding 2000 periods. SDRC's best estimate of the effective income tax rate throughout 2001 is approximately 25%. The decrease in the effective income tax rate is due to the renegotiation of several Asian distributorship agreements regarding the characterization of SDRC products and the manner in which they are packaged, delivered and sold. A decrease in non-deductible goodwill amortization due to the impairment write-downs of goodwill and intangible assets associated with several previous acquisitions in December 2000 also decreases the effective tax rate for 2001. As of June 30, 2001, SDRC has a valuation allowance of approximately $34,000 established against deferred tax assets. SDRC will evaluate and adjust its estimated global effective tax rate as appropriate based on changes in its global businesses.

Comprehensive Income

The differences between net income and comprehensive income were primarily due to unrealized gains and losses from the translation of foreign subsidiaries' balance sheets into U.S. dollars. Larger net foreign currency translation losses occurred in 2001 compared to 2000 because the U.S. dollar strengthened against the foreign currencies of subsidiaries.

Acquisition of Inovie

In April 2001, SDRC acquired all the stock of Inovie® Software, Inc. ("Inovie"), a developer of web-based collaborative project management software. SDRC paid approximately $6,000 in cash. The transaction was recorded as a purchase and beginning in April 2001, the operating results of Inovie were included in SDRC's operating results. SDRC plans to couple Inovie's project management software with SDRC's product management solutions. Additionally, Inovie's products will continue to be offered separately and sold to a variety of non-manufacturing industries and end-user applications.

Liquidity and Capital Resources

As of June 30, 2001, SDRC had $193,077 in cash, cash equivalents and marketable securities compared to $160,753 as of December 31, 2000. During the six months ended June 30, 2001, SDRC generated $44,883 of cash from operating activities. During the same period of 2000, SDRC generated $37,272 of cash from operations. The increase in the amount of operating cash generated between the 2001 and 2000 periods was primarily due to aggressive receivable collections offset by an additional month's payroll in 2001 due to a change in the timing of the U.S. payroll date.

SDRC used $4,824 and $23,312 of cash for investing activities during the six month periods ended June 30, 2001 and 2000. During 2001, maturities and sales of SDRC's marketable securities resulted in significant cash in-flows compared to the previous year. The proceeds were offset by cash used for acquisitions, equipment purchases and capitalized software during 2001.

Cash from financing activities increased due to significant exercises of employee stock options during the second quarter of 2001.

SDRC's sources of liquidity and funds anticipated to be generated from operations are expected to be adequate for SDRC's cash requirements in the foreseeable future. SDRC does not have any significant commitments for material capital expenditures. SDRC has never paid a cash dividend and does not expect to do so.

Factors That May Affect Future Results

The historical results of operations and financial position of SDRC are not necessarily indicative of future financial performance. SDRC's results and forward-looking statements are subject to certain risks and uncertainties, including but not limited to those discussed below that could cause future results to differ materially from those projected. Forward-looking statements included in this report should be evaluated in the context of these risk factors and uncertainties.

Agreement and Plan of Merger

While the acquisition of SDRC by EDS remains pending, SDRC may face various operating disruptions.

- Customers may choose to delay purchasing decisions if they have concerns about future product development and support.
- Sales execution may be hindered by lack of focus on certain major accounts.
- Distributors and resellers may shift their offerings if they have concerns about continual product support.
- Due to employment uncertainties, key employees may choose to voluntarily terminate in favor of other career opportunities.
- Relationships with third party developers may be disrupted, resulting in product delays.

If completion of the transaction takes more time than expected, or if the agreement is terminated, operating results may be negatively impacted. Completion of the acquisition depends on regulatory approvals, SDRC shareholder approval and other conditions as specified in the acquisition agreements. If, under certain conditions, the agreement is not completed, SDRC would be required to pay EDS a termination fee of $30,000, plus certain expenses and other fees. If the agreement is not completed, the trading price of SDRC's shares would likely decline significantly.

