Annual Report 2011

Annual Financial Report

This document is an English-language translation of Dassault Systèmes' *Document de référence* (registration document), which was filed with the AMF (French Financial Markets Authority) on March 29, 2012, in accordance with Articles 212-13 of the AMF General Regulation.
Only the French version of the *Document de référence* is legally binding.

This Annual Report also includes:

– **the annual financial report to be prepared and published by every listed company within four months of the end of its fiscal year, pursuant to article L. 451-1-2 of the Monetary and Financial Code and article 222-3 of the AMF General Regulation, and**

– **the annual management report of the Company's Board of Directors, which must be provided to the general shareholders' meeting approving the financial statements for each completed fiscal year, pursuant to articles L. 225-100 *et seq.* of the French Commercial Code.**

The index set forth below provides cross-references to the relevant portions of these two reports.

All references to "euro" or to the symbol "€" refer to the legal currency of the French Republic and certain countries of the European Union. All references to the "U.S. dollar" or to the symbol "$" refer to the legal currency of the United States of America.

As used herein, "Dassault Systèmes", the "Company" or the "Group" refers to Dassault Systèmes SA and all the companies included in the scope of consolidation. "Dassault Systèmes SA" refers only to the French parent company of the Group.

In compliance with article 28 of European Regulation nº 809/2004 of the Commission, the following information is incorporated by reference in this Annual Report:

- the consolidated financial statements on pages 114 to 149 (inclusive), the parent company financial statements on pages 150 to 173 (inclusive), and the related audit reports on pages 174 to 179 (inclusive) of the English-language translation of the registration document for the year 2010 filed with the AMF (French Financial Markets Authority) on April 1, 2011, under nº D.11-0213;
- the financial information on pages 42 to 55 (inclusive) of the registration document for the year 2010 filed with the AMF on April 1, 2011, under nº D.11-0213;
- the consolidated financial statements on pages 95 to 128 (inclusive), the parent company financial statements on pages 129 to 150 (inclusive), and the related audit reports on pages 152 to 158 (inclusive) of the English-language translation of the registration document for the year 2009 filed with the AMF (French Financial Markets Authority) on April 1, 2010, under nº D.10-0206; and
- the financial information on pages 40 to 54 (inclusive) of the registration document for the year 2009 filed with the AMF on April 1, 2010, under nº D.10-0206.

The portions of these documents which are not incorporated herein are either not relevant for current investors, or are covered in another section of this Annual Report.

Contents

The table of contents below follows the nomenclature set forth in Annex I of the European Regulation n° 809/2004 applying the European Directive known as the "Prospectus Directive" 2003/71/CE.

CROSS-REFERENCE TABLE

In order to make it easier to read this document, the cross-reference table below identifies in this Registration document:

– the information included in the annual financial report which must be published by listed companies in accordance with the provisions of the French Monetary and Financial Code, which reflects the transposition of the European Directive known as the "Transparency Directive" 2004/109/CE; and

– the information included in the annual management report which must be prepared by the Company's Board of Directors, as required by articles L. 225-100 *et seq.* of the French Commercial Code.

"TRANSPARENCY DIRECTIVE" ANNUAL FINANCIAL REPORT	REGISTRATION DOCUMENT	PAGE
1. PARENT COMPANY FINANCIAL STATEMENTS	Paragraph 20.3	150
2. CONSOLIDATED FINANCIAL STATEMENTS	Paragraph 20.1	115
3. MANAGEMENT REPORT	See "Annual Management Report" below	
4. DECLARATION OF RESPONSIBILITY	Paragraph 1.2	6
5. STATUTORY REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS	Paragraph 20.4.1	174
6. STATUTORY REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS	Paragraph 20.4.2	176
7. FEES PAID TO INDEPENDENT AUDITORS	Chapter 2	7

ANNUAL MANAGEMENT REPORT – L. 225-100 *ET SEQ* OF THE FRENCH COMMERCIAL CODE	REGISTRATION DOCUMENT	
1. GROUP BUSINESS REPORT	Chapters 6 and 9	25 and 46
2. BUSINESS AND RESULTS OF OPERATIONS OF THE PARENT COMPANY DASSAULT SYSTEMES SA	Chapter 7 and Paragraph 20.3	35 and 150
3. RISK FACTORS	Chapter 4	9
4. EQUITY HOLDINGS – CONTROLLED COMPANIES – SUBSIDIARIES	Chapter 7	35
5. SOCIAL AND ENVIRONMENTAL INFORMATION	Paragraphs 17.1, 8.2 and 8.3	92, 37 and 38
6. ADMINISTRATIVE AND MANAGEMENT BODIES	Chapters 14, 15 and 16 and Paragraphs 17.2, 20.4.3 and 26.1	63, 70, 81, 108 177 and 196
7. SHARE CAPITAL	Chapters 18 and 21	111 and 181
8. EXPLANATION OF THE RESOLUTIONS PROPOSED BY THE BOARD OF DIRECTORS	Paragraph 26.1	196
9. PRESENTATION OF THE RESOLUTIONS PROPOSED BY THE BOARD OF DIRECTORS TO THE GENERAL MEETING OF SHAREHOLDERS	Paragraph 26.2	199
10. SUMMARY OF CURRENT DELEGATIONS TO THE BOARD OF DIRECTORS AND THEIR USAGE DURING THE YEAR 2011	Paragraph 21.1.3	183
11. SELECTED FINANCIAL INFORMATION OVER FIVE YEARS	Paragraph 20.3.2	174
12. REPORT OF THE CHAIRMAN OF THE BOARD ON CORPORATE GOVERNANCE AND INTERNAL CONTROL	Paragraph 16.1	81
13. INFORMATION REQUIRED BY ARTICLE L. 225-100-3	Paragraph 16.1	81
14. INFORMATION ON THE PAYMENT CYCLES FOR SUPPLIERS	Paragraph 20.3; Note 13 to the Parent Company Financial Statements	166
15. INFORMATION REGARDING COMPANY SHARES	Paragraph 21.1.4	184

CHAPTER 1 – PERSON RESPONSIBLE

1.1 Person Responsible for the Registration Document

Bernard Charlès – Directeur Général (President and Chief Executive Officer).

1.2 Certification by the Person Responsible for the Registration Document

Vélizy-Villacoublay, March 29, 2012

"I hereby certify, after having taken all reasonable measures for this purpose, that the information contained in this registration document is, to my knowledge, in accordance with the facts and that no information liable to affect its significance has been omitted.

I certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a faithful representation of the assets, financial situation and results of Dassault Systèmes SA and all the companies included in the scope of consolidation, and that the "Management Report" included in this annual report, as indicated in the cross-reference index above, presents a faithful representation of the business trends, results and financial situation of Dassault Systèmes SA and all the companies included in the scope of consolidation as well as a description of the principal risks and uncertainties which they face.

I have received a completion letter (*lettre de fin de travaux*) from the auditors stating that they have verified the information regarding the financial situation and the financial statements included in this Registration Document and that they have read this document in its entirety.

The consolidated financial statements for the year 2010 are covered by a report of the statutory auditors, set forth on page 175 of the English-language translation of the registration document for the year 2010, which contains an observation."

President and Chief Executive Officer

Bernard Charlès

CHAPTER 2 – STATUTORY AUDITORS

Principal Statutory Auditors

PricewaterhouseCoopers Audit, member of the Compagnie Régionale des Commissaires aux comptes de Versailles, 63, rue de Villiers – 92200 Neuilly-sur-Seine, represented by Pierre Marty, whose first mandate began on June 8, 2005 and was renewed on May 26, 2011 for a period of six fiscal years expiring at the General Meeting of Shareholders approving the financial statements for the fiscal year ending on December 31, 2016.

Ernst & Young et Autres, member of the Compagnie Régionale des Commissaires aux comptes de Versailles, 1/2, place des Saisons 92400 Courbevoie – Paris-La Défense 1, represented by Jean-François Ginies, was appointed on May 27, 2010 to replace Ernst & Young Audit; this mandate will expire at the General Shareholders' Meeting approving the financial statements for the fiscal year ending on December 31, 2015.

Deputy Statutory Auditors

Yves Nicolas, 63, rue de Villiers – 92200 Neuilly-sur-Seine, whose mandate began on May 26, 2011 for a period of six fiscal years expiring at the General Shareholders' Meeting approving the financial statements for the fiscal year ending on December 31, 2016.

The company Auditex, 1/2, place des Saisons 92400 Courbevoie – Paris-La Défense 1, whose mandate was renewed on May 27, 2010 and will expire at the General Shareholders' Meeting approving the financial statements for the fiscal year ending on December 31, 2015.

Principal Accountants Fees and Services

The following table presents the amount of fees paid to each of the Company's principal statutory auditors in 2011 and 2010:

	PricewaterhouseCoopers				Ernst & Young et Autres			
	Amount		%		Amount		%	
(In thousands)	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Audit								
Audit opinion, review of statutory and consolidated financial statements[1]:								
– Issuer	€1,027	€1,091	42.4%	36.6%	€218	€214	44.8%	21.9%
– Other consolidated subsidiaries	1,342	1,354	55.5%	45.4%	113	163	23.2%	16.7%
Other audit-related services[2]:								
– Issuer	–	480	–	16.1%	115	–	23.6%	–
– Other consolidated subsidiaries	–	7	–	0.2%	–	7	–	0.7%
Subtotal	***2,369***	***2,932***	***97.9%***	***98.3%***	***446***	***384***	***91.6%***	***39.3%***
Other services[3]								
Legal, tax, social	50	50	2.1%	1.7%	41	592	8.4%	60.7%
Subtotal	***50***	***50***	***2.1%***	***1.7%***	***41***	***592***	***8.4%***	***60.7%***
Total	**€2,419**	**€2,982**	**100.0%**	**100.0%**	**€487**	**€976**	**100.0%**	**100.0%**

(1) Audit fees consist of fees billed for the annual audit services engagement and other audit services for the years ended December 31, 2011 and 2010, which are those services that only the statutory auditor reasonably can provide, and include the Group audit; statutory audits; consents; attest services; and services provided in connection with documents filed with the French market authorities (AMF).

(2) Audit-related fees generally consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements or that are traditionally performed by the statutory auditor, and include due diligence services related to acquisitions, consultations concerning financial accounting and reporting standards, attestation services not required by statute or regulation, and information system reviews. In 2010, they primarily included fees related to the acquisition of IBM PLM.

(3) Fees billed by members of the statutory auditors' respective networks to consolidated subsidiaries are related to: local and international tax compliance services, including the review of tax returns and tax services regarding statutory, regulatory or administrative developments and expatriate tax assistance and compliance. In 2010, they also included fees related to the review of certain tax matters in connection with the IBM PLM acquisition.

CHAPTER 3 – SELECTED FINANCIAL INFORMATION

The selected financial information set forth below has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union, unless otherwise indicated.

	Year ended December 31,		
(in millions, except percentages and per share data)	**2011**	**2010**	**2009**
Revenue	€1,783.0	€1,563.8	€1,251.3
Operating Income	427.9	322.0	231.0
As a percentage of total revenue	*24.0%*	*20.6%*	*18.5%*
Net Income attributable to shareholders	289.2	220.5	169.7
Diluted Net Income Per Share	€2.33	€1.82	€1.43
Dividend paid (per share)	€0.70[1]	€0.54	€0.46
Supplemental non-IFRS Financial Information[2]			
Revenue	€1,783.5	€1,580.0	€1,252.8
Operating Income	542.6	451.7	313.7
As a percentage of total revenue	*30.4%*	*28.6%*	*25.0%*
Net Income attributable to shareholders	362.1	302.6	221.0
Diluted Net Income Per Share	€2.92	€2.50	€1.86

(1) Dividends for 2011 will be proposed for approval at the annual General Shareholders' Meeting scheduled for June 7, 2012.

(2) Readers are cautioned that the supplemental non-IFRS financial information is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered in isolation from or as a substitute for IFRS measurements. The supplemental non-IFRS financial information should be read only in conjunction with the Company's consolidated financial statements prepared in accordance with IFRS. Furthermore, its supplemental non-IFRS financial information may not be comparable to similarly titled adjusted measures used by other companies. For a reconciliation of this non-IFRS financial information with the Company's audited financial statements, see paragraph 9.1.2 "Supplemental non-IFRS financial information".

	Year ended December 31,		
(in millions)	**2011**	**2010**	**2009**
ASSETS			
Cash, cash equivalents and short-term investments	€1,423.0	€1,139.1	€1,058.0
Trade accounts receivable, net	494.3	413.5	322.3
Other assets	1,599.5	1,519.2	919.4
Total assets	***3,516.8***	***3,071.8***	***2,299.7***
LIABILITIES			
Long-term financial debt	72.4	293.4	200.0
Other liabilities	1,378.2	987.6	652.0
Parent shareholders' equity	2,066.2	1,790.8	1,447.7
Total Liabilities	***€3,516.8***	***€3,071.8***	***€2,299.7***

CHAPTER 4 – RISK FACTORS

4.1 Risks Related to the Company's Business

Uncertain global economic environment

In light of the highly uncertain economic, business and social conditions at the global level, the Company's revenue, net earnings and cash flows may grow more slowly, whether on an annual or quarterly basis, due to the following factors:

– the deployment of a Product Lifecycle Management ("PLM") solution may represent a large portion of a customer's investments in software technology. Decisions to make such an investment are impacted by the economic environments in which the customers operate. Uncertain global economic conditions and the lack of visibility may cause some customers to reduce, postpone or terminate their investments in information technology, or to reduce or terminate on-going paid maintenance for their installed base. Such situations may impact the Company's revenues;

– the automotive, aerospace and industrial equipment industries, which represent a significant share of the Company's revenue, have been and will continue to be impacted by the current economic context; and

– the sales cycle of PLM products – already relatively long due to the strategic nature of such investments for customers – could further lengthen due to the uncertain global economic context.

The Company's current outlook for 2012 takes into consideration, among other things, an uncertain macroeconomic outlook, but if global economic and business conditions further deteriorate, the Company's business results may not develop as currently anticipated and may decline below their earlier levels for an extended period of time. Furthermore, due to factors affecting sales of the Company's products and services as described above, there may be a substantial time lag between an improvement in global economic and business conditions and an upswing in the Company's business results.

The current economic context together with high exchange rate volatility and tighter credit conditions may also adversely impact the financial situation or financing capabilities of the Company's potential and existing customers, reseller network and technology partners, some of whom may be forced to cease operations due to cash flow and profitability issues. The Company's ability to collect outstanding receivables may be affected. In addition, the uncertain economic environment could generate increased price pressure, as customers seek lower prices from various competitors, which could negatively impact the Company's revenue, financial performance and market position. Price pressure may have particularly negative consequences in geographic markets subject to inflation.

Finally, given the increased stresses on public finances, an increase in tax pressure resulting from either the modification or application of current tax structures, or the creation of new taxes could have a negative effect on the Company's business results.

To limit the impact of the economic environment on its business and financial results, the Company continues to further diversify its customer base through expanding its presence in new business sectors and new geographic markets, and it is also continuing to control costs throughout the Company.

Challenges to the Company's intellectual property rights

The Company's success is heavily dependent upon its proprietary software technology. The Company relies on a combination of copyright, patent, trademark, trade secret law and contractual restrictions to protect the proprietary aspects of its technology. These legal protections afford only limited protection. In addition, effective copyright, patent, trademark and trade secret protection may be unavailable or limited in certain countries where intellectual property ("IP") rights are less protected than in the United States or Western Europe.

If, despite the Company's strategies for protecting its intellectual property, certain third parties are able to develop similar technology, a reduction in the Company's software revenues may result. Furthermore, although the Company enters into confidentiality and license agreements with its employees, distributors, customers and potential customers, and limits access to and carefully controls the distribution of its software, documentation and other proprietary information, the measures taken may not be adequate to deter misappropriation or prevent independent third-party development of the Company's technology.

In addition, like most of its competitors, the Company faces an increasing level of piracy of its lead products, by both individuals and groups acting worldwide, which could potentially affect the Company's growth in specific markets.

Litigation may be necessary to enforce the Company's intellectual property rights and determine the validity and scope of the proprietary rights of third parties. Any litigation could result in substantial costs and diversion of Company resources and could seriously harm the Company's operating results. The Company may not prevail in any such litigation and its intellectual property rights may be found invalid or unenforceable.

In order to protect its intellectual property, the Company regularly registers patents for its most advanced innovation and systematically registers copyrights. The Company continues to strengthen its anti-pirating strategy, which is proving effective.

Infringement of third-party intellectual property rights and licensing of third-party technology

Third parties, including the Company's competitors, may own or obtain copyrights, patents or other proprietary rights that could restrict the Company's ability to further develop, use, or sell its own product portfolio. Dassault Systèmes has received, and may in the future receive, letters of complaint alleging that its products infringe the patents and other intellectual property rights of others. Such claims could cause the Company to incur substantial costs to defend itself in any litigation which may be brought, regardless of its merits. If the Company fails to prevail in intellectual property litigation, it may be required to:

- cease making, licensing or using the products or services that incorporate the challenged intellectual property;
- obtain and pay for licenses from the holder of the infringed intellectual property right, which might not be available on acceptable terms for Dassault Systèmes, if at all; or
- redesign its products, which could involve substantial costs and require the Company to interrupt product licensing and product releases, or which might not be feasible at all.

In addition, the Company embeds in its products an increasing number of third-party components selected either by the Company itself or by companies which it acquires over time. Although Dassault Systèmes has implemented strict approval processes to certify the originality of third-party components and verify any corresponding licensing terms, the same approval processes may not have been adopted by companies acquired by Dassault Systèmes. As a result, the use of third-party embedded components in the Company's products generates exposure to the risk that a third party will claim that these components infringe their intellectual property rights. Also, due to the use of third-party components, there is also a risk that such license(s) might expire or terminate without renewal affecting certain Company products.

If any of the above situations were to occur for a significant product, it could have a material adverse impact on the Company's financial condition and results of operations.

The Company seeks to limit this risk through a process for certifying the origins of its products with respect to intellectual property.

Security of internal systems and facilities

The Company's research and development ("R&D") facilities are computer-based and rely entirely on the proper functioning of complex software and integrated hardware systems. However, it is not possible to guarantee the uninterrupted operation and complete security of these systems. For example, the invasion of the Company's computer-based systems by either computer hackers or industrial pirates could interfere with their proper functioning and cause substantial damage, loss of data or delays in on-going research and development activities. Computer viruses, whether deliberately or unintentionally introduced, could also cause similar damage, loss or delays. As many of the Company's systems include advanced or state-of-the-art functionalities, computer bugs or design errors could also cause malfunctions.

In addition, because the Company's key facilities are located in a limited number of sites, including Japan and California, which may be exposed to earthquakes, substantial physical damage to any one of the Company sites, by natural causes or by attack or local violence, could materially reduce its ability to continue its normal business operations.

If any of these circumstances were to arise, the resulting damage, loss or delays could have a material negative impact on the Company's business, results of operations and financial condition.

The Company therefore maintains an IT security framework, including intrusion protection, data storage back-up and restricted access to critical and sensitive information, and also subscribes to insurance policies covering these risks (see paragraph 4.3 "Insurance").

Product errors or defects

Sophisticated software often contains errors, defects or other performance problems when first introduced or when new versions or enhancements are released. If the Company is not able to correct in a timely manner errors or defects discovered in its current or future products or provide an adequate response to its customers, the Company may need to expend significant financial, technical and management resources, or divert some of its development resources, to resolve or work around those defects. The Company may also incur an increase in its service and warranty costs.

Errors, defects or other performance problems in the Company's products may also result in the loss of, or delay in, the market acceptance of its products or postponement of customer deployment. Such difficulties could also cause the Company to lose customers and, particularly in the case of its largest customers, the potentially substantial associated revenues which would have been generated by its sales to companies participating in the customer's supply chain. Technical problems, or the loss of a customer with a particularly important global reputation, could also damage the Company's own business reputation and cause the loss of new business opportunities.

Because errors, defects or other performance problems in the Company's software could result in significant financial or other damage to its customers, such customers could pursue claims against the Company. A product liability claim brought against Dassault Systèmes,

even if not successful, would likely be time consuming for its management and costly to defend and could adversely affect the Company's marketing efforts.

To reduce the risk of product errors or defects, the Company carries out advanced testing on its new products, releases, and versions prior to market launch, sometimes in cooperation with carefully selected customers and partners.

The Company also subscribes to an "Errors & Omissions" insurance policy covering possible defects in its products, although insurance carried by the Company may only partially offset the cost of correcting significant errors (see paragraph 4.3 "Insurance").

Currency fluctuations

The Company's results of operations have been, and may in the future be, significantly affected by changes in exchange rates. Exchange rate fluctuations can impact revenues and expenses recorded in the Company's statement of income upon translation of other currencies into euro. Although the Company currently benefits from a natural coverage of most of its exposure to U.S. dollars from an operating margin perspective, the loss of revenue if the dollar weakens may still negatively impact the Company's operating income, net income and earnings per share. In addition, the Company's revenues denominated in Japanese yen, Korean won and British pound substantially outweigh its expenditures in these currencies. As a result, the Company's financial results are exposed to a potential depreciation in the value of these currencies relative to the euro, which could adversely affect the Company's revenue, as well as its operating income, operating margin, net income and earnings per share.

The Company's net financial revenue can also be significantly affected by changes in exchange rates between the time the revenue is recognized and when cash payments are received, and between the time an expense is recorded and when it is paid. Any such differences are accounted for in the "Exchange gain/loss" portion of the Company's financial revenue.

To address the risks created by currency fluctuations, the Company carries out hedging operations on a case-by-case basis (see paragraph 4.2.2 "Foreign Currency Exchange Risk").

Since market growth rates for the Company's software applications and the revenue growth rates of its significant competitors are computed in U.S. dollars, such growth rates from period to period may not be comparable to the Company's euro-computed revenue growth rates for the same periods.

Finally, in the current economic and political context of high stress on sovereign debt and financial institutions, the quality of the Company's counter-parties may be subject to downgrading, and the continued existence of a European currency could, in some scenarios, become uncertain. Although the consequences of such an extreme scenario are difficult to predict or anticipate, the Company has nevertheless adopted a strengthened review of the quality of its investments and remains vigilant as to the liquidity of its assets (see paragraphs 4.2.3 "Liquidity Risk" and 4.2.4 "Credit or Counterparty Risk").

Development of a new services offering for "cloud computing"

Dassault Systèmes is developing and distributing a services offering for the on-line use of certain of its products (Software as a Service) based on a "cloud computing" infrastructure. As a result, Dassault Systèmes will manage data hosting on behalf of its customers. The Company will thus be responsible for the solutions provided and will have increased responsibility toward its clients, particularly as concerns uninterrupted access to the on-line service and confidentiality for hosted data.

The progressive roll out of these services and their distribution also involves the deployment of new support and management processes (for example, processing orders and billing). The Company will also become exposed to a complex legal environment and could have increased risk regarding regulatory compliance in the countries where it has operations.

In case of difficulties in providing its clients with on-line services under satisfactory conditions, the Company's revenues, results of operations and competitive position, as well as the reputation of Dassault Systèmes, could be negatively affected.

The Company is seeking to minimize these risks by developing alliances with partners with recognized technical capabilities, and by simulating and controlling, to the extent possible, the technical, legal, and financial consequences of processes put in place to serve its customers.

Retention of key personnel and executives

The Company's success depends to a significant extent upon the continued service of its key managers and highly qualified research and development, technical support, sales management and other personnel, and on its ability to continue to attract, retain and motivate qualified personnel. In particular, if the Company fails to hire on a timely basis and retain highly skilled sales forces, the expansion of the sales organization could be hindered, which would slow revenue growth. The competition for such employees is intense, and if the Company loses the ability to hire and retain key employees and executives with a diversity and high level of skills in appropriate domains (such as research and development and sales), it could have a material adverse impact on its business activities and operating results. The Company does not maintain insurance with respect to the loss of key personnel.

In order to limit this risk, the Company has put in place training, career development and long-term compensation incentives to attract and retain key personnel, and has also diversified its research and development resources in different regions of the world. The identification of key personnel also constitutes an important step in the process of integrating newly acquired companies into the Company.

Rapidly changing and complex technologies

PLM solutions are characterized by the use of rapidly changing technologies and frequent new product introductions or enhancements. These solutions must address complex engineering needs in various areas of product design, simulation and manufacturing, and must also meet sophisticated process requirements in the areas of change management, industrial collaboration and cross-enterprise work.

As a result, the Company's success is highly dependent upon its ability:

- to understand its customers' complex needs in different business sectors, and support them in reengineering key product lifecycle processes and managing the migration of substantial amounts of data;
- to enhance its existing solutions by developing more advanced technologies;
- to anticipate and take timely advantage of quickly evolving technologies; and
- to introduce new solutions in a cost-competitive and timely manner.

The Company also continues to face the challenge of the increasingly complex integration of its products' different functionalities to address customers' PLM requirements. As a result, longer and more difficult industrialization work is required for new releases and offerings, with limitations on the options for interfacing with third-party systems installed at the customer. In addition, if the Company is not successful in anticipating technological leaps and developing new solutions and services that address its customers' increasingly sophisticated expectations, demand for its products could decline, and the Company's results of operations and financial condition could be negatively affected.

To limit this risk and keep abreast or ahead of technological developments which may affect its products, the Company commits substantial resources to the development of new offerings, and it maintains close and regular contacts with its key customers to identify and capture their emerging needs. In addition, the Company provides training courses to its research and development teams on new technologies. Complementing its internal research and development, the Company seeks to maintain an active monitoring of third-party technologies that it might acquire to improve its technology offerings where appropriate.

Competition and pricing pressure

In the past few years, there has been consolidation in the Company's historical software markets, which may lead to the adoption by competitors of business models different from Dassault Systèmes' model and thus a substantial decline in pricing which could require the Company to adapt to a substantially different commercial environment. These competitive pricing pressures could cause competitive wins by competitors and could negatively impact the Company's revenue, financial performance and market position.

In addition, by regularly expanding its product portfolio, entering new geographic markets, diversifying its client base in new sectors of activity, and developing new applications for its products, the Company encounters new competitors. Such competitors could have, as a result of their size or prior presence in these markets, financial, human or technological resources not readily available to the Company. The Company's ability to expand it competitive position may thus be reduced.

In the event the Company has difficulties setting up the infrastructures needed to manage its businesses and the new competitive context, the revenues, results of operations, competitive position and reputation of Dassault Systèmes could be negatively impacted.

Legal proceedings

As a result of its business activity, the Company is subject to a variety of claims and lawsuits. The Company's risk of litigation and administrative proceedings increases as it expands its activities, enhances its position and visibility on the software market and develops new approaches to its business, particularly in connection with online activities. Litigation can be lengthy, expensive, and disruptive to the management of Company operations. Results cannot be predicted with certainty, and adverse outcomes in some or all of the claims pending against the Company may result in significant monetary damages or injunctive relief against the Company that could adversely affect its ability to conduct business. While, based on current knowledge, management believes that resolving any outstanding matters, individually or in the aggregate, will not have a material adverse impact on the Company's financial position or results of operations, litigation and other claims are by their nature subject to uncertainties. Actual outcomes of litigation and other claims may differ from management expectations, which could result in a material adverse impact on the Company's financial position and results of operations.

The Company's legal department, assisted by technical experts, monitors on a regular basis all outstanding claims and litigations, some of which may be covered by insurance (see paragraphs 20.8 "Legal and Arbitration Proceedings" and 4.3 "Insurance").

Complex regulatory environment

Due to the global reach of the Company's operations and its listing on the Paris stock exchange, the Company is subject to complex and rapidly evolving laws, regulations and requirements. The complex laws and regulations to which the Company is subject apply to general business practices, competitive practices, financial reporting standards, corporate governance, internal controls, local and international tax regulations and export compliance for high technology products. The Company seeks to have fully compliant practices and requires its subsidiaries to respect the regulations of the countries where they have activities. The failure or suspected failure to comply with any of these regulations may result in increased regulatory scrutiny through inquiries or investigations, adverse media attention and fines and sanctions, as well as an increase to the Company's litigation risk or limits on the Company's business operations. A number of these adverse consequences could occur even if it is ultimately determined that there has been no failure to comply. There can be no assurance that additional regulation in any of the jurisdictions in which the Company currently operates, or may operate in the future, would not significantly increase the cost of regulatory compliance.

Personnel within the financial and legal departments attend regular training to stay abreast of regulatory or related issues, and the Company consults outside experts to validate the compliance of some of its practices with existing rules and regulations.

Difficulties in relationships with extended enterprise partners

The Company's PLM strategy requires fully integrated solutions of computer-aided design ("CAD"), simulation and manufacturing and data management products, which are increasingly complex and whose installation at the customer have become significant enterprise projects. To implement its PLM strategy, Dassault Systèmes has developed an extended enterprise model and partners with other companies in areas such as:

- computer hardware and technology, to maximize benefits from available technology;
- product development, to enable software developers to create and market their own software applications using Dassault Systèmes' key product architecture; and
- consulting and services, to support and accompany customers as needed to adapt and deploy PLM solutions.

The Company believes that its partnering strategy allows it to benefit from complementary resources and skills and to reduce costs while achieving broader market coverage.

The Company's broad partnering strategy nevertheless creates a degree of dependency on such partners. The Company's ability to develop partnership relationships, particularly with systems integrators to deploy the new V6 version of its products, is an important element of its PLM strategy. Serious difficulties in the Company's relationships with its partners, or an unfavorable change of control of these partners, may adversely affect the Company's product and business development, and could cause it to lose the contribution of the employees or contractors of the Company's partners, particularly in the area of research and development. In addition, any failure by the Company's partners to deliver products of the quality or according to the timing expected may cause delays in the delivery of, or deficiencies in, the Company's own products.

Due to the rapid evolution of the software development and distribution sectors, it is difficult to ensure the long-term success of the relationship with any particular partner. However, whenever entering into a relationship with a new partner, the Company carefully considers the potential new partner's technical and financial viability.

Organizational and management challenges arising from the evolution of the Company

Dassault Systèmes has continued to expand through acquisitions and internal development. The Company's significant growth in revenues, employees, operations and customers requires the ongoing adaptation of management policies and internal systems which must be coordinated to meet the needs of a larger, more complex structure. The Company must also continue to reorganize itself to maintain efficiency and remain focused on its strategy, while ensuring customer retention. If the Company does not address these issues effectively and on a timely basis, the Company's product development, internal processes, cost management and commercial operations may experience inefficiencies or fail to satisfy adequately market or customer demands, which could negatively impact its business and results of operations.

In addition, in order to realize acquisitions or investments, the Company may use significant financial resources, make potentially dilutive issuances of equity securities or incur debt. The acquisitions may also cause the Company to incur amortization expenses related to intangible assets other than goodwill, or generate goodwill subject to annual (or more frequent, if necessary) impairment tests, which may trigger depreciation. Minority interests in unaffiliated partners or other investments may also have to be written down in the Company accounts as a result of impairment. Acquired companies may also carry the risk of unanticipated or contingent liabilities, including litigation risk related to prior events (for example, see above the risk of claims that embedded components violate third party intellectual property rights). Each of these potential consequences of an investment or acquisition could reduce the Company's operating margin or net income. Also, due to local regulatory constraints, a planned acquisition might not be realized as anticipated or at all.

The Company seeks to adjust on a regular basis its organization and management model to support its current level of growth. During 2011, the Company decided to strengthen its organization by industry to better understand the needs of its customers and more effectively demonstrate the value which it brings.

International operations

As a global participant in the software industry, the Company's business is subject to certain risks inherent in international operations that are beyond its control. These risks include tariffs, duties, export controls and other trade barriers, unexpected changes in regulatory requirements and applicable laws, and political and economic instability in certain countries. Any of these factors could harm the Company's operating results. There can be no assurance that the Company will not experience material adverse effects with respect to its international operations and sales.

The Company seeks to ensure compliance with applicable regulations by employee training and regular audits of its subsidiaries around the world.

Variability in quarterly operating results

The Company's quarterly operating results have in the past varied significantly, and may vary significantly in the future, depending on factors such as:

- the timing and cyclical nature of revenues received due to the signing of important new customer orders, the completion of major service contracts or the completion of customer deployments;
- the timing of any significant acquisitions or divestitures;
- fluctuations in foreign currency exchange rates;
- the Company's ability to develop, introduce and market new and enhanced versions of its products and customer order deferrals in anticipation of these new or enhanced products;
- the number, timing and significance of product enhancements or new products that the Company develops or that are released by its competitors; and
- general conditions in the Company's software markets, the software industry generally and computer industries and regional economies.

A substantial portion of the Company's orders and shipments typically occurs in the last month of each quarter and therefore, if any delay occurs in the timing of the order, the Company may experience significant quarterly fluctuations in its results of operations. Additionally, as is typical in the software applications industry, the Company has historically experienced its highest licensing activity for the year during the last quarter of the year. Delays in orders and shipments can also affect the Company's revenue and income.

The trading price of the Dassault Systèmes' shares may be subject to wide fluctuations in response to quarterly variations in the Company's operating results and the operating results of other software applications developers in the Company's markets.

Technology stock volatility

Under conditions of increased market uncertainty, the trading price of the Company's shares is likely to be volatile. The market for shares of technology companies has historically been more volatile than the stock market overall.

Shareholder base

Groupe Industriel Marcel Dassault SAS ("GIMD"), which represents the interests of some of the Company's founding shareholders, owned 42.15% of the Company's outstanding shares, representing 51.73% of the voting rights, as of December 31, 2011. As more fully described in Chapter 18 "Major Shareholders", GIMD plays a decisive role with respect to matters submitted to shareholders, including the election and removal of directors and the approval of any merger, consolidation or sale of all or substantially all of the Company assets.

4.2 Market Risk

The Company's overall risk management policy is based upon the prudent management of the Company's market risks, primarily interest rate risk and foreign currency exchange risk. The Company's programs with respect to the management of these risks, including the use of hedging instruments, are discussed below. The Company's exposure to these risks may change over time and there can be no assurance that the benefits of the Company's risk management policies will exceed the related costs. Such changes could have a materially adverse impact on the Company's financial results.

Information in this section is complementary to the notes to the Company's consolidated financial statements with respect to information required by IFRS 7 "Financial Instruments: Disclosures", and is covered by the statutory auditors' report on the consolidated financial statements.

4.2.1 Interest Rate and Equity Risk

Except for their impact on the general economic environment, which is difficult to quantify, the Company believes that changes in interest rates in 2011 did not materially affect its revenue and earnings before financial income. Similarly, interest rates are not expected to affect its business or future earnings before financial income. Therefore, the Company's interest rate risk is primarily a risk related to a reduction of financial revenue.

The Company generates positive cash flows from operations and has some financial obligations (e.g., credit lines, loan facilities, employee profit-sharing), but the Company's cash position net of debt is positive throughout the year. Certain entities of the Company may find themselves in a bank overdraft position on one or more of their bank accounts on occasion as a result of timing differences which may arise between expected value dates and actual dates of receipt or disbursement of funds. These differences do not concern significant amounts. The interest rate applied is a variable short-term market rate.

In December 2005, the Company signed a 5-year variable rate revolving credit facility for up to €200 million and drew down the entire €200 million from the facility on March 15, 2006. The credit facility included two options for one-year extensions, one of the options having been exercised in 2006 and the other in 2007, with repayment due in December 2012. The Company entered into interest rate swap agreements in connection with this facility which had the economic effect of modifying a portion of forecasted interest obligations relating to this facility so that the interest payable effectively became fixed at 3.36% until September 15, 2010. In June and July 2009, the Company entered into two additional interest rate swap agreements for a nominal amount of €100 million each that fixed the underlying interest payable at 3.18% and 2.98%, respectively, from September 15, 2010, through December 3, 2012. In April 2010, the Company entered into interest rate basis swap agreements for a nominal amount of €200 million converting variable rates at Euribor 3 months into Euribor 1 month. Under the terms of the credit facility, the Company is subject to limitations on granting liens on, or selling, Company assets or the assets of its principal subsidiaries, and on restructurings involving the Dassault Systèmes SA. A change in control of the Company could trigger early reimbursement of amounts outstanding under the facility.

In April 2010, the Company entered into a term loan facility in Japan for JPY14,500 million (the equivalent of €115.0 million as of the draw date and €101.3 million as of December 31, 2011, following contractual reimbursements, of which €28.9 million were current liabilities as of December 31, 2011) in order to finance a portion of the IBM PLM acquisition. The facility bears interest at Japanese Yen Libor plus 0.60% per annum, and is scheduled to be repaid by the Company in ten equal semi-annual installments, with the last payment being due in June of 2015. In June 2010, the Company entered into interest rate swap agreements for a nominal amount of JPY14,500 million that have the economic effect of modifying forecasted interest obligations relating to this term loan facility so that the interest payable effectively becomes fixed at 0.41% until June 9, 2015.

Financial revenue is composed of interest income from cash, cash equivalents and short-term investments. As a result, it is sensitive to fluctuations in interest rates. As of December 31, 2011, cash and cash equivalents and short-term investments totaled €1,423.0 million, including €1,052.0 million sensitive to fluctuations in interest rates mostly in euro and U.S. dollars. With all other variables held constant, an increase in interest rates of 100 basis points would have had a positive impact in 2011 of €10.1 million on financial income and a decrease in interest rates of 100 basis points would have had a negative impact of €8.7 million. As of December 31, 2010 cash and cash equivalents and short-term investments totaled €1,139.1 million, including €532.9 million sensitive to fluctuations in interest rates mostly in euro and U.S. dollars. With all other variables held constant, an increase in interest rates of 100 basis points would have had a positive impact in 2010 of €3.4 million on financial income, and a decrease in interest rates of 100 basis points would have had a negative impact of €4.0 million.