Product Development

SDRC has embarked on a strategy to expand its product line for visualization features, data exchange functionality, Internet operable design and expedient Metaphase implementation tools. The markets for these initiatives, and the entire collaborative product development industry, are highly competitive and characterized by rapid technological change, shifting customer needs and continual innovation. SDRC's success is dependent on its ability to anticipate user needs and to keep pace with new technological developments which customers need. SDRC and its competitors are spending significant resources to develop Internet-based collaboration tools. The speed and degree that SDRC can develop and market Internet-operable data exchange and other e-business features and its other product lines, will affect future operating results.

SDRC has committed to providing certain enhancements and integrations to customers within aggressive time frames. Failure to meet these time frames could result in delayed or lost revenue opportunities. SDRC relies on highly skilled technical and other key employees who are competitively recruited within the software industry. Additionally, SDRC relies, to a lesser degree, on third parties for development. Failure to attract and retain key personnel and maintain strategic third party relationships could have an adverse impact on future operating results.

Sales Execution

SDRC's sales approach emphasizes enterprise-wide collaboration solutions, which include software licenses, support and consulting services, primarily to large customer accounts. Enterprise solution sales are complex and the sales process and approval cycles can be lengthy. Historically, a significant portion of SDRC's revenue is generated from shipments in the last month of a quarter. Failure to close a few large orders in a particular quarter may negatively impact operating results. In addition, higher volumes of orders have been experienced in the fourth quarter. The concentration of orders toward the end of the period makes projections of quarterly financial results difficult. SDRC usually ships software licenses within one to two weeks after receipt of a customer order. Orders may exist at the end of a quarter, which have not been shipped; however, the value of such orders is not indicative of revenue results for any future period.

SDRC sells its products through a common direct sales force. Enterprise solution selling requires persistent effort and active sales management. Accordingly, organizational execution, sales force training and related issues could hinder the sales force's ability to secure customer accounts to the extent planned. Besides its own sales force, SDRC continues to rely on distributors, representatives and value-added resellers to sell a significant portion of its software licenses. Changes with a distributor, representative or value-added reseller, or disruptions in the internal sales organization could have a significant impact on operating results in a quarter.

Product Markets

SDRC derives most of its revenue from selling software products and services into large-scale mechanical design environments. The mechanical design market is maturing and the perception of product differentiation has declined. Large, multi-national manufacturing companies have made significant investments in enterprise-wide MDA systems. Due to the significant cost of switching systems, it is difficult to replace existing installations of competitors' systems. SDRC also faces competition from mid-priced, Windows based, MDA applications, which are increasingly providing advanced product functionality and flexibility. SDRC is developing collaboration tools that utilize the Internet as a medium of information exchange. Manufacturers and their partners may not adopt the Internet for product data exchange to the degree or at the rate that SDRC expects.

SDRC faces exposure to market conditions in several industries including the automotive and aerospace and defense industries. A slow down in these or other industries could result in reduced revenues. Additionally, if collaborative MDA and PKM license revenues are less than expected, maintenance and services revenue growth are also likely to be less than planned. SDRC's ability to match resource levels with revenue levels, will directly impact its future operating results. SDRC's operating expense levels are planned, in part, on forecasted revenue, and expense levels are generally committed in advance. Since expenses are relatively fixed in the near term, future operating results will be impacted by SDRC's ability to convert invested outlays into expected revenue at profitable margins.

Technology Investment

SDRC capitalizes substantial amounts of internal development costs associated with each MDA software release. Additionally, SDRC may acquire technologies deemed to have strategic benefit. The effect on future earnings will depend, in part, on SDRC's ability to fully utilize and integrate the purchased technology and market it to SDRC's customers. Market growth and sales expansion must be sufficient to cover the fixed cost structure including software and intangible amortization or operating results will be negatively impacted. Significant delays in software development of new or enhanced products could increase sales competition and hinder future sales and operating results. If revenue results are less than planned, SDRC's ability to recover the carrying value of an intangible may be impaired. Under such circumstances, SDRC will review the operating results and expected cash flows associated with the related intangible. If the fair value of the intangible is less than the carrying value, an impairment charge will be recorded against net operating income in the period the impairment is determined.