For cash management purposes, the Company does not directly invest in listed shares, or any material amounts in funds invested primarily in or indexed to stocks. The Company's financial results are therefore not significantly and directly linked to stock market variations.

The following table presents the notional amount and fair value of interest rate financial instruments at December 31, 2011 and 2010:

	Year ended December 31,			
	2011		2010	
(in thousands)	Notional amount	Fair value	Notional amount	Fair value
Interest rate swaps in euros	€200,000	€(3,405)	€200,000	€(6,152)
Interest rate basis swaps in euros	200,000	(188)	200,000	54
Interest rate swaps in Japanese yen	101,297	(446)	120,110	(476)

The Company follows a conservative policy for investing its cash resources, mostly relying on short-term investments. Investment rules are determined and controlled by the treasury department of Dassault Systèmes SA.

4.2.2 Foreign Currency Exchange Risk

The Company's financial position can be affected significantly by movements in USD/euro and JPY/euro exchange rates.

The Company bills its customers in major currencies, principally euros, U.S. dollars and Japanese yen. The Company also incurs expenses in different currencies, principally euros, U.S. dollars and Japanese yen, through the Company's employees and suppliers in different countries. Finally, the Company engages in mergers and acquisitions outside the euro zone and may lend money in different currencies to its fully or partially owned subsidiaries or affiliates. As a result, the Company's results of operations may be significantly affected by changes in exchange rates, particularly between the U.S. dollar or the Japanese yen and the euro.

In 2011, revenue denominated in U.S. dollars represented approximately 37% of total revenue, compared with 36% in 2010. The Company's operating expenses denominated in U.S. dollars represented 36% of total operating expenses in 2011, compared with 40% in 2010.

As a result, the Company's net operating exposure to U.S. dollars was limited to €166.3 million in 2011 (9% of the Company's total revenue). The average value of the U.S. dollar decreased by approximately 5% against the euro in 2011 following an increase of 5% in 2010, resulting in a negative impact on the Company's revenue and operating income in 2011.

In 2011 and 2010, revenue denominated in Japanese yen represented approximately 16% of total revenue. The Company's operating expenses denominated in Japanese yen represented 7% of total operating expenses in both 2011 and 2010.

The Company's net operating exposure to Japanese yen amounted to €190.9 million in 2011 (11% of the Company's total revenue), and this exposure was in part hedged through market instruments at a level of €88.7 million, as further described below. In 2011, the average value of the Japanese yen increased by approximately 5% against the euro, after an increase in value of approximately 12% in 2010, resulting in a positive impact on the Company's revenue and operating income in both years.

Currency fluctuations may impact financial income as well as revenue and expenses. The main items of financial income subject to fluctuations linked to exchange rates are:

- the difference between the exchange rate used to record invoices in foreign currencies and the exchange rate when the Company receives or makes the payment; and
- the revaluation of monetary assets and liabilities denominated in foreign currencies.

For further discussion of the impact of fluctuations in relative currency values on the Company's results, see Chapter 9 "Operating and Financial Review".

The Company usually hedges exchange rate risk related to its revenues and expenses coming from usual and predictable activity arising in the normal course of operations. The Company may also cover occasional exchange rate risk arising from specific transactions, such as acquisitions paid for in foreign currencies. The Company exclusively uses forward agreements or financial instruments with a guaranteed rate when the instruments are put in place. Hedging activities are generally carried out and managed by Dassault Systèmes SA for its own account and on behalf of its subsidiaries. In certain cases, however, the Company can authorize select subsidiaries to enter into hedging instruments directly. All hedging transactions and the Company's net exposure are reported to the Chief Financial Officer on a monthly basis.

The table below sets forth, for the year ended December 31, 2011, the euro value of the Company's revenue, operating expenses and net position, before and after hedging, denominated in U.S. dollars, Japanese yen and other currencies, principally the euro.

	Year ended December 31, 2011		
(in thousands)	U.S. dollars	Japanese yen	Euro and other currencies
Revenue	€651,829	€285,006	€846,208
Operating expenses	485,569	94,062	775,494
Net position	**166,260**	**190,944**	**70,714**
Hedge	–	88,681	–
Net position after hedge	**166,260**	**102,263**	**70,714**

With all other variables held constant, movements in euro/USD exchange rates by +10% or −10% would have had an impact of €(15.1) and €18.5 million on operating income, respectively. In addition, with all other variables held constant, movements in euro/JPY exchange rates by +10% or −10% would have had an impact of €(17.4) and €21.2 million on operating income, respectively.

The following table presents the notional amount and fair market value of foreign currency financial instruments at December 31, 2011 and 2010:

	Year ended December 31,			
	2011		2010	
(in thousands)	Nominal amount	Fair value	Nominal amount	Fair value
Forward exchange contract Japanese yen/euros – sale[1]	€212,141	€(18,105)	€79,681	€(5,851)
Forward exchange contract Japanese yen/U.S. dollars – sale[1]	16,099	(909)	30,124	(1,087)
Collars Japanese yen/euros[1]	14,909	(1,293)	78,650	(3,264)
Forward exchange contract U.S. dollars/Indian rupees – sale[1]	3,626	(439)	–	–
Forward exchange contract British pounds/euros – sale[1]	–	–	2,323	(102)
Forward exchange contract Japanese yen/euros – sale[2]	9,385	165	–	–
Forward exchange contract British pounds/euros – sale[2]	5,673	18	22,969	467
Forward exchange contract Japanese yen/Chinese yuan – sale[2]	248	9	–	–
Forward exchange contract Japanese yen/U.S. dollars – sale[2]	15	5	–	–
Forward exchange contract Japanese yen/euros – purchase[2]	–	–	1,987	11
Forward exchange contract British pounds/euros – purchase[2]	–	–	554	(6)

(1) Instruments entered into by the Company to hedge the foreign currency exchange risk of forecasted sales.

(2) Derivatives not designated as hedging instruments. Changes in the derivatives' fair value were recorded in other financial income and expense in the consolidated statement of income.

Transactions denominated in currencies other than the functional currency of the entity carrying out the transaction are translated into the entity's functional currency using exchange rates determined in accordance with applicable accounting principles. For example, and according to accounting practice, most non-euro transactions originating in France are translated into euros using the average exchange rate of the month preceding the transaction.

When consolidating the revenue and expenses of subsidiaries reporting in currencies other than the euro, the average exchange rate of the period for which the consolidation takes place is used. Assets and liabilities recorded in functional currencies other than the euro are translated into euro equivalents at the rate of exchange in effect on the balance sheet date. In the context of business acquisitions, the

currency exchange rate used is the rate on the date of the acquisition, or on the date the foreign currency used for the acquisition was purchased.

4.2.3 Liquidity Risk

The Company generates positive cash flow from operations. The Company has financial debt (such as credit lines, loan facilities and employee profit sharing in earnings), but has a positive net financial position throughout the year.

The Company thus has a low liquidity risk, as shown by the following tables:

Company financial assets as of December 31, 2011

(in thousands)

Cash and cash equivalents	€1,154,275
Short-term investments	268,693
Total	**1,422,968**

The Company has analyzed the amounts it will be required to pay under its contractual commitments at December 31, 2011. The Company believes that it will be able to meet such obligations.

The following table summarizes the Company's principal contractual obligations to make future payments as of December 31, 2011.

Contractual obligations

		Payments due by period			
(in thousands)	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Operating lease obligations[1]	€385,316	€51,263	€86,436	€78,779	€168,838
Loan facilities[2]	306,275	232,035	59,392	14,848	–
Employee profit-sharing	61,468	51,959	9,509	–	–
Total	**753,059**	**335,257**	**155,337**	**93,627**	**168,838**

(1) Including €165.1 million of future minimum rental payments for the Company's headquarters facilities located in Vélizy, France and €100.7 million of future minimum rental payments for the Company's "DS Boston Campus" in Waltham, outside Boston in the United States of America. See paragraph 8.1.1 "Facilities strategy".

(2) Including interest at Euribor 1 Month plus 0.18% at December 31, 2011, or 1.26% per annum, and Libor JPY 1 Month plus 0.60% at December 31, 2011, or 0.74% per annum.

4.2.4 Credit or Counterparty Risk

The financial instruments which could expose the Company to credit risk include principally its cash equivalents, short-term investments, customer receivables and derivative instruments. Cash equivalents and short-term investments are placed with highly reputable financial institutions.

The Company has adopted policies regarding financial ratings and the spread of maturity dates in order to ensure the security and liquidity of its financial instruments. The Company's management oversees the credit-worthiness of its counterparts and the quality of its investments closely and believes that it has minimal exposure to the risk of bankruptcy of any one of them. The Company also closely oversees the liquidity of its financial assets held at these same counterparts. In this regard, the Company follows in particular the credit rating of each of its counterparties and, up to the present time, all of its counterparties are rated Investment Category by rating agencies.

As a result, the Company believes that it has very low exposure to credit or counterparty risk.

The Company is not dependent on any of its principal clients. See paragraph 6.2.4 "Sales and Marketing".

4.3 Insurance

The Company is insured by several insurance companies for all significant risks. Most of these risks are covered either by insurance policies written in France, or by a North American policy which covers all the Company's North American subsidiaries and their own subsidiaries and branches around the world. In addition, the Company subscribes to specific coverage and/or local policies to comply with applicable local regulations or to meet the specific needs of certain activities or projects.

The insurance policies are reviewed regularly and may be modified to reflect changes in the revenue, activities and risks of the different companies within the Company.

In addition, the Company has put in place internal preventative measures to continue operations and limit the impact of a significant loss in the event of major damage. As a result, there are several secured computer protection systems for source codes and all electronic data stored on the servers, work stations and laptop computers used in the different entities of the Company. The computer protection systems are maintained in two separate sites.

All Dassault Systèmes companies are protected by an "Errors and Omissions" policy covering professional civil and product liability for a total insured amount of €20 million. A policy also covers the operating liability of Dassault Systèmes SA and its French and foreign subsidiaries (other than those covered by the North American program) for a total insured amount of €20 million. The Company has also subscribed to a policy covering risks related to director and officer liability for Dassault Systèmes SA and its subsidiaries for a total amount of €25 million for 2011.

The Company also carries insurance to cover computer risks in an amount equal to the value of its computer equipment and coverage for damage to goods.

Based on the legal requirements applicable in each country, the Company's North American companies and most of their subsidiaries have specific insurance. This insurance includes in particular coverage for damage to goods, computer risks, loss of business and operational civil liability, and professional liability. In connection with this insurance, the Company also has coverage for work-related accidents and automobile accidents. As a complement to the different insurance policies covering the North American companies and their subsidiaries, Dassault Systèmes carries an umbrella policy for a maximum amount of $10 million.

Dassault Systèmes has not established captive insurance coverage.

CHAPTER 5 – INFORMATION ABOUT THE ISSUER

5.1. History and Development of the Company

5.1.1 Corporate and commercial name

Dassault Systèmes.

5.1.2 Place of corporate registration and registration number

Dassault Systèmes SA is registered with the Versailles trade and companies registry under number 322 306 440. The Company's APE code is 5829 C.

5.1.3 Date of incorporation and term of Dassault Systèmes SA

Dassault Systèmes SA was created as a form of limited liability company (*société à responsabilité limitée*) on June 9, 1981 for a period of 99 years starting on the date of its registration (until August 4, 2080). The Company was transformed into a public limited liability company (*société anonyme*) on April 8, 1993.

5.1.4 Legal form and applicable law, registered office and telephone number

Dassault Systèmes SA is a public limited liability company (*société anonyme*) under French law, with a Board of Directors, subject to the provisions of the French Commercial Code. The Company's registered office is at 10, rue Marcel Dassault – 78140 Vélizy-Villacoublay, and its telephone number is +33(0) 1 61 62 61 62.

5.1.5 History of the Company

Summary

Dassault Systèmes was established in 1981 through the spin-off of a small team of engineers from Dassault Aviation, which was developing software to design wind tunnel models and therefore reduce the cycle time for wind tunnel testing, using surfacing modeling in three dimensions ("3D"). The Company entered into a distribution agreement with IBM the same year and started to sell its software under the CATIA brand. With the introduction of its Version 3 release, the foundations of 3D modeling for product design were established in 1986.

Through its work with large industrial customers, the Company learned how important it was for them to have a software solution that would support the design of highly diversified parts in 3D. The growing adoption of 3D design for all components of complex products, such as airplanes and cars, triggered the vision for transforming 3D part design process to a systematic integrated product design. Version 4 ("V4") architecture was created, opening new possibilities to realize full digital mock-ups of any product. V4 helped customers reduce the number

of physical prototypes and realize substantial savings in product development cycle times, and it made global engineering possible as engineers were able to share their ongoing work across the globe virtually.

In order to fulfill the mission to provide a robust product lifecycle management solution supporting the entire product lifecycle, the Company developed a new software platform, Version 5 ("V5"), 3D Product Lifecycle Management, spanning virtual design to virtual manufacturing, which it first introduced in 1999. In conjunction with its development plans around its V5 software platform the Company undertook a series of targeted acquisitions expanding its software applications portfolio offering to include digital manufacturing, realistic simulation, product data management and enterprise business process collaboration.

The Company's current technology platform is Version 6 ("V6"), for 3DExperience. First introduced in 2008, this next generation, online application platform is Dassault Systèmes' major step forward to harness social innovation from online communities and enable users to imagine, share and experience products in the universal language of 3D. Over the last few years, working closely with its largest customers, the Company has enriched its V6 platform with the addition of intelligent information search-based technologies, collaboration and social innovation capabilities and realistic 3D virtual experiences. With Version 6, the Company is expanding its presence in 11 industries, going from its core Automotive and Aerospace segments to Life Science, Consumer Goods, Energy, Process & Utilities and Financial & Business Services. In order to accelerate its diversification, thanks to a deep understanding of each targeted industry, the Company recently reorganized to strengthen its Industry focus. The Company further enriched its social business applications with intelligent dashboarding technologies through its acquisition of Netvibes in early 2012. See paragraph 6.1.1 "Summary" for further information.

Summary Timeline

1981:

- Creation of Dassault Systèmes to design products in three dimensions through the spin-off of a team of engineers from Dassault Aviation.
- The Company's flagship brand, CATIA, is launched.
- Worldwide marketing, sales and support agreement with IBM, beginning of a long-standing partnership.
- Initial industry focus: automotive and aerospace.

1986:

- Version 3 software introduced for 3D Design.

1994:

- Version 4 introduced offering a new technology enabling the full digital mock-up of a product, enabling customers to significantly reduce the number of physical prototypes and to have a complete virtual understanding of the product.
- Expansion of the Company's industry focus to seven industries, adding fabrication and assembly, consumer goods, high-tech, shipbuilding and energy.

1996:

- Initial public offering in Paris and listing on Nasdaq (the Company voluntarily delisted from Nasdaq in 2008).

1997:

- Broadening of the Company's 3D design product line to the entry 3D market, with the acquisition of start-up SolidWorks, with a Windows-native architecture, to target principally the 2D to 3D migration market opportunity.
- Formation of the Company's Professional channel, focused on marketing, sales and support of SolidWorks.
- Organization of the Company into two business segments, process-centric (Product Lifecycle Management), supporting its customers' end-to-end product development process, and design-centric (Mainstream/SolidWorks), dedicated to customers seeking to design products in a 3D design environment.

1998:

- Creation of the ENOVIA brand, focused on management of CATIA product data with the acquisition of IBM's Product Manager software.

1999:

- Initial launch of Version 5 ("V5"), new architecture software platform for the Product Lifecycle Management market designed for both Windows NT and UNIX environments.
- The Company expands its ENOVIA product line with the acquisition of Smarteam focused on product data management for the small and mid-size companies ("SMB") market.

2000:

- Creation of the DELMIA brand, addressing the digital manufacturing domain (digital process planning, robotic simulation and human modeling technology).

2005:

- Creation of the SIMULIA brand, addressing realistic simulation, representing a significant expansion of the Company's simulation capabilities, leveraging the acquisition of Abaqus, as the core of its realistic simulation offerings and the Company's existing simulation products.
- Sales generated through the long-standing distribution agreement with IBM account for 52% of the Company's total revenues.
- Creation of the Company's PLM Value Solutions sales channel, an indirect channel for the PLM market specifically focused on supporting SMB companies in the PLM market.

2006:

- Expansion of the ENOVIA portfolio with the acquisition of MatrixOne, a global provider of collaborative PLM software and services to medium-to-large organizations.
- Expansion of the Company's industry focus from seven to eleven industries.

2007:

- Amendment of the IBM PLM partnership agreement, outlining the progressive assumption of full responsibility for the Company's PLM Value Solutions channel.
- Creation of the 3DVIA brand. Building upon several years of research and investment 3DVIA was launched to bring 3D technology to new users to imagine, communicate and experience in 3D.
- Further expanding its product offering for CATIA, the Company also acquired ICEM, a U.K. company well-known in the automotive industry for its styling and high-quality surface modeling and rendering solutions.

2008:

- The Company began its introduction of its Version 6 ("V6") technology.

2010:

- The Company acquires full control of its distribution sales channels with the acquisition of IBM PLM, the IBM business unit dedicated exclusively to the marketing, sale and support of the Company's PLM software.
- Signing of a Global Alliance agreement with IBM in which the Company and IBM defined the next steps in their relationship, extending their cooperation in key areas: professional services, cloud computing, middleware, flexible financing and hardware.
- Acquisition of Exalead, a French company providing Search Platforms and Search-Based Applications ("SBA") for consumer and business users.

2011:

- DELMIA's offering expanded with the acquisition of Intercim.
- ENOVIA's industry offering for formula-based industries expanded with the acquisition of Enginuity.

- 100% of the Company's total revenues were derived from its wholly-directed three sales channels, completing the transition from IBM begun in 2005.
- Dassault Systèmes and Amazon Web Services (AWS) enter into a Cloud services agreement.

2012:

- Expansion of the Company's strategy to "3DExperience" as presented in paragraph 5.1.6 "Dassault Systèmes Vision".
- Acquisition of Netvibes bringing intelligent dashboarding capabilities.

For further information on 2011 and 2010 acquisitions, see paragraph 5.2 "Investments".

5.1.6 Dassault Systèmes' Vision

Dassault Systèmes' corporate mission is to provide Business and People with 3DExperience universes to imagine sustainable innovations capable of harmonizing products, nature and life. A growing number of companies in all industry verticals are evolving their innovation processes to imagine the future both with, and for, their end-consumers.

To meet this challenge, it is vital to ensure collaborative work processes internally and externally to the Enterprise with designers, engineers, researchers and marketing managers, as well as external ad hoc participants because the innovation flow comes from many directions. Ensuring this flow unleashes the potential of what companies and academics call the new 'Social Enterprise'. Dassault Systèmes, with its V6 3DExperience platform, provides this 'linkage', enabling decision-makers and marketing personnel to create the value that their ultimate consumers are looking for. Working closely with its customers, the Company has enriched its V6 Platform over the last few years with the addition of intelligent information search-based technologies, collaboration and social innovation capabilities, realistic 3D virtual experiences and most recently, dashboarding technologies.

To be able to help customers simulate the end-consumer experience, it is important to have a complete understanding of the most critical business needs of the industries in which Dassault Systemes customers operate. Therefore, in conjunction with the V6 3DExperience Platform progress, Dassault Systèmes has adapted its organizational structure to focus on users and business decision-makers through its Brands and Industry organization, while further developing its geographic reach.

Dassault Systèmes has brought value to customers since its inception in 1981 by providing solutions in 3D Design for product creation, Digital Mock-Up for replacing physical mock-ups, and Product Lifecycle Management covering the product's whole life, from design to fabrication and maintenance. Now Dassault Systèmes is naturally directed towards the next step in its history: the 3DExperience era, a new phase already underway with key innovative customers who share this same vision and understand that 'experiences' are the new way of doing business.

5.2 Investments

The Company's investments, both through expenditures on its internal research and development efforts and through acquisitions, principally of complementary technology, are closely aligned to its strategic roadmap. The Company's internal research and development investments are the principal driver of its product innovation. At the same time, with the rapid pace of technological changes and its goal to accelerate its penetration and expand its footprint within the Company's targeted industries, the Company will continue to evaluate potential external investments complementing and extending its technology, brands and industry knowledge through partnerships, minority investments or acquisitions. For further information, see paragraph 6.1.4 "Technology" and Chapter 11 "Research and Development, Patents and Licenses".

Acquisitions in 2011 and 2010

During 2011 the Company completed several acquisitions to further support its industry diversification by expanding its coverage of key business processes for the Company's target industries, and complement its brand domain expertise. The four primary acquisitions described hereafter represent a net investment of €37.4 million. In 2010 the Company completed two acquisitions, totaling €461.4 million, net focused on extending its offering to information intelligence and transforming the Company's go-to-market strategy with the significant expansion of its direct sales organization as a result of the IBM PLM acquisition, as discussed below.

Extending the Company's manufacturing software offering to the shop-floor

To expand DELMIA offerings for advanced industries, including those where regulatory certification is important, the Company acquired Intercim, a US based company with 65 employees in March 2011. Combining DELMIA and Intercim brings together the factory communities with the manufacturing and product engineers to establish a common understanding of the products being built with their potential design or certification non-conformance and ensure effective coordination between manufacturing and engineering. For the Company's customers, this enhanced communication translates into faster turn-around time to correct issues, improve product quality and production efficiency and enhance conformity information for certification purposes. Intercim customers include a number of leading aerospace manufacturers.

Expanding the Company's offerings to formula-based industries

In March 2011, the Company acquired Enginuity, a US based company with 25 employees, to help accelerate product innovation and product launches for formula-centric companies while successfully navigating complex regulatory requirements and more effectively managing and leveraging their formula, packaging and consumer IP in a single, global PLM solution with ENOVIA V6. Enginuity customers include several leading cosmetic and pharmaceutical companies.

Expanding and advancing CATIA's offering in composites and electrical wiring

In July and October 2011, the Company completed two acquisitions complementing its composite leadership and electrical strategy for its CATIA V6 portfolio:

– Simulayt (four employees) based in the UK is specialized in composites simulation and advanced draping simulation technology.

– Elsys, (17 employees) based in Belgium and in France, develops applications with the capability to address all aspects of the electrical logical and manufacturing definitions from design to manufacturing. Elsys customers include major international companies in the aerospace, automotive and shipbuilding industries.

Transforming the Company's go-to-market strategy

In March 2010, the Company made a significant investment to transform its go-to-market strategy with the acquisition of IBM PLM, the IBM business unit dedicated exclusively to the marketing, sale and support of the Company's PLM software ("IBM PLM"), as well as customer contracts and related assets for €361 million. The IBM PLM acquisition in combination with the Company's internal direct sales channel more than doubled the size of its global direct sales force. In addition, the Company and IBM signed a strategic Global Alliance agreement, whereby the Company and IBM defined the next steps in their relationship, extending their cooperation in key areas: professional services, cloud computing, middleware, flexible financing and hardware. The Company and IBM also continue to work together on selected research and development projects. See paragraph 6.2.4 "Sales and marketing".

Introducing a new offering focused on information intelligence

In June 2010, the Company acquired Exalead, a French company providing Search Platforms and Search-Based Applications (SBA) for consumer and business users, for €132 million. Its search platforms and search-based applications are used by companies in banking, retail, publishing, business services, life sciences and consumer services. See paragraph 6.2.1 "Brands".

Principal acquisitions over the past three years

The Company's principal acquisitions with an individual purchase price greater than €100 million over the last three years include:

Acquisition	Year	Purchase Price
IBM PLM	2010	€361 million
Exalead	2010	€132 million

CHAPTER 6 – BUSINESS OVERVIEW

6.1 Principal Activities

6.1.1 Summary

The Company is the world leader of the global PLM market based upon end-user software revenue (source: CIMDATA). The PLM software market is comprised of 3D software for design, simulation, digital manufacturing, product data management and social collaboration.

Dassault Systèmes software applications allow businesses to digitally define and simulate products, as well as the processes and resources required to manufacture, maintain, and recycle them while minimizing their impact on the environment. As the pace of technological change accelerates, companies increasingly depend on their intellectual capital. Dassault Systèmes believes that from product creators to the final consumers, everyone can play a critical role in bringing the right products to market at the right time. Optimal response to an on-demand marketplace requires that products be designed, tested, produced, shared, and experienced virtually in real-time. Simultaneously, the Internet has evolved to an environment with access to global information, online communities, and real-time interaction that position end-users to become contributors.

The Company's software solutions and consulting services enable its customers to:

- innovate in the design and quality of products and services;
- reduce design-cycle time to accelerate time-to-market;
- collaborate with partners and suppliers;
- create, manufacture and maintain products and production facilities more cost effectively;
- capture and leverage information intelligence, whether from internal sources and/or from the Internet; and
- simulate their end-customers' experiences.

The Company's software applications address a wide range of products, from apparel, consumer goods, machine parts and semiconductors to automobiles, aircraft, ships and factories. Its global customer base includes companies primarily in 11 industrial sectors: Aerospace & Defense; Transportation & Mobility; Marine & Offshore; Industrial Equipment; High-tech; Architecture, Engineering & Construction; Consumer Goods – retail; Consumer Packaged Goods – retail; Life Sciences; Energy, Process & Utilities; and Financial & Business Services. See paragraph 6.2.2 "Industries Served".

In addition to its sales of software applications, which accounted for 91% of its total revenue in 2011, the Company also provides selected services, principally to large customers. These services comprise consulting services in methodology for design, deployment and support, training services and engineering services.

The Company principally organizes its business and markets its products and services according to two types of applications: the PLM market, to support product development, production, maintenance and lifecycle management, and the SolidWorks market, which is primarily focused on product design. For information on revenue and operating income by segment, see paragraph 9.3 "Revenue and Operating Income by Segment".

6.1.2 Key business strengths of the Company

Dassault Systèmes believes that its leadership of the global product lifecycle management market reflects the fact that it has developed the largest 3D PLM software applications portfolio in the world with leadership positions in 3D design, simulation, digital manufacturing and production and business process management. With the addition of its newest software brands bringing information intelligence, social collaboration and realistic 3D virtual experiences, the Company is positioned to work with companies from the first stage of virtual product design with sketching through virtual manufacturing and into the virtual store or showroom.

The Company's software applications are focused on helping customers address many of their most critical product issues:

- Innovation
- Development cycle time
- Product quality
- Time-to-market

- Globalization (design/manufacture anywhere)
- Supply chain collaboration
- Regulatory compliance
- IP protection
- Manufacturing efficiency
- Social innovation

The Company maintains a long-term focus, well supported by its financial model with a high level of recurring software revenue.

One of the key reasons for the Company's market share leadership over more than a decade is due to its focus on the creation and maintenance of a long-term vision which is visible in its investment in people and its long-term financial model. The Company has a diverse, highly educated employee base of over 9,500 employees representing more than 90 nationalities. The Company's long-standing financial model, with a high level of recurring software revenue (accounting for 71% and 72% of the Company's total software revenue in 2011 and 2010, respectively), has enabled the Company to maintain investments in critical resources in research and development and customer support even during challenging macroeconomic environments.

The Company has a substantial commitment to technological innovation, benefiting from an active dialogue with customers and users in product development and an open development platform to broaden product offerings for customers.

A key component to advancing the Company's technology is the close relationship it has with its customers, including partnerships with customers who are global leaders in their respective industries, and the input the Company solicits from the day-to-day users of its software products. The Company works closely with customers, involving them in many phases of product development. Through these close, long-term working relationships, the Company develops a deep understanding of its customers and their most critical product development and business process requirements. The Company believes this level of knowledge enables it to develop software solutions more closely attuned to the requirements of its customers, highly suited to the industries it addresses and designed to maximize the user productivity and experience.

The Company's research and development teams draw worldwide talent to bring together a research and development organization comprised of engineers, mathematicians, scientists and industry experts.

The numerous important areas of investment in research and development include in particular systems engineering, industry specific offerings, cloud-based applications, search-based technologies and bio-intelligence. The Company's research is centered on advancing its virtual technologies to be able to provide a virtual product and end-customer product experience environment more closely approximating real life product behavior and experience, reducing total cost of ownership through out-of-the-box industry solutions, simplifying adoption in particular for small and mid-size companies through the introduction of on-the-cloud offerings and broadening adoption through further advances in ease of use while offering robust technology to a wide array of users.

The Company has a market-proven brand strategy, with each brand having a clear identity and value to customers.

The Company's brand strategy (see paragraph 6.2.1 "Brands") focuses on developing software for specific domains (such as design, simulation, manufacturing and collaboration), with the objective of each brand being a leader within its respective markets. The Company's research and development strategies, as well as its sales and marketing strategies, support this objective.

The Company has a resilient and dynamic ecosystem of sales partners, development partners, educational institutions and research enterprises.

The Company has developed a network of partners for product development, marketing and enhancement of customer relations, which it calls its "extended enterprise" model, and it intends to continue to build on this model going forward. For marketing and sales, the Company operates through both a direct sales force and indirectly through value-added resellers.

The Company works with more than 400 software development partners building applications complementing its software applications in both its PLM and SolidWorks business segments. In addition, the Company works closely with research and academic organizations around the world.

6.1.3 Growth strategy

The Company's principal growth opportunities reflect its current addressable market opportunity in PLM and the increased potential size of its addressable market with the announcement of its 3DExperience strategy in 2012. The Company's growth strategy is focused on

advancing its Version 6 product cycle, broadening its industry coverage and diversification, deepening its regional market penetration, expanding its universe of users, and offering software as a service.

- **Advance its Version 6 Product Cycle and Platform Adoption:** Initially introduced in 2008, the Company is at the beginning of a new product cycle with its Version 6 online platform and software applications.

- **Broaden its Industry Coverage and Diversification:** Through its focus on enriching its software applications portfolio and developing industry-specific solutions, the Company has extended its reach to eleven vertical industries. The Company sees opportunities to expand its presence in each of the eleven industrial sectors it targets and has developed industry practices to further its progress in each of these sectors. For further information, see paragraph 6.2.2 “Industries Served”.

- **Deepen its Regional Market Penetration:** The Company sees opportunities to grow its presence in all geographic markets. The Company’s three global markets are Europe, representing approximately 47% of total revenue, the Americas (26%) and Asia (27%). In addition, the Company tracks “High growth” countries as a group which represented 14% of total revenue during 2011. In order to strengthen and broaden its global footprint the Company has established twelve regional organizations to enhance support for its strategic initiatives at a local level. See paragraph 9.1.1 “Executive Overview for 2011” for the regions included within “High Growth” and further information.

- **Expand its User Universe:** The Company sees opportunities to expand the number of users of its software solutions and V6 platform. It currently estimates that it reaches approximately 8 million users through its software solutions. Within a corporation, the Company’s brands now target a large portion of the enterprise employees, spanning the engineering, project management, compliance, manufacturing, quality assurance and maintenance departments and now marketing and executive management with the 3D Product Experience focus. More broadly, the Company’s target user market includes business, education, research and final product consumers. For further information see paragraphs 6.1.4 “Technology” and 6.2 “Principal Markets”.

- **Offer Software as a Service:** With Version 6’s online architecture, the Company is positioned to grow through offering Software as a Service (“SaaS”). In connection with this initiative during 2011 the Company announced its new online Version 6 platform, its new online store and its first online cloud business services. Since the Company has recently introduced its initial SaaS offering, its revenue contribution is not material at present, but the Company believes that it may become a growth driver for the Company with the progressive roll-out of its services offering over the next several years. For further information see paragraph 6.1.4 “Technology”.

For a description of the challenges which must be met to maintain growth, see paragraph 4.1 “Risks Related to the Company’s Business”.

6.1.4 Technology

The Company has a substantial commitment to technological innovation. Important areas of investment in research and development include, among others, systems engineering, industry specific offerings, cloud-based applications, mobility, search-based technologies and bio-intelligence. From a user perspective, the Company’s research is centered on advancing its virtual technologies to become even more lifelike, reducing total cost of ownership through out-of-the-box industry solutions, simplifying adoption in particular for small and mid-size companies through the introduction of on-the-cloud offerings, and broadening adoption through further advances in ease of use while offering robust technology to a wide array of users.

PLM

Since 1981, the Company has introduced six versions of its PLM and Lifelike Experience software, the most recent of which, V6, was first released in 2008. Due to the scope of the work involved, the roll-out of new versions of the Company’s PLM software has generally been structured over a multi-year timeframe.

In developing its Version 6 software architecture, platform and applications, the Company saw the following strategic demand drivers supporting the evolution of its software:

- **Social Innovation:** Companies leveraging the power of social communities in their extended ecosystem and innovation processes, from partners and value chains to the voice of the customer;

- **Intelligent information:** Explosion of structured and unstructured data – The growing digitalization of industry creates a wealth of product-related information that must be harvested and unlocked;

- **3D as a Media:** 3D is becoming a new media, creating multiple opportunities for new software applications in all types of businesses and users;
- **Collaborative Innovation:** There is a growing imperative for more frequent, global, and even ad hoc collaboration throughout the lifecycle of any physical good from idea to delivery with a single version of the truth, embodied by a unified digital referential;
- **Realistic Modeling, Simulation and Production:** Reaching unmatched level of conformity between the real world and the virtual world.

The Company believes its V6 software is unique with its combination of online architecture, openness, scalability and flexibility and single platform. Specifically, Version 6 has been developed from inception with an online architecture. V6 is a completely unified, open and scalable Web services architecture platform, spanning from multidisciplinary engineering groups, all the way to enterprise business users and natively delivering engineering, manufacturing and simulation applications. With only a web connection, remote product authoring and collaboration are enabled.

The V6 platform has been designed to offer six key benefits to customers including:

- **A single PLM platform for Intellectual Property Management:** Harnessing a company's collective intelligence requires a single platform that can federate all product-related knowledge no matter where it resides, not just within the engineering and manufacturing realms, but all the way from idea to product experience. In addition, companies can share selected product information while also better protecting their intellectual property and all confidential information.
- **Global Collaborative Innovation:** Global collaborative innovation implies the expansion of PLM users to involve consumers working with designers and all the various professional users employing the universal language of 3D and the power of online communities.
- **Lifelike Experience:** Advanced product innovation requires that a 3D product be experienced as it looks and behaves in real life, as well as the most advanced intuitive interface capable of truly mimicking real life.
- **Online Creation and Collaboration:** Collaborative online authoring is enabled for real time, concurrent work across multiple remote locations and with only a web connection. Product development also brings product requirements together with functional, logical, and physical definitions of the product. Those capabilities are major breakthroughs for any company implementing a global engineering and manufacturing strategy.
- **Ready-to-use PLM Business Processes:** Based on industry-specific business process solutions, ready-to-use PLM business processes software enables rapid deployment and thus a quick return on investment.
- **Lower Cost of Ownership:** V6 offers a single solution, on-the-cloud or on-premises, for all applications and embraces the latest technology standards, thereby dramatically reducing the cost of ownership, allowing easy enterprise integration and rapid implementations, and spurring more efficient collaboration.

SolidWorks

The Company's SolidWorks technology enables designers and engineers to make an easy transition from 2D drafting to a 3D environment. Its intuitive user interface enables users to productively employ SolidWorks software with minimal training. Each year a new release of SolidWorks is introduced into the market with innovations to respond to customer requirements, further enhancements of existing functionalities that are more productive and easier to use, and specific enhancements explicitly requested by users through the close contact maintained by SolidWorks and its sales channel with customers.

Information Search Capabilities technology

Consistent with the Company's understanding of the importance of harnessing and re-using data, the Company acquired Exalead during 2010. With the acquisition of Exalead, the Company has significantly expanded its internal search capabilities technology and importantly acquired a search-based infrastructure for the development of search-based applications. The Company's search-based applications combine the sophisticated search and access typically associated with databases with the speed, scalability and simplicity of the Web.

Cloud Initiatives

In 2011 Dassault Systèmes announced its new online V6 platform, its new store, a 3DStore online (swym.3ds.com/#3DStore) for lifelike experiences and applications, and its first online cloud business services. Dassault Systèmes also announced its strategic investment in Outscale, a start-up to provide SaaS operator services. The Company's V6 cloud-based solutions, which are in "beta test" versions, have been designed to enable users to get what they need, when they need it. Offered as a flexible subscription model, without upfront

investments in additional infrastructure, long-term volume commitments or administrative burden, Version 6 Online solutions are designed to adapt to the needs of organizations or projects of any scale.

In 2011, Dassault Systèmes and Amazon Web Services (AWS), an Amazon.com company, announced that they are working together to enable companies of all sizes to get started quickly with 3DS V6 solutions on AWS.

Technology and Software Partners

The Company has established long-standing, technical collaborations with key partners in order to maximize the benefits from available technology and to increase the value for shared customers. The Company's technology alliances are established with three objectives: to ensure compatibility between the IT infrastructure and its solutions; to expand the Company's global network of value partners sharing the same interests; and to integrate the latest features of these technologies into its solutions.