International Business

A significant portion of SDRC's revenue is from international markets. As a result, SDRC's financial results could be impacted by weakened general economic conditions, differing technological advances or preferences, volatile foreign exchange rates and government trade restrictions in any country in which SDRC does business. SDRC has invested sizable resources in the Asia-Pacific region, particularly in Japan and South Korea. Economic instability in this region could lead to an adverse impact on SDRC's operating results and financial position.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

There have not been any significant changes to SDRC's financial market risk exposure since the filing of the 2000 Annual Report on Form 10-K.

Item 4. Submission of Matters to a Vote of Security Holders.

At the May 3, 2001 Annual Meeting of Shareholders, the Company's shareholders voted to:

Elect the following Class II directors to serve until the 2003 Annual Meeting as follows:

William J. Weyand – 33,649,117 shares in favor; 259,438 shares against.
Mitchell G. Tyson – 33,692,399 shares in favor; 216,156 shares against.
Gilbert R. Whitaker, Jr. – 33,684,290 shares in favor; 224,265 against.

There were no broker non-votes.

Ratify the appointment of PricewaterhouseCoopers LLP as the independent accountants of the Company for 2001. Shares totaling 33,772,709 voted in favor, 117,774 voted against and 18,072 abstained with no broker non-votes.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

a) Exhibits
   2. Agreement and Plan of Merger pertaining to the acquisition of SDRC by EDS; incorporated by reference to SDRC's proxy statement, filed July 26, 2001.
   10. 2001 Long-Term Performance Plan and form of Award Agreement contracted with each named executive of SDRC; filed herein.

b) Report on Form 8-K.
   A report on Form 8-K was filed on May 24, 2001 to report that SDRC entered into an Agreement and Plan of Merger with EDS and Emerald Acquisition Corporation, a wholly owned subsidiary of EDS.

Exhibit 10

STRUCTURAL DYNAMICS RESEARCH CORPORATION

2001 LONG-TERM PERFORMANCE PLAN

1. Purpose. The purpose of this 2001 Long-Term Performance Plan (the "Plan") is to assist Structural Dynamics Research Corporation and any subsidiary or affiliated company (together, the "Company") in attracting, retaining, motivating and rewarding employees who occupy key positions and whose performance can impact the Company's long-term success by providing competitive compensation opportunities that reward outstanding performance.

2. Definitions. In addition to the terms defined in Section 1 hereof, the following terms used in the Plan shall have the meanings set forth below:

(a) "Award Agreement" means the agreement containing the amount of a Participant's Target Award (as defined below) and other terms and conditions relating to such Award.

(b) "Beneficiary" means any person (which may include trusts and is not limited to one person) who has been designated by the Participant in his or her most recent written beneficiary designation filed with the Company to receive the benefits specified under the Plan in the event of the Participant's death. If no Beneficiary has been designated who survives the Participant's death, then Beneficiary means any person(s) entitled by will or the laws of descent and distribution to receive such benefits.

(c) "Board" means the Structural Dynamics Research Corporation board of directors.

(d) "Cause" means any of the following (unless otherwise provided in the Award Agreement) (i) a Participant's willful failure to substantially perform his or her duties (other than as a result of total or partial incapacity due to physical or mental illness); (ii) gross negligence or gross malfeasance in the performance of the Participant's duties; (iii) Participant's conviction, or plea of *nolo contendre to*, any felony, or (iv) Participant engages in any misconduct which is injurious to the Company's (or any subsidiary or affiliate) business or reputation.

(e) "Change of Control" shall be deemed to have occurred if (i) there shall be consummated any consolidation or merger of the Company and, as a result of such consolidation or merger (x) less than 50% of the outstanding common shares and 50% of the voting shares of the surviving or resulting corporation are owned, immediately after such consolidation or merger, by the owners of the Company's common shares immediately prior to such consolidation or merger, or (y) any person (as such term is used in Section 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") shall become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act) of 20% or more of the surviving or resulting corporation's outstanding common shares, or (ii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company shall be consummated, or (iii) the shareholders of the Company shall approve any plan or proposal for the liquidation or dissolution of the Company, or (iv) any person (as such term is used in Section 13(d) and 14(d)(2) of the Exchange Act) shall become the beneficial owner (within the meaning of rule 13d-3 under the Exchange Act) of 20% or more of the company's outstanding common shares, or (v) during any period of two consecutive years, individuals who at the beginning of such period constitute the entire Board of Directors shall cease for any reason to constitute a majority thereof unless the election or the nomination for election by the Company's shareholders of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period.