The Company has software development partners working with all its software solutions. The Company's largest program with software partners is its software community program that enables developers to create and market their own applications fully integrated with and complementary to the Company's PLM software solutions.

6.2 Principal Markets

6.2.1 Brands

The Company believes a key component of its success has been its focus on creating leading software brands. Each brand is focused on specific applications critical to its target user communities and is designed to deliver a strong return on investment for its customers. By clearly setting each brand's identity and value for customers, the Company has developed more leading brands than any competitor in the product lifecycle management industry. The Company also believes that its V6 technology is strengthening the competitive value of each of its brands.

The Company continues to invest in research and development as well as targeted acquisitions to advance its brand portfolio. Its application coverage has enabled it to expand its addressable market to reach new domains and key business processes within the industries served.

SolidWorks – 3D Design

The SolidWorks Office suite of products combines ease of use with advanced 2D and 3D design tools, enabling companies to unleash design creativity while completing more work in less time. SolidWorks software reduces overhead because it is easy to deploy, use, and maintain, and it lets engineers spend more time creating new designs.

SolidWorks applications include 3D tools to design, manage, simulate, sustain and communicate.

- 3D Design: SolidWorks 3D's major capabilities include complex part and assembly modeling, production drawing creation, data management, design validation and simulation of motion, flow and structural performance, environmental impact evaluation and publishing.

- Data management: SolidWorks Data Management solutions enable complete control over all design information, eliminating concerns about version control or data loss. Files are securely stored and can be quickly retrieved using a variety of search attributes, such as part number, description, or workflow status. Collaboration and data reuse are promoted, reducing duplicate files and redundant work. Design processes are easily followed and with increased efficiency. These solutions are also designed to give users more opportunity to innovate and improve products by reducing time spent searching for files and concerns about manufacturing having the correct design information.

- Simulation: SolidWorks simulation technology ensures the quality and performance of the design before users commit to production. Comprehensive analysis tools enable users to test models digitally. With the information developed, users can easily determine methods to reduce weight and material costs, improve durability and manufacturability, optimize margins, and compare design alternatives to best meet specific customer requirements.

- Environmental assessments: SolidWorks Sustainability technology enables users to quickly and easily assess the environmental impact of their design to create more sustainable products. The software integrates Life Cycle Assessment-based tools into the design process, measuring the environmental impacts of carbon, energy, air and water use. The material selection tool provides instant feedback to help users choose the most environmentally-friendly material for a particular design. In addition, one-click report generation helps users easily communicate their findings.

In addition, SolidWorks operates a development partnership program bringing together companies supplying complementary products that are either compatible with or tightly integrated with SolidWorks. Through this program, over 300 compatible products have been made available to customers in many functional areas, including manufacturing, rapid prototyping and mold design.

CATIA – Virtual Products

CATIA is the Company's pioneer and largest brand and its PLM solution for 3D collaborative creation. CATIA, which is used by companies of all sizes, addresses the complete product development process, from early product concept specification through product in service.

CATIA V6 goes far beyond traditional CAD software tools, offering a unique digital product experience that brings 3D product design to life with unmatched realism. CATIA V6 has been created to enable the full spectrum of next generation collaborative virtual design for smart products.

- Systems Engineering: CATIA Systems Engineering responds to the increasing challenges facing designers of smart products with the growth of complex, embedded systems within products of all types. CATIA Systems Engineering solution enables systems architects, product engineers, designers and technical experts to define both the technical and business aspects of the systems engineering processes, shortening the time required from initial specification definition through to development and product delivery. Early and comprehensive validation capabilities enable systems engineers to produce innovative designs more quickly, with a reduced need for costly rework that is often identified late in the development cycle.

- Shape design: CATIA Shape products and solutions cover the entire shape design, styling or surfacing workflow. Intuitive and easy to use shape design tools give everyone involved in the product design process the freedom to design any kind of complex shape. CATIA enables shape designers or design studios and engineering departments to work collaboratively in optimizing the product design for aesthetic and engineering purposes.

- Mechanical design: CATIA Mechanical products and solutions enable the creation of any type of 3D assemblies for a wide range of mechanical engineering processes, ranging from casting and forging, plastic injection and other molding operations, composite parts design and manufacturing, machined and sheetmetal parts design, to advanced welding and fastening operations. Predefined processes in CATIA enable engineers to gain tremendous productivity, not only to close on the mechanical design sooner but also to perform design changes much faster.

- Equipment engineering: CATIA Equipment provides an integrated environment that enables the collaborative detailed design of electronic, electrical, and fluidic systems in context of a virtual product. Knowledge and rules can be built into the system to enable the automatic propagation of change as well as compliance to regulatory standards throughout the design process, all the way to documentation and manufacturing. Such an integrated environment improves design quality, drastically reduces time needed for modifications, and minimizes errors.

SIMULIA – Realistic Simulation

SIMULIA provides a scalable portfolio of realistic simulation solutions designed to enable companies across a wide range of industries to improve product performance, reduce the number of physical prototypes and drive innovation.

SIMULIA's portfolio spans:

- Finite element analysis: With its finite element analysis software companies are able to create and test virtual prototypes of products and processes.

- Multi-physics solutions: Its multi-physics solutions enable companies to reach beyond the boundaries of a single domain to simulate two or more interacting physical phenomena.

- Optimization analysis: SIMULIA also provides design exploration and optimization technology, enabling designers and engineers to perform rapid trade-off studies of real-world behavior and accelerate product development.

- Simulation Lifecycle Management: SIMULIA offers simulation lifecycle management, based upon the Company's ENOVIA architecture, offering an open collaborative platform for management of simulation data, processes and intellectual property.

DELMIA – Digital Manufacturing & Production

DELMIA covers the Company's PLM digital manufacturing solutions ranging from virtual process definition, workcell set-up, optimization, scheduling, and operation, to maintenance of real-time production systems. Its solutions assist teams across the development enterprise make better decisions faster and accelerate process engineering to achieve maximum production efficiency, lower costs, improved quality, and reduced time to market.

DELMIA includes four principal domains:

- Manufacturing planning: With comprehensive 3D process and resource planning tools for creating and optimizing build-to-order and lean production manufacturing systems.
- Plant and resources engineering: With tools to virtually define and optimize manufacturing assets concurrently with manufacturing planning.
- Program and control engineering: To virtually program, validate and simulate manufacturing systems for the virtual commissioning of production facilities; and
- Control and production execution: Which offers an accurate virtual production system to enable companies to track real time production activities, perform schedule changes, launch new programs and introduce model changeovers, and schedule maintenance operations.

ENOVIA – Global Collaborative Innovation

ENOVIA Version 6 is a scalable, online, open collaboration platform. Its online architecture was designed to enable geographically dispersed teams to work together with instant collaboration through 3D viewing while ensuring that everyone is working on the same version of the truth. As an enterprise system, it was designed to be an open integration platform connecting to other enterprise systems, including ERP (Enterprise Resource Planning) and CRM (Customer Relationship Management), as well as being CAD agnostic, able to work in multi-cad environments or multi-CAE environments.

ENOVIA enables companies to bring together people, processes, content and systems involved in product creation, development, introduction and maintenance. By unifying and streamlining product development processes across the product lifecycle, ENOVIA helps companies easily and cost-effectively work on projects within and outside of their enterprises.

ENOVIA addresses business process needs across a broad spectrum of industries and includes individual industry solutions to ensure the most value is delivered to each industry. Deployments can range from small development teams to extended enterprises with tens of thousands of users, including suppliers and partners.

The ENOVIA portfolio covers an increasingly larger range of critical business processes, including program management, systems engineering, product development and regulatory compliance, among others.

ENOVIA V6 products are organized by user types for major business processes:

- For Governance users: Provides companies with a platform to launch enterprise-wide new product introductions on-time and on-budget.
- For Supply chain users: Allows companies to leverage supply chain capabilities throughout the product lifecycle and make their suppliers an integral part of product development.
- For Designers and engineer users: Helps eliminate costly product development errors by enhancing collaborative product design, IP asset management and bill of material management and integration.

3DVIA – 3D Lifelike Experience

3DVIA brings 3D technology to new users, businesses and consumers. The Company's 3DVIA portfolio includes, among other solutions: 3DVIA Composer, which enables users to visually communicate accurate and up-to-date assembly procedures, technical illustrations and marketing materials leveraging existing 3D images and other 3D source engineering data; 3DVIA Store, which enables retailers to visually communicate merchandising strategy at three levels (store, department and shelf) and enables brand managers to virtually test consumer response to packaging and promotions; 3DVIA Studio Pro, which is a social development platform that leverages interactive gaming technology and enables teams of programmers, 3D artists and designers to rapidly prototype, develop and publish engaging 3D applications that enhance exploration, learning and teaching; and 3DVIA.com, a community Web site dedicated to 3D enthusiasts and digital content creators to showcase 3D interactive experiences.

Exalead – Information Intelligence

Exalead's technology offers a platform for search and search-based applications designed to optimize search and the utilization of these search-based results. With Exalead, companies are able to conduct searches of information, externally from the Internet, and internally across both structured and unstructured data. Its contextual configured search capabilities enable companies to access information in a filtered and organized manner, and to conduct searches using multi-criteria as companies do every day in their decision making. Exalead's flagship product, CloudView, provides a unified platform for information search, access and reporting as well as an infrastructure platform for developing specialized search-based applications.

3DSwYm – Social Innovation

3DSwYm (See what you mean) is the Company's online solution for social (community) innovation. The goal of 3DSwYm is to enable people and businesses of any size to unleash the power of communities to collaborate and innovate simply and instantly by creating their own complete, on-the-cloud communities for social innovation.

Employees, partners, suppliers, or consumers and any other stakeholders can become active participants in the innovation process, extending and enriching the innovation ecosystem. Participants network, explore ideas, share content, and form virtual projects and experiences spontaneously, all via online communities, in a safe and secure Web environment.

6.2.2 Industries Served

The Company's target market is comprised of eleven industrial sectors:

Aerospace & Defense
Transportation & Mobility
Marine & Offshore
Industrial Equipment
High-Tech
Architecture, Engineering & Construction
Consumer Goods – Retail
Consumer Packaged Goods – Retail
Life Sciences
Energy, Process & Utilities
Financial & Business Services

To deepen its penetration of each industry, the Company undertakes industry-targeted initiatives which include the establishment of industry practice groups, the continuing development of industry specific solutions (see paragraph 6.2.3 "2011 Project Highlights") both through internal development and by acquisition, and increasing its industry expertise through partnerships with leading companies and system integrators and the addition of direct sales and sales partners with significant industry-relevant experience.

During 2011, the Company saw strong growth in its largest industries, in particular with automotive and aerospace new licenses revenue growth of more than 20% in constant currencies. Other industries accounted for 23% of end-user software revenue, increasing by approximately 8 percentage points since 2008. Other industries are comprised of high-tech; consumer goods; consumer packaged goods; energy, process and utilities; life sciences; architecture, engineering and construction; and new sectors within financial and business services such as financial services companies, among others.

The approximate breakdown of end-user software revenue by major industry was as follows for 2011 and was similar to the 2010 industry breakdown:

- Transportation & Mobility: 31%
- Industrial Equipment: 21%
- Aerospace & Defense: 14%
- Business Services (core industry): 11%
- New industries (including High Tech at 10%): 23%

In today's complex and rapidly evolving business environment, companies need help addressing their most important product and business process requirements. Critical issues for customers across the Company's target markets range from driving innovation, reducing product development cycle time, improving product quality, accelerating overall time-to-market, enabling globalization (design/manufacture

anywhere) and supply chain collaboration, providing security of intellectual property, enhancing eco-friendliness through reduction of materials, weight and waste, improving manufacturing efficiency, ensuring regulatory compliance, and enabling social innovation.

Through strategic alliances with leading IT system integrators, service providers and consulting firms with profound expertise in industry processes, the Company's Industry Solution Partnerships ("ISP") provide innovative PLM solutions and services by industry or industrial segment to address clients' business challenges. Based on their strong competence in industries and application domains as well as their regional expertise, in conjunction with Dassault Systèmes' products and solutions, ISP partners help to deliver innovative solutions that customers need for success in their business.

During 2011, several of the Company's acquisitions supported the build-out of its industry offerings. The Company acquired Enginuity, which provides lifecycle management of formulations. In combination with internal development, this acquisition will enable the Company to offer ENOVIA V6 to formula-centric companies in the pharmaceutical, personal care, cosmetics, food and beverage and fragrance industries to accelerate product innovation and launch, navigate complex regulatory requirements, and more effectively manage and leverage their formula, packaging and consumer intellectual property in a single, global PLM solution.

To expand the Company's DELMIA offerings for advanced and regulated industries, including those where certification is important, the Company acquired Intercim. See paragraph 5.2 "Investments".

6.2.3 2011 Project Highlights

The customer examples below provide specific illustrations of the Company's work with companies in different industries, with V6, and addressing a range of business processes.

Jaguar Land Rover: In February 2011, the Company announced plans to enter into a strategic partnership with Jaguar Land Rover. Jaguar Land Rover will deploy Dassault Systèmes' V6 solutions for Product Lifecycle Management to increase operational efficiency and reduce complexity through enhanced innovation and accelerated development capabilities.

CLAAS: In March 2011, CLAAS, one of the world's leading manufacturers of agricultural equipment and products, committed to shaping its entire product creation process worldwide – from design, construction and simulation to system validation and production planning – with CATIA V6, ENOVIA V6, DELMIA V6, and SIMULIA V6.

Benetton Group: In May 2011, Benetton Group selected the Company's V6 PLM solution as its platform for global development and sourcing. ENOVIA V6 will provide Benetton with deep domain-specific apparel design and production capabilities and industry-leading global sourcing management that will enable Benetton to achieve lead time reduction, optimize its sourcing operations, streamline product line complexities and enhance collaboration while accommodating the Benetton Group's diverse product portfolio.

Alstom: In June 2011 Alstom, a world leader in transport infrastructure, power generation and transmission, selected the Company's V6 PLM platform to improve end-to-end business processes. As a first step in this major transformation, Alstom Transport will leverage ENOVIA V6 to unify its different sites under a unique, worldwide platform enabling its employees to efficiently collaborate on customer projects. Alstom is consolidating its PLM system in order to streamline information sharing, increase its manufacturing capacity and reduce time-to-market.

Cessna Aircraft Company: In November 2011, the Company announced that Cessna Aircraft Company, one of the world's leading general aviation companies, has selected the Company's V6 solutions to accelerate the introduction of new products, lower development costs and reduce time to certification. A longtime user of Dassault Systèmes' 3D virtual product design solution, CATIA, and ENOVIA, its collaborative innovation platform, Cessna has chosen to migrate to V6 of both solutions, while adding DELMIA for digital manufacturing to better manage additional phases of the product lifecycle.

6.2.4 Sales and marketing

The Company's customer base is comprised of a wide range of companies, from start-ups, small and mid-sized companies to the largest companies in the world as well as educational institutions and government departments. To ensure sales and marketing coverage of all its customers, the Company has developed three sales channels, with sales teams combining individuals with deep knowledge of their respective industries with brand specialists. No single customer or sales channel partner represented more than 5% of the Company's total revenue in 2011.

- *Direct sales through the PLM Enterprise Business Transformation Channel.* Sales to large companies and government entities are generally conducted through the Company's direct sales channel, the PLM Enterprise Business Transformation channel. Direct sales represented 57% of total revenue during 2011 compared to 56% in 2010. The Company completed a major transformation of this sales channel, bringing sales to large customers entirely under its management, with the acquisition and integration of IBM PLM on March 31, 2010. In 2009, the year preceding the acquisition of IBM PLM, licensing revenue through IBM represented approximately 23% of the Company's sales, and in 2010 it represented less than 10% of the Company's total revenue due to the acquisition of IBM PLM on March 31, 2010.

- *Indirect sales through the PLM Value Solutions Channel.* Sales to small and mid-sized companies in the PLM market are generally conducted indirectly through the Company's PLM Value Solutions channel, a global network of value-added resellers. This channel represented 24% of the Company's total revenue in 2011 and 2010.

- *Indirect sales through the Professional Channel.* The Professional Channel is focused on the SolidWorks market. The Company's Professional Channel is comprised of a network of value-added resellers ("VARs") and distributors worldwide providing local training, services and support to customers. Sales through its Professional Channel represented 19% and 20% of the Company's total revenue in 2011 and 2010, respectively.

In addition to its sales channels the Company is actively developing and expanding relationships with system integrators, including IBM Global Services, and more recently with Capgemini.

The Company has an active educational program with universities and schools around the world where its software is used as engineering learning tools. The Company estimates that more than 1.5 million SolidWorks seats have been sold to educational institutions, in addition to sales of its other software applications to educational institutions.

6.2.5 Competition

The Company operates in a highly competitive marketplace. As it continues to broaden its addressable market, by expanding its current product portfolio, diversifying its client base in new sectors of activity, and developing new applications and markets, the Company faces an increasing level of competition, coming from new competitors ranging from technology start-ups to the largest technology companies in the world as well as from existing competitors.

The Company's competitors generally compete with it in specific areas of its portfolio, but due to the breadth of its product portfolio, no single company competes with it across its entire product portfolio.

The Company's competitors include Siemens PLM Software, a business unit of Siemens Industry Automation Division, Parametric Technology Corporation (PTC) and Autodesk, Inc. (principally in the SolidWorks market), which generally compete with it on a worldwide basis. Competitors also include companies focusing on specific domains, point solutions or industries and include among others Oracle with its Agile product family and SAP PLM in product data management and collaboration. In simulation, where the Company has the largest presence among global PLM software vendors, it competes with simulation specialists such as Ansys and MSC.Software, among others.

The Company's software solutions may also compete with other companies in information intelligence, and in social enterprise innovation and collaboration.

Additional software developers competing with the Company in specific applications or industries include, among others, Adobe, Autonomy (owned by Hewlett Packard), Aveva, Bentley, Google, Intergraph (owned by Hexagon AB), Microsoft, Nemetschek AG and Right Hemisphere (owned by SAP).

For additional information, see also paragraph 4.1 "Risk Factors – Competition and pricing pressure".

CHAPTER 7 – ORGANIZATIONAL STRUCTURE

7.1 Dassault Systèmes SA's Position within the Group

Dassault Systèmes SA, the Group's parent company, which owns directly or indirectly all the companies that make up the Group, has two primary functions: First, it is the Group's largest operating company and its principal research and development center, responsible for the development of a number of the Group's software solutions, including principally CATIA and 3DSwYm, as well as a part of the Group's ENOVIA, DELMIA, SIMULIA and 3DVIA solutions. Second, Dassault Systèmes SA operates as a holding company and provides centralized services to all the companies in the Group. The business of Dassault Systèmes SA's subsidiaries is generally similar to the parent company's business: primarily the development and/or sales of software and/or, in certain cases, activity as a holding company.

Dassault Systèmes SA defines the Group's overall strategy and operating plans. The executive management team is based primarily at Dassault Systèmes' corporate headquarters at the corporate Campus in Vélizy-Villacoublay (in the department of *les Yvelines*) to the southwest of Paris. The research and development policy is set by Dassault Systèmes SA. Research and development activities are carried out in laboratories located primarily in France, the United States, and India. The Company has R&D facilities in other countries as well, notably in Germany, the United Kingdom and Sweden. A specific objective is assigned to each laboratory within the Company's global research and development strategy according to brand. With regard to marketing and sales, the entire range of products is commercialized through three sales channels (described in paragraph 6.2.4 "Sales and marketing") by Dassault Systèmes SA and by its subsidiaries that have sales operations. As part of its growth strategy, Dassault Systèmes SA continues to adapt its organization to respond to the challenges it faces. The Group has defined three primary geographical zones representing its three global markets: Europe, the Americas and Asia. Within these zones, the Group has established twelve distinct regional organizations where it would like to strengthen its presence in order to be closer to its clients and the issues they face, better adapt to the local market, and broaden its global footprint.

Finally, with respect to financing of the subsidiaries, the parent company has put in place a centralized cash management arrangement with most of its subsidiaries, which enables resources to be shared.

Dassault Systèmes SA provides support to the Group in a range of areas, such as finance, communications, marketing, legal, human resources and information technology. The costs of providing centralized services are charged back to the respective subsidiaries using these services. In 2011, the total amount charged back to subsidiaries by Dassault Systèmes SA for these areas was €61.8 million (compared to €51.6 million in 2010). This amount included management fees for administrative and technical services of €30.9 million in 2011 (compared to €22.9 million in 2010). With respect to the Company's assets, intellectual property for the Company's products is held primarily in France by Dassault Systèmes SA and Exalead SA, and in the United States by certain of the Company's subsidiaries.

See also the report of the Statutory Auditors on regulated agreements between Dassault Systèmes SA and its subsidiaries set forth in paragraph 20.4.3 "Special report of the Statutory Auditors on regulated agreements and commitments".

7.2 Principal Subsidiaries of the Company

At December 31, 2011, the Company included Dassault Systèmes SA and 65 operational subsidiaries, as compared to 84 operational subsidiaries in 2010; the decrease is due principally to the Company's efforts to simplify the organization of its legal entities throughout the world. The objective of this effort, which was launched in 2007, is to reduce the number of legal entities held in each country. The Company is present in 31 countries and, in addition to the countries mentioned below, operates in various European countries as well as in China, India, Canada and Latin America.

The list below sets forth the Company's main subsidiaries and also indicates the percentage equity interest and voting rights directly or indirectly held by Dassault Systèmes SA.

Dassault Data Services SAS (France) – 95%	Dassault Systèmes Americas Corp. (US) – 100%
Exalead SA (France) – 100%	Dassault Systèmes Services LLC (US) – 100%
Dassault Systèmes Deutschland GmbH (Germany) – 100%	Dassault Systèmes SolidWorks Corp. (US) – 100%
Dassault Systèmes K.K. (Japan) – 100%	Dassault Systèmes Enovia Corp. (US) – 100%
SolidWorks Japan K.K. (Japan) – 100%	Dassault Systèmes Delmia Corp. (US) – 100%
Dassault Systèmes Korea Corp. (Korea) – 100%	Dassault Systèmes Simulia Corp. (US) – 100%

See also Note 27 to the Company's consolidated financial statements and the table of subsidiaries and shareholdings under Note 25 to the parent company financial statements.

CHAPTER 8 – PROPERTY, PLANT AND EQUIPMENT

8.1 Properties Occupied by the Company and Other Important Existing or Planned Real Estate Interests

8.1.1 Facilities strategy

The Company does not own the offices it occupies, with the exception of facilities totaling 21,000 square meters belonging to 3D PLM located in Pune, India. Except for the Pune facility, the Company does not have full ownership rights over any real estate or building, either directly or through a lease (see paragraph 20.1 "Historical Financial Information", Note 14 to the consolidated financial statements).

All of the Company's administrative, research and development and sales facilities, located particularly in France, the United States, Germany, India, Japan and the United Kingdom, are rented under rental contracts, with the only exception mentioned in the preceding paragraph. The undertakings thereunder are described in Note 25 to the consolidated financial statements. There is no relationship between the lessors and the Company or its management.

Decisions regarding the location of Dassault Systèmes facilities are guided by an on-going desire to encourage synergies within the Company, control costs and reduce environmental impact, while also improving staff working conditions. The Company seeks to be close to its customers, its partners in research and principal secondary schools and universities, which are one of the main sources of recruiting for Dassault Systèmes.

Facilities rationalization strategy

The rationalization of the Company's facilities is effected by grouping together subsidiaries and operations on a limited number of sites throughout a single region or country.

Co-localization analysis, particularly in connection with acquisitions, results in an audit of facilities and their usage conditions to determine steps to be taken in connection with the Company's strategy (such as maintaining the lease, facilities rehabilitation, or consolidation).

In this respect, Dassault Systèmes grouped all employees from Dassault Systèmes Americas Corp., ENOVIA, SolidWorks and 3DVIA previously located in facilities in Lowell and Concord (approximately 800 employees) together onto one site, the "DS Boston Campus" located in Waltham, outside Boston, United States.

Respecting the environment

The Company is committed to a voluntary process of limiting its impact on the environment. This process leads to seeking sites offering performance criteria in terms of modern facilities, communications networks, environmental impact, accessibility and Dassault Systèmes' corporate image, as illustrated by the recent decision to change facilities in Boston. The Company seeks to rent buildings certified "HQE" (*Haute Qualité Environnementale*, or High Environmental Quality) or satisfying the "RT 2005" thermal standard.

8.1.2 Principal sites

At December 31, 2011, the principal sites occupied by Group companies in its three geographic zones are as set forth in the table below.

Geographic Zone	Site	Surface area (in square meters)	Activities on the site
Europe	Vélizy-Villacoublay, France[1]	70,000	Headquarters – R&D – Marketing and sales
Americas	Waltham, Massachusetts, USA[2]	20,000	R&D, Marketing and sales
	Providence, Rhode Island, USA	8,900	R&D, Marketing and sales
Asia	Tokyo, Japan	4,000	Marketing and sales

(1) The Company's site in Vélizy-Villacoublay includes 60,000 square meters leased under a build-to-suit arrangement, occupied since 2008, and 10,000 square meters leased in a nearby facility, occupied since 2011.

(2) In 2011, the personnel and activities of the Concord and Lowell sites were transferred to new facilities in Waltham, near Boston, in the United States (see paragraph 8.1.1 "Facilities strategy"), where the Company has options to lease additional space as necessary.

Dassault Systèmes believes that its existing real estate facilities are adequate, and that it is possible to acquire additional or alternative space in the future, depending on need, at reasonable conditions.

8.2 Industrial and Environmental Risk

Dassault Systèmes, which operates as a software publisher in the services sector, does not believe that it is exposed to significant environmental risks. None of the Company's sites produce dangerous waste, emissions having an environmental impact on the soil, air or water, and none are classified SEVESO (a classification of sites presenting risks due to dangerous substances used by the European Directive) or ICPE (classified sites presenting risks). A significant portion of the Company's assets are intangible, which limits its industrial and environmental risks. The Company is not aware of any environmental situations or factors which could have a significant impact on its financial situation or results. The only elements for which there is a minor environmental risk, but which the Company believes could not have a significant impact on the Company's financial situation, are: (i) fuel reserves are stocked on the DS Campus HQ and the DS Boston Campus to provide electrical needs in case of a power outage; (ii) a pyralene/PCB transformer was identified on the Dassault Systèmes site in Bangalore, India. The principal sites occupied by the Company are described in paragraph 8.1 "Properties Occupied by the Company and Other Important Existing or Planned Real Estate Interests".

The organization of its operational locations is guided by a desire to rationalize its activities and take into account environmental considerations (see paragraph 8.3 "Environmental Report").

The Company's activities do not generate noise or odors which could disturb its surroundings.

In light of the limited nature of the Company's industrial and environmental risks, the costs related to the assessment, prevention and treatment of industrial and environmental risks are not significant and are included in the different investment and expense items set forth in the consolidated financial statements.

In 2011, no provision or guaranty for environmental risks was recorded in the Company's consolidated financial statements, and no charge was integrated in the financial statements as a result of a court decision related to environmental issues or for actions taken to repair any environmental damage.

In order to anticipate regulatory risks regarding the environment, the Company carefully monitors all environmental regulations that could potentially impact its business.

8.3 Environmental Report

8.3.1 Dassault Systèmes and environmental issues

Since Dassault Systèmes' business is publishing software, its activities have little environmental impact. Nevertheless, the Company is aware of its responsibility for protecting the environment. It has made sustainable development central to its objectives, with a strategy based on sustainable innovation, and implemented a strategy for optimizing and transforming its activities to reduce its environmental impact.

8.3.1.1 Dassault Systèmes' solutions contribute to sustainable development

Most of Dassault Systèmes' brands offer a promise of sustainable development. PLM solutions for product lifecycle management now consider the "Product in life", which means not only the product itself, but also the integration of the product into its environment.

SolidWorks, for "3D professionals", and in particular SolidWorks Sustainability, allows design teams to reduce the carbon footprint of their products, as well as pollution. By conducting a product lifecycle analysis directly in SolidWorks before starting production, designers can see how the supply of materials in a given region, manufacturing, use and product disposal will affect the product's lifecycle.

CATIA, for "virtual products" eliminates physical prototypes and enables users to confirm, starting with the design phase, that their products may be produced. By using a digital model, Dassault Systèmes' customers reduce their waste and, as a result, their consumption of raw materials while optimizing energy consumption.

SIMULIA, for "realistic simulation", enables companies to test their products' and materials' performance in a virtual 3D environment. Businesses can rely on SIMULIA's simulation capabilities to ensure an optimal use of materials and the effectiveness of their products while also making them safer, reducing their weight, and therefore making them more environmentally friendly.

DELMIA, for "digital manufacturing and production", provides testing of the operation of production systems, enabling manufacturers of all industrial sectors to anticipate new challenges. From planning processes to upstream assembly simulation through to the complete definition of machinery and equipment, DELMIA assists businesses in reaching maximal efficiency and cost control, while also providing for the health and safety of employees.

ENOVIA, for "collaborative global innovation", enables businesses to take full advantage of opportunities for collaboration: bringing together the best ideas to coordinate development and comply with safety and environmental regulations.

3DVIA, for "lifelike experience", uses 3D immersion technology to optimize the functional and environmental aspects of operations. 3DVIA Composer permits companies to replace paper manuals with interactive digital versions while at the same time making the information in technical documents clearer. Digital professional training using 3DVIA Studio Pro reduces the cost and environmental impact resulting from building facilities by replacing them with a digital environment. The risks related to employee training in potentially dangerous work environments are thus minimized.

8.3.1.2 Consideration of environmental matters in the Company's operational locations

Dassault Systèmes' desire to limit its environmental impact is also reflected through recent decisions regarding its operational locations:

The DS Campus HQ

Dassault Systèmes' world headquarters, located in Vélizy (France) received the HQE certification "*NF Bâtiments tertiaires Démarche HQE*" as well as a "very effective" score in five environmental areas (water, energy, the building and its immediate surroundings, construction site and maintenance), exceeding the minimum of three areas required for HQE certification.

Optimization of energy consumption at the DS Campus HQ is based on different technologies, including:

- Computer servers: heat generated by the servers is used to heat a significant portion of air circulated;
- Lighting: Dassault Systèmes saves energy by using motion detectors and detectors of natural light together with high-yielding lighting elements. For example, the lights used are 30% more efficient than fluorescent lights and five times more efficient than incandescent lights, with a 12- to 15-times greater life expectancy;

- Maintenance: A centralized computerized system oversees energy consumption, making it possible to locate leaks and defects and accelerate repair work to avoid energy loss.

Dassault Systèmes generally includes requirements regarding sustainable development in the terms and conditions for bids from suppliers of the DS Campus HQ. In particular, the terms and conditions for maintaining the green spaces and cleaning require the service provider to use non-toxic products.

To the extent possible, Dassault Systèmes seeks to work with companies that are, or are in the process of becoming, ISO 9001 and 14001 certified. For example, the Company has put in place real-time monitoring of the results of operational incidents and building maintenance with the assistance of ISO 9001 certified companies.

DS Boston Campus

The DS Boston Campus received the American certification LEED Gold, awarded for buildings designed to optimize environmental performance and built according to strict environmental standards. The building's construction used 61,000 metric tons of crushed materials (cement, masonry, steel, glass) for its embankment and 2,000 metric tons of recycled steel, and reused more than 75% existing materials.

To optimize its energy consumption, the DS Boston Campus is equipped with condensation heaters, high-yield air conditioning, and daylight sensors.

8.3.1.3 Environmental impact of the Company's transportation policy

Since the Company's business is publishing software, transportation is the principal source of its greenhouse gas emissions.

Dassault Systèmes' travel policy limits the impact of travel on the environment. Under this policy, employees are encouraged to give preference to meetings by conference call and video conference rather than by physical travel, train travel rather than air travel for trips under three hours in length, and economy class for air travel (the carbon footprint of business class being substantially greater than for economy class).

The greenhouse gas effect of travel is presented in paragraph 8.3.4 "Greenhouse gas emissions".

8.3.1.4 Environmental considerations of the Company's computer equipment management policy

Dassault Systèmes places significant importance on managing its computer equipment both in terms of usage and recycling. The Company's computer equipment includes fixed terminals, laptop computers and the servers of its data center and has received the "Energy Star" certificate. When buying new material, the Company gives preference to environmental certificates such as "Energy Star" and "TCO".

Recycling of computer equipment is generally handled by businesses or groups complying with applicable local environmental requirements regarding the treatment of electronic waste. Management of the retirement of computer equipment is set forth in paragraph 8.3.3.2 "Waste treatment".

8.3.1.5 Creating Company employee awareness

Dassault Systèmes pursues an on-going policy of employee awareness by involving them in steps taken to save water and energy through presentations of actions and technologies which can reduce the environmental impact of the Company's activities.

In 2011, the Company repeated the organization at the DS Campus HQ of a week of communication dedicated to sustainable development, with a presentation of the carbon footprint analysis for the Campus by the Social and Environmental Responsibility Department. In addition, the department made a presentation on issues regarding water conservation and the management of water within the Company's facilities.

In 2010, Dassault Systèmes created a "Sustainable Development for All" community on its intranet site in order to inform employees about subjects concerning sustainable development. Based on the success of this initiative, the Company created a "DS Global Green Team" community which enables the exchange of information on more specific environmental topics at Dassault Systèmes.

8.3.2 Methodology for environmental reporting

Definition of environmental reporting

Dassault Systèmes adopted its "Environmental Reporting Protocol" in 2010. This protocol defines the Company's environmental indicators and the methodology for collecting and calculating environmental information. This protocol was enhanced in 2011 as part of the Company's continuous improvement policy:

- The Company currently produces information regarding CO_2 emissions due to the use of coolants and employee car travel (see paragraph 8.3.4 "Greenhouse gas emissions"), as well as the number of computers destroyed (see paragraph 8.3.3.2 "Waste treatment").

  When information on these new indicators is available for 2010, historical data are presented to provide comparability. In other cases, "n.a" ("not available") has been indicated.

- Methodological improvements were put into effect regarding certain indicators, in particular those regarding:

  - water consumption: in 2010, facilities in the Americas zone had provided information on their water consumption only on the basis of consumption at the offices. In 2011, data for these sites includes offices, common areas and green spaces.

  - the concept of recycling according to "European environmental standards" was clarified in 2011 for persons reporting from the Americas and Asia zones as regards the indicator for the number of recycled computers.

  When differences in the method used to report data were identified between 2010 an 2011, "not comparable", or "n.c.", is indicated in the "change" column.

- Finally, in the marginal situation where a reporting error was detected for the preceding year, historical data has been restated. These cases are limited and concern only the consumption of paper in the Asia zone.

Environmental indicators thus determined for 2011 are presented in paragraph 8.3.3 "Company environmental indicators".

The Company's environmental reporting may evolve as part of the on-going process of improvement undertaken by the Company, or to take account of changes in applicable regulations.

Environmental reporting scope

The targeted scope for environmental reporting covers Dassault Systèmes SA and all the companies included in the scope of consolidation, with the exception of entities recently acquired by Dassault Systèmes, which are not integrated in the environmental reporting scope until one full year of operation has passed.

During 2011, environmental reporting covered 98% of the Company's employees, compared to 90% in 2010. This scope expansion was achieved through improved coverage of sites in the Americas zone.

Collecting and consolidating environmental data

Environmental data were collected and consolidated by the Social and Environmental Responsibility Department on the basis of the environmental reporting Protocol and the responses to questionnaires sent to contributors (principally, the Finance, Human Resources and R&D Departments) identified at each Company entity concerned. For certain questions, such as the carbon footprint and data concerning recycling, external service providers were also consulted.

Limitations on environmental reporting

When information could not be produced on the basis of real consumption (particularly for sites for which the charges related to water and energy consumption are included in rental charges), the environmental reporting Protocol specifies the approach to be followed to make necessary estimates (for example, an estimate of water and energy consumption on the basis of averages observed on other sites of the geographic zone pro rata according to the number of employees or square footage occupied). Actual consumption may as a result be different from our estimates.

In addition, in connection with waste treatment, collection is handled for most subsidiaries by the local government, which does not furnish any information on collected waste. It is thus not possible to provide any information on the amount of waste generated. Dassault Systèmes has nevertheless inquired of all the subsidiaries included in the 2011 reporting scope as to whether recycling was put in place at their facilities. The Company produces on this basis information as to the percentage of sites adopting waste recycling rather than as to the quantity of waste treated (see paragraph 8.3.3.2 "Waste treatment").

8.3.3 Company environmental indicators

The Company's environmental indicators are set forth below. Dassault Systèmes presents more detailed information for the DS Campus HQ, the Company's headquarters and principal site. It should be noted that in July 2011 approximately 450 employees who worked on site moved to a nearby facility. The information related to the "DS Campus HQ" does not include these employees after the date of the move.

The indicators concerning the DS Campus HQ were thus affected by this move, which lead to a decline in consumption at the site, and by the unfavorable one-time impact of the move in terms of the treatment of the resulting waste.

8.3.3.1 Company consumption levels

Energy

Information set forth below concerns only electricity consumption at Dassault Systèmes sites and data centers. Information on other forms of energy consumption is set forth in paragraph 8.3.4 "Greenhouse gas emissions".