(f) "Change in Control Price" means the price per share for the Company's stock received in any transaction which qualifies as a Change in Control.

(g) "Code" means the Internal revenue Code of 1986, as amended and in effect from time to time. References to a particular section of the Code shall include references to any related Treasury Regulations and to successor provisions.

(h) "Committee" means the Compensation Committee of the Company's Board (or any subcommittee thereof), whose members shall at all times conform with the requirements set forth in Section 3(a) of this Plan.

(i) "Disability" means a Participant's inability, due to physical or mental incapacity that has continued for no less than 180 days during any 12-month period, (or such shorter time as determined by the Committee in appropriate circumstances) to perform for the Company substantially the same duties and responsibilities as Participant performed prior to incurring such incapacity or disability.

(j) "Participant" means an eligible employee, who has been designated by the Committee to receive an Award for a specified Performance Period, which Award has not yet been settled.

(k) "Performance-Based Compensation" means any incentive Award under the Plan that is intended to constitute "performance-based compensation" within the meaning of Section 162(m) of the Code and Treasury Regulations promulgated thereunder.

(l) "Performance Multiplier" means the factor by which Participant's Target Award is multiplied to determine the Award to be received by each Participant. Such factor will be set forth in the Award Agreement subject to the maximum amount permitted in accordance with Section 5(a) of this Plan.

(m) "Performance Objectives" (1) may be expressed in terms of (i) total shareholder return, (ii) earnings per share, (iii) Share Price, (iv) pre-tax profits, (v) after tax profits, (vi) operating profits, (vii) sales or expenses, (viii) net earnings, (ix) return on equity or assets, (x) revenues, (xi) EBITDA (earnings before interest, taxes, depreciation and amortization), (xii) market share or market penetration, and (xiii) any combination of the foregoing, (2) may be in respect of the performance of the Company, any of its subsidiaries, any of its divisions or any combination thereof, (3) may be absolute or relative (to prior performance of the Company or to the performance of one or more other entities or external indices), and (4) may be expressed in terms of a progression within a specified range.

(n) "Performance Period" means the time period specified by the Committee at the time an Award is granted during which the Company's performance will be measured, as specified in the Award Agreement. The Performance Period used for such measurement with respect to any Participant may be unique to such Participant's Award (x) in certain cases involving the Participant's Termination of Employment with the Company as specified in the Award Agreement (or otherwise determine by the Committee), or (y) upon a Change of Control.

(o) "Retirement" means an event by which the Participant, at or after age 65, or such earlier age as deemed by the Board, ceases to be an employee of the Company or a subsidiary or affiliated company and immediately after such event the Participant is not employed by the Company or any subsidiary or affiliated company.

(p) "Share Price" means (i) if determined upon the conclusion of a Performance Period, with respect to the Company and each of the companies in the comparator group designated by the Committee, the average closing stock price over a 21-day trading period (including the 10 trading days immediately preceding and immediately following December 31 of the applicable year), (ii) if determined in connection with a Termination of Participant's employment with the Company, with respect to the Company and each of the companies in the comparator group designated by the Committee, the average closing stock price over a 21-day trading period (including the 10 trading days immediately preceding and immediately following the Termination date), or (iii) if determined after the occurrence of a Change in Control, the Change in Control Price.

(q) "Target Award" means the amount payable to Participant, as stated in Participant's Award Agreement, upon achievement of the performance criteria established by the Committee.

(r) "Termination" means any event by which the Participant ceases to be an employee of the Company or a subsidiary or affiliated company and immediately after such event the Participant is not employed by the Company or any subsidiary or affiliated company.