Electricity consumption (in kWh)	Year 2011	Year 2010	Change
Europe	27,800,000	28,300,000	(2)%
of which DS Campus HQ	*15,800,000*	*17,100,000*	*(8)%*
Americas	16,000,000	16,300,000	(2)%
Asia	4,200,000	4,000,000	5%
Total	**48,000,000**	**48,600,000**	(1)%

The main change is related to the DS Campus HQ. The decrease observed on this site resulted principally from the relocation of certain employees in July 2011 as indicated above. The combined consumption of employees at the DS Campus HQ and affected employees in their new locations amounted to 16,700,000 kWh, or a decrease of 2% compared to 2010.

When considering data regarding energy consumption at the DS Campus HQ, the following information should also be taken into account: the energy supplier for the DS Campus HQ realized at the end of 2011 that the electricity counters of two of the four buildings at the campus had not been activated. Recorded and billed consumption has as a result been understated since Dassault Systèmes moved into these facilities. Data set forth in the table above correspond to the consumption recorded and billed.

Dassault Systèmes has located part of its servers at several data centers in the world. Energy consumption at these centers is included in the total electricity consumption above. The largest center underwent major modifications in 2010 with the "virtualization" of its servers: the replacement of several physical servers by a single high density virtual server. The "virtualization" of servers leads to better use of material, savings in space at the data center and a reduction in power consumed by the infrastructure, and thus a reduction in greenhouse gas emissions. The percentage of virtual servers in the world was estimated at 28% for 2009 according to a study by Gartner. Dassault Systèmes is far ahead in this area with 80% of the servers at its principal data center already virtualized. For equivalent capacity, the virtualization of the data center generated a 14% savings in energy consumption in 2011 and a 25% savings in 2010 for this data center.

Water consumption

Water consumption (in cubic meters)	Year 2011	Year 2010	Change
Europe	31,900	22,500	n.c
of which DS Campus HQ	*19,500*	*18,200*	*7%*
Americas	20,300	3,500	n.c
Asia	3,200	2,200	n.c
Total	**55,400**	**28,200**	n.c

On the DS Campus HQ, water consumption for 2011 amounted to slightly more than 19,500 cubic meters, compared to 18,200 cubic meters in 2010. The increase in water consumption on the DS Campus HQ was due to the increase in events organized on the site, the cleaning of hydraulic networks and watering tests for the facades and gutters as well as the filling of the canal in connection with insurance recovery for work damage. For the other geographic zones, data for 2011 and 2010 are not comparable.

Data related to water consumption presented above are partially based on estimates and as such may differ from actual water consumption (see paragraph 8.3.2 “Methodology for environmental reporting – Limitations on environmental reporting”).

Paper and packaging

Paper consumption (in metric tonnes)	Year 2011	Year 2010	Change
Europe	58	52	12%
of which DS Campus HQ	*24*	*30*	*(20)%*
Americas	23	23	0%
Asia	19	16(*)	19%
Total	**100**	**91 (*)**	10%

(*) restated data

Paper consumption at the DS Campus HQ amounted to 24 metric tonnes in 2011, compared to 30 metric tonnes in 2010. Paper consumption per employee on the DS Campus HQ remained stable. From July to December 2011, the employers transferred to nearby rented facilities, consumed 3 metric tonnes.

On the DS Campus HQ, the paper used is ‘FSC certified’, an eco-label which ensures sustainable forest management. At a global level, 65% of employees use paper that is 100% recycled or FSC or PEFC certified, compared to 60% in 2010.

Packaging at Dassault Systèmes consists principally of packaging for the Company’s software products. The supplier responsible for packaging the Company’s products complies with Reach (Registration, Evaluation, Authorisation and Restriction of Chemicals), a legal framework for environmental protection in Europe, and received the Imprim’Vert label for its printing facility, which certifies, among other things, that no toxic products are used and that waste is sorted for recycling. The supplier’s packaging is 100% recyclable and biodegradable.

For the other geographic zones, data for 2011 and 2010 are not comparable (see paragraph 8.3.2 “Methodology for environmental reporting – Definition of environmental reporting”).

8.3.3.2 Waste treatment

Waste generally

In light of the nature of its business, Dassault Systèmes generates principal ordinary waste (food products) and paper, cardboard and plastic. The Company does not generate hazardous waste.

The table below indicates the percentage of employees with access to recycling facilities at their work location by geographic zone.

Percentage of employees with access to recycling facilities at their work location	Year 2011	Year 2010
Europe	76%	90%
of which DS Campus HQ	*100%*	*100%*
Americas	93%	74%
Asia	100%	100%
% of employees with access to recycling facilities at their work location in the world	**85%**	**86%**

On the DS Campus HQ, the service provider that collects waste is ISO 9001 certified for collection and ISO 14001 certified at all its waste treatment sites. The service provider carries out the sorting and collection of paper and boxes, removes large waste items once each quarter and offers electrical battery collection. Ordinary waste at the DS Campus HQ is recycled for energy production by the service provider.

In the rest of the world, changes in the number of employees with access to recycling facilities is due to the extension of the reporting scope.

Waste treatment at DS Campus HQ	Year 2011	Year 2010
Normal waste (metric tonnes)	72	50
Recyclable paper waste (metric tonnes)	68	73
% of ordinary waste recycled	**49%**	**59%**

The proportion of recycled waste decreased from 59% in 2010 to 49% in 2011. This decrease was due principally to the one-time effect of moving 500 employees off the DS Campus HQ.

Specific waste

Computers (laptop and desktop) destroyed (in kg)	Year 2011	Year 2010
Europe	500	100
of which DS Campus HQ	–	–
Americas	900	200
Asia	1,700	1,000
Total	**3,100**	**1,300**

Computers (laptop and desktop) recycled according to environmental standards (in kg)	Year 2011	Year 2010
Europe	6,900	4,700
of which DS Campus HQ	*6,300*	*3,900*
Americas	–	600
Asia	100	100
Total	**7,000**	**5,400**

In 2011, on the DS Campus HQ, 6,300 kilograms of computer equipment were recycled by an association supporting and reinserting handicapped persons for recycling or rehabilitating computer equipment. The Company organized a collection procedure at the DS Campus HQ for recycling computers from all Dassault Systèmes' European sites. This policy explains the increase in the quantity of computers reculed at the DS Campus HQ from 2010 to 2011.

8.3.4 Greenhouse gas emissions

To analyze its carbon footprint on a global basis, Dassault Systèmes uses the GHG Protocol (GreenHouse Gas Protocol). This method of evaluation of greenhouse gas effects was launched in 2001 by the World Business Council for Sustainable Development (WBCSD) and the World Resource Institute (WRI). It was developed through a partnership among businesses, non-governmental organizations and governments in order to create a common framework for accounting and reporting, measurement tools and actions to resist climate change.

The GHG Protocol divides the operational perimeter of greenhouse gas emissions of an organization as follows:

- Scope 1: direct emissions resulting from the combustion of fossil fuels from resources owned or controlled by the enterprise,
- Scope 2: indirect emissions resulting from the purchase or production of electricity,
- Scope 3: all other indirect emissions, from the extended supply chain to transport of goods and persons.

The information used to evaluate the global carbon footprint of the Company covered a scope representing 98% of its employees. As part of the policy of continuous improvement at Dassault Systèmes, Scope 3 integrated in 2011 employee travel by personal car in connection with work. The results are set forth below:

	2011	2010
Scope 1	***Metric Tonnes CO2 emissions***	***Metric Tonnes CO2 emissions***
Emissions due to on-site fuel consumption	**1,460**	**90**
Total emissions due to the use of company vehicles	**3,140**	**2,300**
Emissions due to the use of company vehicles in Europe	3,000	2,220
Emissions due to the use of company vehicles in the Americas	10	10
Emissions due to the use of company vehicles in Asia	130	70
Emissions due to the use of refrigerants	**220**	**160**
Total scope 1	**4,820**	**2,550**
Scope 2		
Total emissions due to purchases of electricity	**12,240**	**12,960**
Emissions due to purchases of electricity in Europe	3,180	3,150
Emissions due to purchases of electricity in the Americas	6,310	7,180
Emissions due to purchases of electricity in Asia	2,750	2,630
Total scope 2	**12,240**	**12,960**
Scope 3		
Total emissions due to employee business air travel	**18,120**	**12,520**
Emissions due to employee business air travel in Europe	4,750	3,800
Emissions due to employee business air travel in the Americas	10,540	7,920
Emissions due to employee business air travel in Asia	2,830	800
Total emissions due to employee business travel by train	**2,260**	**500**
Emissions due to employee travel by train in Europe	270	180
Emissions due to employee travel by train in the Americas	10	10
Emissions due to employee travel by train in Asia	1,980	310
Total emissions due to employee travel by personal car in connection with work	**3,670**	n.a
Emissions due to employee travel using their personal vehicles in Europe	1,900	n.a
Emissions due to employee travel using their personal vehicles in the Americas	1,130	n.a
Emissions due to employee travel using their personal vehicles in Asia	640	n.a
Total scope 3	**24,050**	**13,020**
Total greenhouse gas emissions (scopes 1 + 2 + 3)	**41,110**	**28,530**

"n.a.": information not available

The general increase in greenhouse gas emissions was principally due to:

- the increase in the Company's business activities, which generated more employee travel,
- the inclusion of additional indicators in 2011, in particular regarding employee travel by car, and
- the extension of the environmental reporting scope (see paragraph 8.3.2 "Methodology for environmental reporting – Environmental reporting scope") which mechanically causes an increase in the data produced regarding greenhouse gas emissions on all indicators and particularly in connection with fuel consumption, which in 2011 included for the Americas zone:
    - 15 sites consuming natural gas (compared to 2 sites in 2010)
    - 8 sites consuming domestic fuel (none in 2010).

8.3.5 NRE correspondence table

Article R. 225-105 of the French Commercial Code (*Code de commerce*)	Environmental report	Page
Water consumption	8.3.3.1	41
Energy consumption	8.3.3.1	41
Raw materials consumption	8.3.3.1	41
Measures taken to improve energy efficiency	8.3.1	38
Use of renewable energy	8.3.1	38
Conditions of use of the soil, discharge into the air, water and soil	8.2 and 8.3.1	37 and 38
Noise and odor	8.2	37
Waste treatment	8.3.3.2	40
Measures taken to limit impact on environmental equilibrium and natural environments	8.2	37
Measures taken to ensure legal compliance	8.2	37
Evaluation processes or business environmental certificates	8.3.4	43
Expenses undertaken to prevent environmental impact of the Company's business activities	8.2	37
Existence of Company environmental management services	8.3.2	40
Employee training and information	8.3.1.5	39
Provisions and guaranties for environmental issues	8.2	37
Indemnifications paid during the year pursuant to judicial decisions on environmental matters	8.2	37
Matters assigned to foreign subsidiaries	8.3.1	38

CHAPTER 9 – OPERATING AND FINANCIAL REVIEW

9.1 General

The executive overview in paragraph 9.1.1 "Executive Overview for 2011" highlights selected aspects of the Company's IFRS financial results for 2011. The executive overview, the supplemental non-IFRS financial information and the more detailed discussion that follows should be read together with the Company's consolidated financial statements and the related notes included in paragraph 20.1 "Historical Financial Information" of this Annual Report.

In discussing and analyzing the Company's results of operations, the Company considers supplemental non-IFRS financial information which excludes (i) the effect of adjusting the carrying value of acquired companies' deferred revenue, (ii) the amortization of acquired intangibles, (iii) share-based compensation expense, (iv) certain other operating income and expense, net, (v) certain one-time items included in financial income and other, net, and (vi) certain one-time tax effects. A reconciliation of this supplemental non-IFRS financial information with information set forth in the Company's consolidated financial statements and the notes thereto is presented below under paragraph 9.1.2 "Supplemental Non-IFRS Financial Information".

When the Company believes it would be helpful for understanding trends in its business, it restates percentage increases or decreases in selected financial data to eliminate the effect of changes in currency values, particularly the U.S. dollar and the Japanese yen, relative to the euro. When trend information is expressed below "in constant currencies", the results of the most recent year have first been recalculated using the average exchange rates of the preceding year, and then compared with the results of the preceding year. All constant currency information is provided on an approximate basis. Unless otherwise indicated, the impact of exchange rate fluctuations is approximately the same for both the Company's IFRS and supplemental non-IFRS financial data.

9.1.1 Executive Overview for 2011

2011 Year in Review

2011 was an excellent year for Dassault Systemes, in fact a record year – for revenue, earnings and cash flow as customers adopted its Product Lifecycle Management solutions. And it was also a good year from the perspective that the Company achieved all its key strategic objectives.

2011 was the first full year where Dassault Systèmes was fully responsible for its sales channels, following the acquisition of the IBM PLM salesforce in March 2010. For the three months from January 1, 2010, to March 31, 2010, after payment of software royalties to the Company, IBM PLM's software revenue portion was estimated at approximately €50 million and was not consolidated with the Company's revenue during this period prior to acquisition.

During 2011 total revenue increased 14.0%, and 16% in constant currencies, to €1.78 billion, net income increased 31.2% to €289.2 million and net income per diluted share increased 28.0% to €2.33. On a non-IFRS basis, total revenue increased 12.9%, and 14% in constant currencies, to €1.78 billion, net income increased 19.7% to €362.1 million and net income per diluted share increased 16.8% to €2.92 and compared favorably to the Company's initial non-IFRS revenue growth objective of 9% to 11% in constant currencies and its initial non-IFRS EPS growth objective of 6% to 10%, which were set in February 2011.

- The Company met its target for new licenses revenue growth, with new licenses revenue up 20% in constant currencies and representing 29% of total software revenue in 2011. New licenses revenue growth was broad-based with all of the Company's brands reporting double-digit new licenses revenue growth in constant currencies. By region, new licenses revenue growth was strongest in Europe, followed by the Americas and Asia.
- Recurring software revenue increased 15% and 13% (non-IFRS) in constant currencies, benefiting from new licensing activity, solid trends across the Company with respect to maintenance renewal rates and growth in its rental business. Recurring software revenue growth also benefited from the IBM PLM acquisition. By region, recurring software revenue growth was well balanced across all three regions. Recurring software revenue represented approximately 71% of total software revenue in 2011.
- Services revenue increased 10% in constant currencies principally reflecting an increase in V6 service engagements.
- The Company exceeded its initial 2011 non-IFRS operating margin growth goal, and more importantly reached its mid-term growth goal in advance with a non-IFRS operating margin of 30.4% for 2011, advancing from 28.6% in 2010. The Company reached this objective sooner thanks to the demand for its products as customers focus on innovation in all areas of product development, which helped drive

adoption of its 3D PLM software, as well as its continued focus on leveraging its infrastructure through a number of initiatives the Company has advanced over the last several years.

- Cash flow from operations increased 10.4% with a net operating cash flow of €450.9 million during 2011, compared to €408.3 million in 2010.
- The Company ended the year with a net financial position of €1.15 billion, up from €845.7 million at the end of 2010. The net financial position is comprised of cash, cash equivalents and short-term investments less long-term debt and less the €200 million debt which has become current as of December 31, 2011.
- Total software revenue increased 16% and 14% (non-IFRS) in constant currencies. All of the Company's brands achieved double-digit software revenue growth in constant currencies, underscoring their market leadership, technological innovations and understanding of their target user communities.
    - CATIA software revenue increased 16% in constant currencies, reflecting an excellent level of activity in both the automotive and aerospace industries in particular.
    - ENOVIA software revenue increased 14% in constant currencies with new licenses revenue growth increasingly driven by V6 transactions and good breadth across industries, including high tech, energy, automotive, aerospace and consumer goods.
    - SolidWorks software revenue increased 12% with new seats up 14% to just under 48,000 seats and average selling prices were up slightly in constant currencies. In terms of footprint and reach, both with businesses and educational institutions, total seats licensed at the end of 2011 approximated 1.7 million for SolidWorks.
    - Other PLM software revenue, comprised principally of SIMULIA, DELMIA, Exalead and 3DVIA, increased 18% in constant currencies.
- Demand for the Company's products was strong around the globe, with double-digit revenue growth in constant currencies in its three geographic regions.
    - Revenue in Europe increased 17% and 17% (non-IFRS) driven by the Company's largest markets in Germany and France, well supported by growth in many of the other regional markets within Europe. From an industry perspective growth came from a number of industries.
    - Revenue in the Americas increased 11% in constant currencies as the Company benefited from growth in aerospace and industrial equipment as well as in other target industries.
    - Revenue in Asia increased 14% in constant currencies for 2011 reflecting a strong increase in new licensing activity in China, Korea and India and growth in recurring software throughout Asia. With respect to Japan the Company saw a second half recovery in spending following the tsunami and subsequent events.
- The Company's financial results demonstrate that it is benefiting from its geographic diversification investments and transformations that have been made in its sales channels. Revenue from high growth countries increased more than 20% in constant currencies in 2011. Since 2008 high growth countries, which include China, India, South Korea, Asia Pacific, East Europe and Latin America, have grown by 4 points. They represented 14% of total revenue and a higher percent of the Company's new licenses revenue during 2011.
- Revenue growth during 2011 and over the last several years also demonstrates a good dynamic of customer interest across a number of industry verticals and underscores the significant opportunity from the investments the Company is making in broadening and deepening its industry expertise. During 2011 and moving into 2012 the Company has established formal industry practice groups in the eleven industry groupings it is addressing to provide a comprehensive framework for research and development, industry solutions, marketing communications and go-to-market strategies.
    - The Company saw an excellent dynamic in two of its largest industry groups with automotive and aerospace new licenses revenue increasing by more than 20% in constant currencies during 2011.
    - Industry diversification is well on track. As a percent of end-user software sales, other target verticals represented approximately 23% of end-user software sales, stable with 2010, reflecting the strong dynamic in the Company's largest industries. Since 2008, other target industries have grown as a percent of revenues by eight points.
- From a sales channel perspective, the Company benefited from a strong performance in both its small and mid-sized business channels and its direct sales channel, following the IBM PLM salesforce integration in April 2010. The Company estimates that it added more than 18,000 new 3D application customers during 2011.

2012 Business Outlook

Entering 2012 the Company continues to see steady interest from customers. Its initial 2012 revenue growth objective incorporates the assumption that customers are continuing to make new investments in the Company's software applications, although it anticipates a lower rate of new licenses revenue growth in 2012 than in 2011.

At the same time, the Company's initial revenue growth objective for 2012 takes into consideration the uncertain economic context globally, including tighter credit markets which could cause extended sales cycles, postponements or cancellations in investment spending or reduced levels of investment spending by customers. For further information regarding the Company's 2012 business outlook, see Chapter 13 "Profit Forecasts or Estimates", and for further information regarding risks facing the Company, see paragraph 4.1 "Risks Related to the Company's Business".