(s) "Total Shareholder Return" or "TSR" means, with respect to the Company and each of the companies in the comparator group designated by the Committee, the total shareholder return (including dividends and adjustments) based on the applicable Share Price of the Company and each comparator company on December 31 of the relevant year of the Performance Period, or, in the event of a Termination or Change in Control, any other applicable measurement date.

3. Administration.

(a) Authority. The Plan shall be administered by the Committee (or any subcommittee thereof), which shall consist of not less than three directors of the Company designated by the Board of Directors in accordance with the Code of Regulations of the Company; provided, however, that no director shall be designated as or continue to be a member of the Committee unless such director shall at the time of designation and service be both (i) a "disinterested person" within the meaning of Rule 16b-3 of the Securities and Exchange Commission (or any successor provision at the time in effect) and (ii) an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder by the Department of the Treasury. Grants of Awards may be recommended by the Committee either with or without consultation with employees, but, anything in this Plan to the contrary notwithstanding, the Committee shall have full authority to act in the matter of selection of all Participants and in recommending Awards to be granted to them.

(b) The Committee may establish such rules and regulations, not inconsistent with the provisions of this Plan, as it deems necessary to determine eligibility to participate in this Plan and for the proper administration of this Plan, and may amend or revoke any rule or regulation so established. The Committee may make such determinations and interpretations Under or in connection with this Plan as it deems necessary or advisable. All such rules, regulations, determinations and interpretations shall be binding and conclusive upon the Company, its shareholders and all employees, and upon their respective legal representatives, beneficiaries, successors and assigns and upon all other persons claiming under or through any of them.

(c) Limitation of Liability. In the exercise of authority under the Plan, each member of the Committee (or the Board), and any person acting as a delegatee hereunder, shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or other employee of the Company or any subsidiary, the Company's independent certified public accountants, or any executive compensation consultant, legal counsel, or other professional retained by the Company to assist in the administration of the Plan. Neither a member of the Board nor any person acting as a delegatee of the Board hereunder shall be personally liable for any action, determination, or interpretation taken or made in good faith with respect to the Plan, and each such person shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action, determination, or interpretation.

4. Eligibility. Awards may be granted only to employees who occupy key positions and whose performance can impact the Company's long-term success, as designated and approved by the Committee.

5. Grants and Settlement of Awards.

(a) Awards. Subject to the terms and conditions of the Plan, the Committee may select eligible employees to whom Awards shall be granted, the amount of such Award to be granted to each eligible employee, and specify the Performance Period to which such Award relates. To the extent that any Award is intended to qualify as Performance-Based Compensation, the value and right of payment to the Award shall be contingent upon the attainment within the Performance Period of a Performance Objective established in writing by the Committee by the earlier of (x) the date upon which 25% of the Performance Period has lapsed or (y) the date which is ninety (90) days after the commencement of the Performance Period and, in any event while the performance relating to the Performance Objectives remains substantially uncertain. The maximum Target Award that may be made to any Participant during any calendar year is $2,000,000. Whether a given employee who meets the eligibility requirements of Section 4 will be granted an Award for any Performance Period, and the amount of any Award that may be granted to any eligible employee for any Performance Period, shall be within the Committee's sole discretion. The Committee may consider an employee's past performance, current or future responsibility level, individual ability to impact the Company's future success, or any other circumstance deemed relevant in making such determination. Such grants and the circumstances considered by the Committee in making such determinations need not be the same or consistent for all or any identifiable group of employees, within a given Performance Period or otherwise.

(b) Determination of Award Value. Upon conclusion of each Performance Period (or other relevant measurement date), the Committee will determine the value of each Participant's Award attributable to that Performance Period, as specified in the Award Agreement.

(c) Settlement. Awards granted to any Participant who remains an employee of the Company or its subsidiaries or affiliates at the close of business on the final day of the Performance Period for which such Award was granted shall be valued by the Committee as of the final date of the Performance Period. Unless otherwise provided in the Award Agreement, in the event of Termination due to Participant's death, Disability, Retirement or without Cause by the Company, the value of such Award will be calculated on a pro-rata basis based upon performance results determined as of the Participant's Termination date. Payment equal to the Award value for such Performance Period (as calculated in accordance with the Award Agreement) will be made in cash or stock as soon as practicable following the date of determination of an Award's value, but in no event any later than 90 days from Participant's Termination date.

(d) Forfeiture. Notwithstanding anything contained herein to the contrary, in the event a Participant's employment is terminated voluntarily by Participant or by the Company for Cause, any Award held by that Participant will be immediately forfeited and deemed worthless and all rights to payment immediately forfeited.

6. General Provisions.

(a) No Rights to Participate or Receive Awards or Payouts; No Rights as Stockholder. Until the Committee has determined to grant an Award to an eligible employee, no employee shall have any right to participate or receive a grant hereunder, and the granting of Awards hereunder shall not be construed as a commitment that any payout shall be made with respect to such Award except in accordance with the terms of the Plan. No Participant shall have any rights of a stockholder of the Company or any subsidiary as a result of the grant of any Award or otherwise under the Plan.

(b) No Rights to Employment. Nothing contained in the Plan or in any documents related to the Plan, and no Award shall (i) confer upon any employee or Participant any right to continue as a Participant or in the employ of the Company or a subsidiary, (ii) constitute any contract or agreement of employment, or (iii) interfere in any way with the right of the Company or a subsidiary to reduce such person's compensation, to change the position held by such person or to terminate the employment of such employee or Participant, with or without cause.

(c) Non-Transferability. Awards and other rights under the Plan shall not be transferable by a Participant except upon a Participant's death by will or the laws of descent and distribution or to a Beneficiary, and shall not otherwise be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any such attempted action shall be void.

(d) Unfunded Plan. The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any amount payable to a Participant under the Plan, nothing contained in the Plan (or in any agreement or other documents related thereto), nor the creation or adoption of the Plan, the grant of any Award, or the taking of any other action pursuant to the provisions of the Plan shall give any such Participant any rights that are greater than those of a general creditor of the Company; provided however, that the Committee may authorize the creation of trusts or make other arrangements to meet the Company's obligations under the Plan, which trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines with the consent of each affected Participant.

(e) Tax Withholding. The Company and any subsidiary shall have the right to deduct from any cash amount deliverable hereunder an amount equal to any federal, state, local, or foreign taxes required to be withheld with respect to such payout.

(f) Governing Law. The Plan and all related documents shall be governed by, and construed in accordance with, the laws of the State of Ohio. If any provision hereof shall be held by a court of competent jurisdiction to be invalid and unenforceable, the remaining provisions of the Plan shall continue to be fully effective.

(g) Amendment and Termination. The Committee may, at any time, terminate or, from time to time, amend, modify, or suspend the Plan and agreements under the Plan, provided that no such action shall materially and adversely affect the rights of a Participant with respect to previously granted Awards without the consent of such affected Participant. Unless earlier terminated hereunder, the Plan will terminate when the Company has no further obligations under the Plan.

(h) Arbitration Clause. In the event any claim or dispute arised out of or relating to this Plan, or the breach thereof, and the Company and the Plan participants have not resolved such claim or dispute within 90 days after written notice from one party to the other setting forth the nature of such claim or dispute, then such claim or dispute shall attempt to be settled by mediation through a mediator agreed upon by the parties for nonbinding, confidential mediation. If this is not successful, the dispute will be submitted to binding arbitration in Cincinnati, Ohio, in accordance with the Commercial Arbitration Rules of the American Arbitration Association by an arbitrator(s) selected according to such Rules. Judgment upon the award rendered by such arbitrator(s) shall be entered in any Court having jurisdiction thereof upon the application of either party.

(i) Effective Date. The Plan shall become effective as of February 14, 2001, for Performance Periods beginning on or after February 14, 2001.

STRUCTURAL DYNAMICS RESEARCH CORPORATION

2001 LONG-TERM PERFORMANCE PLAN
AWARD AGREEMENT

This 2001 Long-Term Performance Plan Award Agreement (the "Agreement") is made and entered into as of May 3, 2001, between Structural Dynamics Research Corporation, an Ohio corporation (the "Company") and _______________ (the "Participant") pursuant to the terms and conditions of the Structural Dynamics Research Corporation 2001 Long-Term Performance Plan, as amended (the "Plan"). Capitalized terms not defined in this Agreement shall have the meanings set forth in the Plan.

THE PARTIES AGREE AS FOLLOWS:

1. Award. Pursuant to the Plan, the Company hereby grants the above named Participant a Target Award of $__________, subject to the terms and conditions set forth in this Agreement and the Plan, and to adjustment as provided in Section 2 hereof. A copy of the Plan has been delivered to the Participant. By signing below, the Participant agrees to be bound by all the provisions of the Plan. Each Award constitutes an unsecured promise of the Company to pay the amounts contemplated herein, and Participant as a holder of any Award has only the rights of a general unsecured creditor of the Company.

2. Performance Evaluation.

(a) *Performance Periods.* At the end of each Performance Period specified below (or other relevant measurement date in the event of certain Terminations or a Change of Control), the Target Award granted hereunder shall be subject to adjustment based upon the Committee's evaluation of the Company's performance against a peer group of 17 companies (set forth in Exhibit A), as determined by ranking the total shareholder return ("TSR") of the Company against the TSR for each of the companies comprising the peer group. Subject to Section 6 hereof, TSR shall be calculated during each of the following Performance Periods:

(i) the 1-year period commencing January 1, 2001 and ending December 31, 2001;

(ii) the 1-year period commencing January 1, 2002 and ending December 31, 2002;

(iii) the 1-year period commencing January 1, 2003 and ending December 31, 2003; and

(iv) the 3-year period commencing January 1, 2001 and ending December 31, 2003.

(b) *Performance Determination.* At the conclusion of each Performance Period, the Committee shall rank the Company's performance against the peer group performance, and shall adjust the applicable amount of the actual Target Award payable to the Participant hereunder as follows:

Percentile Ranking	% of Target Award
> 75th	175%
61st - 75th	150%
40th – 60th	100%
25th – 39th	50%
< 25th	0%

The maximum amount that any Participant may receive is 175% of his or her Target Award.

(c) *Attribution of Awards.* Subject to Sections 5 and 6 hereof, and the authority of the Committee in its discretion to provide for accelerated settlement of an Award, 25% of the Target Award (as adjusted) shall be attributable to each Performance Period specified in Section 2(a), and shall be payable to Participant within 90 days of the end of the Performance Period or, in the event of a Termination of employment or Change in Control of the Company, other applicable measurement date.

3. Form of Settlement of Awards. Awards may be settled in cash or Company stock, such determination made by the Committee in its sole discretion. Unless otherwise determined by the Committee, no amount respecting any Award shall be payable to any Participant unless such Participant is employed with the Company on the final date of the Performance Period to which such payment relates.

4. Restrictions. Except to the extent otherwise determined by the Committee, no Award shall be assignable or otherwise transferable by Participant other than by will or by the laws of descent and distribution and, unless otherwise provided by the Committee, during the life of Participant any elections with respect to a Award may be made only by Participant or Participant's guardian or legal representative.

5. Termination of Employment.

(a) In the event of Participant's termination of employment with the Company and all subsidiaries of the Company ("Termination") for death, Disability, or Retirement, or by the Company without Cause, (i) the Performance Period shall be deemed to have terminated on the Termination date and any Award granted hereunder shall be settled on a pro-rata basis, based upon the Share Price determined as of the Termination date, provided that no pro-rata payment shall be due regarding the 25% of Target Award attributable to the 3-year Performance Period commencing January 1, 2001 and ending December 31, 2003. Payment for such Award shall be made to Participant no later than 90 days after the Termination date.

(b) In the event of Participant's Termination for any reason other than provided in Section 5(a), any Award granted hereunder shall be immediately canceled and Participant shall have no further rights with respect to such Award.

6. Change of Control. Notwithstanding anything contained herein to the contrary, in the event of a Change of Control of the Company, the Performance Period shall be deemed to have terminated as of the Change of Control date, and Participant shall receive, within

90 days of the Change of Control date, a lump sum payment equal to the sum of the following (i) for the then-current 1-year Performance Period, 25% of Participant's Target Award times the Relative TSR Adjustment Factor for such period calculated based upon the Company's relative TSR through the Change of Control date from the date which commenced such Performance Period, plus (ii) Participant's Remaining Target Award times the Relative TSR Adjustment Factor for such period based upon the Company's relative TSR through the Change of Control date from the Plan Commencement Date, plus (iii) an amount equal to 250% of the amount specified in clause (ii) of this Section 6. For purposes of this Section 6, (x) "Remaining Target Award" means 25% times the number of Performance Periods that remain outstanding at the time of the Change in Control (but excluding the then-current Performance Period) times Participant's Target Award, (y) "Plan Commencement Date" means the initial date from which the Company's relative TSR performance under this Plan is measured, and (z) "Relative TSR Adjustment Factor" means the applicable factor derived from ranking the Company's relative TSR performance against the relevant peer group at the relevant time consistent with Sections 2 and 7 hereof.

7. Composition of Peer Group. In the event that any company contained in the peer group against which the Company is measured is involved in any extraordinary transaction or other event that renders it impractical or impossible to determine TSR for such company, then such company shall be removed from the peer group by the Committee, and all future determinations with respect to the Company's performance shall be made by the Committee with all remaining companies that comprise the peer group, provided that the Committee shall have the right to replace such eliminated group for purposes of calculating the Company's TSR performance for any Performance Periods which have not yet commenced.

8. Withholding Tax. Participant may be subject to withholding taxes as a result of delivery of shares of stock or payment of cash upon payment of Awards. Unless the Committee permits otherwise, Participant shall pay to the Company in cash, promptly when the amount of such obligations become determinable, all applicable federal, state, local and foreign withholding taxes that the Company in its discretion determines result from such payments. Unless the Committee otherwise determines and subject to such rules and procedures as the Committee may establish, Participant may make an election to have settlement of Awards withheld by the Company upon settlement thereof or to tender shares of Stock to the Company to pay the amount of tax that the Company in its discretion determines to be required so to be withheld by the Company, subject to satisfying any applicable requirements for compliance with Section 16(b) of the Securities and Exchange Act of 1934, as amended. Any shares of Stock or other securities so withheld or tendered will be valued as of the date they are withheld or tendered, provided that Stock shall be valued at Fair Market Value on such date. Unless otherwise permitted by the Committee, the value of shares withheld or tendered may not exceed the required federal, state, local and foreign withholding tax obligations as computed by the Company.

9. Governing Law. This Agreement shall be governed by the laws of the State of Ohio, without regard to conflict of law principles.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

STRUCTURAL DYNAMICS RESEARCH
CORPORATION

By: ______________________________

Participant hereby accepts and agrees to be bound by all of the terms and conditions of this Agreement and the Plan.

____

Exhibit A

SDRC: Total Shareholder Return Plan

The group of comparator companies against which SDRC's performance is evaluated for each Performance Period is as follows:

Adobe Systems Incorporated
Agile Software Corporation
ANSYS, Inc.
Autodesk, Inc.
Ariba, Inc.
BEA Systems, Inc.
Dassault Systemes
MacNeal Schwendler
MatricOne, Inc.
Mechanical Dynamics, Inc.
Mercator
Novell, Inc.
Parametric Technology Corporation
Technomatix Technologies Ltd.
TIBCO Software Inc.
Unigraphics Solutions Inc.
Webmethods, Inc.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

STRUCTURAL DYNAMICS RESEARCH CORPORATION

Date: August 14, 2001

By: /s/ Jeffrey J. Vorholt
Jeffrey J. Vorholt,
Vice President,
Chief Financial Officer and Treasurer

* Pursuant to the last sentence of General Instruction G to Form 10-Q, Mr. Jeffrey J. Vorholt has executed this Quarterly Report on Form 10-Q both on behalf of the registrant and in his capacity as its principal financial and accounting officer.