9.1.2 Supplemental non-IFRS financial information

Readers are cautioned that the supplemental non-IFRS financial information is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered in isolation from or as a substitute for IFRS measurements. The supplemental non-IFRS financial information should be read only in conjunction with the Company's consolidated financial statements prepared in accordance with IFRS. Furthermore, the Company's supplemental non-IFRS financial information may not be comparable to similarly titled non-IFRS measures used by other companies. Specific limitations for individual non-IFRS measures are set forth below.

In evaluating and communicating its results of operations, the Company supplements its financial results reported on an IFRS basis with non-IFRS financial data. As further explained below, the supplemental non-IFRS financial information excludes: deferred revenue adjustments for acquired companies, amortization of acquired intangibles, share-based compensation expense, other operating income and expense, net, certain one-time items included in financial revenue and other, net, and the income tax effect of the non-IFRS adjustments and certain one-time tax effects. Subject to the limitations set forth above and below, the Company believes that the supplemental non-IFRS financial information provides a consistent basis for period-to-period comparisons which can improve investors' understanding of its financial performance.

The Company's management uses the supplemental non-IFRS financial information, together with its IFRS financial information, to evaluate its operating performance, make operating decisions, conduct planning and set objectives for future periods. Compensation of its executive officers is based in part on the performance of its business measured with the supplemental non-IFRS information. The Company believes that the supplemental non-IFRS data also provides meaningful information to investors and financial analysts who use the information for comparing the Company's operating performance to its historical trends and to other companies in its industry, as well as for valuation purposes.

The supplemental non-IFRS financial information adjusts the Company's IFRS financial information to exclude:

– *deferred revenue adjustment of acquired companies:* Under IFRS, deferred revenue of an acquired company must be adjusted by writing it down to account for the fair value of customer support obligations assumed under support contracts acquired through the acquisition of the company. As a result, in the case of a typical one-year contract, the Company's IFRS revenues for the one-year period subsequent to an acquisition do not reflect the full amount of revenue on assumed contracts that would have otherwise been recorded by the acquired entity in the absence of the acquisition.

In its supplemental non-IFRS financial information, the Company has excluded this write-down to the carrying value of the deferred revenue, and reflects instead the full amount of such revenue. The Company believes that this non-IFRS measure of revenue is useful to investors and management because it reflects a level of revenue and operational results which corresponds to the combined business activities of Dassault Systèmes and the acquired company. In addition, the non-IFRS financial information provides a consistent basis for comparing its future operating performance, when no further adjustments to deferred income are required against recent results.

However, by excluding the deferred revenue adjustment, the supplemental non-IFRS financial information reflects the total revenue that would have been recorded by the acquired entity but may not reflect the total cost associated with generating the non-IFRS revenue.

– *amortization of acquired intangibles, including amortization of acquired software:* Under IFRS, the cost of acquired intangible assets, whether acquired through acquisitions of companies or of technology or certain other intangible assets, must be recognized according to the assets' fair value and amortized over their useful life.

In its supplemental non-IFRS financial information, the Company has excluded the amortization expenses related to acquired intangibles in order to provide a consistent basis for comparing its historical results. For technology and other intangible assets the Company develops

internally, it typically expenses costs in the period in which they are incurred. For example, because it typically incurs most of its research and development costs prior to reaching technical feasibility, its research and development costs are expensed in the period in which they are incurred. By excluding the amortization expenses related to acquired intangibles, the supplemental non-IFRS financial information provides a uniform approach for evaluating the development cost of all the Company's technology, whether developed internally or acquired externally. As a result, the Company believes that the supplemental financial information offers investors a useful basis for comparing its historical results.

However, the acquired intangible assets whose amortization costs are excluded contributed to revenue earned during the period, and it may not have been possible to earn such revenue without such assets. In addition, the amortization of acquired intangibles is a recurring expense until their total cost has been amortized.

– *share-based compensation expense:* Under IFRS, the Company is required to recognize in its income statement all share-based payments to employees, including grants of employee stock options and free performance shares, based on their fair values over the period that an employee provides service in exchange for the award.

The Company excludes this expense in its supplemental non-IFRS financial information as financial analysts and investors use a valuation model which may not take into account its share-based compensation expense. The exclusion of share-based compensation expense in the Company's supplemental non-IFRS financial information therefore helps them ensure the consistency of their valuation metrics. The Company's management considers the supplemental non-IFRS information which excludes share-based compensation expense when reviewing the Company's operating performance, since share-based compensation expenses can fluctuate due to factors other than the level of its business activity or operating performance.

However, share-based compensation is one component of employee compensation. By excluding share-based compensation expense, the supplemental non-IFRS financial information does not reflect the Company's full cost of attracting, motivating and retaining its personnel. Share-based compensation expense is a recurring expense.

– *other operating income and expense, net:* Under IFRS, the Company has recognized certain other operating income and expense comprised of income and expense related to restructuring expenses, acquisition costs, and relocation income and expense related to corporate or regional headquarters and certain facilities and gain or loss on sale of subsidiaries or operations.

In its supplemental non-IFRS financial information, the Company excludes other operating income and expense effects because of their unusual, infrequent or generally non-recurring nature. As a result, the Company believes that its supplemental non-IFRS financial information helps investors better understand the current trends in its operating performance.

However, other operating income and expense are components of the Company's income and expense and by excluding them the supplemental non-IFRS financial information excludes their impact to its net income.

– *certain one-time items included in financial income and other, net:* Under IFRS, the Company has recognized certain one-time items in financial income and other, net comprised of gains or losses on previously held interest upon acquiring the control of businesses and the expense recognized following the impairment of non controlling equity investments.

In its supplemental non-IFRS financial information, the Company excludes certain one-time items included in financial income and other, net because of their unusual, infrequent or generally non-recurring nature. As a result, the Company believes that its supplemental non-IFRS financial information helps investors better understand the current trends in its operating performance.

However, these one-time items included in financial income and other, net are components of the Company's income and expense and by excluding them the supplemental non-IFRS financial information excludes their impact to its net income.

– *certain one-time tax effects:* The Company restructured certain activities in 2010 that led to the utilization of tax losses carried forward that were reserved for in 2009. The Company's IFRS financial statements reflect the impact of these one-time tax effects.

In its supplemental non-IFRS financial information for 2010, the Company has excluded the one-time tax impact attributable to the restructuring of some of these activities because of their unusual nature in both qualitative and quantitative terms. The Company does not expect such tax effects to occur as part of its normal business on a regular basis. As a result, the Company believes that by excluding this one-time tax impact, its supplemental non-IFRS financial information helps investors understand the current trends in its operating performance. The Company also believes that the exclusion of certain one-time tax effects facilitates a comparison of its effective tax rate between different periods.

However, these one-time tax effects are a component of the Company's income tax expense for these periods. By excluding these effects, the supplemental non-IFRS financial information overstates the Company's income tax expense. These one-time tax effects are not a recurring benefit.

The following table sets forth the Company's supplemental non-IFRS financial information, together with the comparable IFRS financial measure and a reconciliation of the IFRS and non-IFRS information.

	Year ended December 31,						% Change	
(in millions, except percentages and per share data)	2011 IFRS	Adjustment[1]	2011 non-IFRS	2010 IFRS	Adjustment[1]	2010 non-IFRS	IFRS	Non-IFRS[2]
Total Revenue	**€1,783.0**	**€0.5**	**€1,783.5**	**€1,563.8**	**€16.2**	**€1,580.0**	14.0%	12.9%
Total revenue by activity								
Software revenue	1,616.9	0.5	1,617.4	1,411.0	16.2	1,427.2	14.6%	13.3%
Services and other revenue	166.1	–	166.1	152.8	–	152.8	8.7%	8.7%
Total revenue by geography								
Americas	488.8	–	488.8	456.5	5.3	461.8	7.1%	5.8%
Europe	827.1	0.2	827.3	702.9	6.3	709.2	17.7%	16.7%
Asia	467.1	0.3	467.4	404.4	4.6	409.0	15.5%	14.3%
Total revenue by segment								
PLM revenue	1,442.0	0.5	1,442.5	1,252.3	16.2	1,268.5	15.1%	13.7%
SolidWorks revenue	341.0	–	341.0	311.5	–	311.5	9.5%	9.5%
Total Operating Expenses	**€1,355.1**	**€(114.2)**	**€1,240.9**	**€1,241.8**	**€(113.5)**	**€1,128.3**	9.1%	10.0%
Share-based compensation expense	(20.7)	20.7	–	(20.9)	20.9	–	0.0%	–
Amortization of acquired intangibles	(83.6)	83.6	–	(71.8)	71.8	–	16.4%	–
Other operating income and expense, net	(9.9)	9.9	–	(20.8)	20.8	–	(52.4)%	–
Operating Income	**€427.9**	**€114.7**	**€542.6**	**€322.0**	**€129.7**	**€451.7**	32.9%	20.1%
PLM Operating income	283.5	112.2	395.7	201.3	129.2	330.5	40.8%	19.7%
SolidWorks Operating income	144.4	2.5	146.9	120.7	0.5	121.2	19.6%	21.2%
Operating Margin	**24.0%**		**30.4%**	**20.6%**		**28.6%**		
PLM Operating margin	22.2%		31.0%	16.1%		26.1%		
SolidWorks Operating margin	42.3%		43.1%	38.7%		38.9%		
Financial income (expense) and other, net	0.4	(2.4)	(2.0)	(3.8)	–	(3.8)	110.5%	47.4%
Income before Income Taxes	**€429.0**	**€112.3**	**€541.3**	**€320.0**	**€129.7**	**€449.7**	34.1%	20.4%
Income tax expense	(138.5)	(39.1)	(177.6)	(99.4)	(47.6)	(147.0)	39.3%	20.8%
(of which certain one-time tax restructuring effects)	–	–	–	*4.5*	*(4.5)*	–		
Minority interest	(1.3)	(0.3)	(1.6)	(0.1)	–	(0.1)		
Net Income attributable to shareholders	**€289.2**	**€72.9**	**€362.1**	**€220.5**	**€82.1**	**€302.6**	31.2%	19.7%
Diluted Net Income Per Share[3]	**€2.33**	**€0.59**	**€2.92**	**€1.82**	**€0.68**	**€2.50**	28.0%	16.8%

(1) In the reconciliation schedule above, (i) all adjustments to IFRS revenue data reflect the exclusion of the deferred revenue adjustment of acquired companies, (ii) adjustments to IFRS operating expense data reflect the exclusion of the amortization of acquired intangibles, share-based compensation expense (as detailed below), and other operating income and expense, net (iii) adjustments to IFRS financial income and other, net reflect the exclusion of certain one-time items included in financial income and other, net in 2011, and (iv) all adjustments to IFRS income data reflect the combined effect of these adjustments, plus with respect to net income and diluted net income per share, the income tax effect of the non-IFRS adjustments and certain one-time tax effects in 2010.

	Year ended December 31,					
(in millions)	2011 IFRS	Adjustment	2011 non-IFRS	2010 IFRS	Adjustment	2010 non-IFRS
Cost of services and other revenue	€249.4	€(0.6)	€248.8	€144.9	€(0.8)	€144.1
Research and development	329.3	(10.1)	319.2	322.1	(12.0)	310.1
Marketing and sales	535.3	(5.5)	529.8	480.1	(4.3)	475.8
General and administrative	147.6	(4.5)	143.1	125.9	(3.8)	122.1
Total share-based compensation expense		**(20.7)**			**(20.9)**	

(2) The non-IFRS percentage change compares non-IFRS measures for the two different periods. In the event there is an adjustment to the relevant measure for only one of the periods under comparison, the non-IFRS change compares the non-IFRS measure to the relevant IFRS measure.

(3) Based on a weighted average of 124.0 million diluted shares for 2011 and 121.2 million diluted shares for 2010.

9.1.3 Critical Accounting Principles

The Company's consolidated financial statements have been prepared in accordance with IFRS. The preparation of these financial statements requires the Company to make certain assumptions and judgments. Actual results may differ from these estimates under different assumptions or conditions. The Company believes the following critical accounting policies, among others, involve the more significant judgments and estimates used in the preparation of its consolidated financial statements: revenue recognition, cost of software revenue, research and development, purchase price allocation for business combinations, goodwill and other intangible assets, and income taxes. See Note 2 to the Company's consolidated financial statements for a description of these accounting policies.

9.2 Consolidated Information: 2011 Compared to 2010

REVENUE

The Company's revenue is comprised principally of (i) software revenue, which is its primary source of revenue, representing 91% of total revenue in 2011, and (ii) services and other revenue, which represented 9% of total revenue in 2011.

(in millions, except percentages)	**Year ended December 31, 2011**	**% change**	**% change in constant currencies**	**Year ended December 31, 2010**
Total Revenue	€1,783.0	14.0%	16%	€1,563.8
Total revenue by activity				
Software revenue	€1,616.9	14.6%	16%	€1,411.0
Services and other revenue	166.1	8.7%	10%	152.8
Total revenue by geographic region(1)				
Americas	€488.8	7.1%	12%	€456.5
Europe	827.1	17.7%	18%	702.9
Asia	467.1	15.5%	15%	404.4
Total revenue by segment				
PLM revenue	€1,442.0	15.1%	17%	€1,252.3
SolidWorks revenue	341.0	9.5%	12%	311.5

(1) The Company has twelve geographic areas of focus, aggregating to the three geographic regions. The Company's largest markets as measured by total revenue are the United States, Germany, Japan and France. See Note 3 to the Company's consolidated financial statements.

Total revenue increased 14.0% to €1.78 billion in 2011 from €1.56 billion in 2010. In constant currencies, total revenue increased approximately 16%, principally reflecting an increase in software revenue of 16% as further discussed below. In constant currencies, revenue in Europe increased by 18%, in the Americas by 12% and in Asia by 15%. On a non-IFRS basis, total revenue increased by 13% to €1.78 billion in 2011, compared to €1.58 billion in 2010, and by approximately 14% in constant currencies. For the three months from January 1, 2010, to March 31, 2010, after payment of software royalties to the Company, IBM PLM's software revenue portion was estimated at approximately €50 million and was not consolidated with the Company's revenue during this period prior to acquisition.

Software Revenue

Software revenue is comprised of new licenses revenue and periodic licenses, maintenance and product development revenue. Periodic licenses and maintenance revenue are referred to together as "recurring revenue".

The Company's products are principally licensed pursuant to one of two payment structures: (i) new licenses, for which the customer pays an initial or one-time fee for a perpetual license or (ii) periodic (rental) licenses, for which the customer pays periodic fees (generally equal) to keep the license active. Access to maintenance and product updates or upgrades requires payment of a fee, which is recorded as maintenance revenue. Periodic (rental) licenses entitle the customer to corrective maintenance and product updates without additional charge. Product updates include improvements to existing products but do not cover new products. "Periodic license" revenue includes software revenue generated from new customers, or from new business with existing customers, if the customer chooses that payment

structure. The Company's product development revenue relates to the development of additional functionalities of standard products requested by customers.

(in millions, except percentages)	Year ended December 31, 2011	2010
Software revenue		
New licenses revenue	€465.0	€393.9
Periodic licenses, maintenance and product development revenue	1,151.9	1,017.1
Total software revenue	**€1,616.9**	**€1,411.0**
(as % of total revenue)	90.7%	90.2%

Software revenue increased 14.6%, and approximately 16% in constant currencies. Non-IFRS software revenue increased 13.3%, and approximately 15% in constant currencies, on strong growth in new licenses revenue and periodic licenses, maintenance and product development revenue.

IFRS and non-IFRS new licenses revenue increased 18.1%, and approximately 20% in constant currencies. The increase in new licenses revenue in 2011 principally reflected higher new business activity across all of the Company's businesses and in all geographic regions. The Company saw a substantial increase in activity in its core industries of automotive and aerospace and in new industries, in particular with energy, construction and business services companies.

Recurring software revenue increased 13.2%, and approximately 15% in constant currencies, to €1.15 billion for 2011, compared to €1.01 billion in 2010. Non-IFRS recurring software revenue increased 11.5%, and 13% in constant currencies. Recurring software revenue represented 71% and 72% of software revenue in 2011 and 2010, respectively. Recurring software revenue growth reflected an increase in customer subscription contracts, principally reflecting an increase in new business activity, the IBM PLM acquisition and an increase in rental licensing.

Services and Other Revenue

Services and other revenue is largely comprised of revenue from consulting services in methodology for design, deployment and support, training services and engineering services. For each of the years 2011 and 2010, substantially all the Company's service revenue was generated by the PLM segment.

(in millions, except percentages)	Year ended December 31, 2011	2010
Services and other revenue	**€166.1**	**€152.8**
(as % of total revenue)	9.3%	9.8%

Services and other revenue increased 8.7%, and approximately 10% in constant currencies, principally reflecting an increase in Version 6 engagements.

OPERATING EXPENSES

Average headcount growth of 9.3% for 2011 was the principal driver of the total increase in operating expenses of 9.1% (10.0% on a non-IFRS basis) in 2011 compared to 2010. Excluding a net positive currency impact of 2 percentage points, 2011 operating expenses increased approximately 11% (IFRS) and 12% (non-IFRS).

The growth in personnel reflected the integration of IBM PLM personnel following its acquisition on March 31, 2010, into sales and marketing, additional hires in both legal and finance to support the expanded base of sales activities and growth in research and development activities.

(in millions)	Year ended December 31, 2011	2010
Operating expenses	**€1,355.1**	**€1,241.8**
Adjustments[1]	(114.2)	(113.5)
Non-IFRS operating expenses[1]	**€1,240.9**	**€1,128.3**

(1) The adjustments and non-IFRS operating expenses in the table above reflect adjustments to the Company's financial information prepared in accordance with IFRS by excluding (i) the amortization of acquired intangibles, (ii) share-based compensation expense, and (iii) other operating income and expense,

net. For the reconciliation of this non-IFRS financial information with information set forth in the Company's financial statements and the notes thereto, see paragraph 9.1.2 "Supplemental non-IFRS financial information".

Cost of revenue

The cost of revenue consists of:

- The cost of software revenue, which includes principally software personnel costs, licensing fees paid for third-party components integrated into the Company's own products, CD costs, preparation costs for user manuals and delivery costs.
- The cost of services and other revenue, which includes principally personnel and other costs related to organizing and providing consulting services.

	Year ended December 31,	
(in millions)	**2011**	**2010**
Cost of software revenue (excluding amortization of acquired intangibles)	€80.8	€76.2
Cost of services and other revenue	168.6	144.9
Cost of revenue	**€249.4**	**€221.1**

Cost of software revenue (excluding amortization of acquired intangibles) increased 6.0%, principally due to the increase in personnel in connection with the IBM PLM acquisition, and to higher royalty costs primarily reflecting growth in software revenue. The cost of software revenue (excluding amortization of acquired intangibles) represented 4.5% of total revenue in 2011 and 4.9% in 2010.

Cost of services and other revenue increased €23.7 million or 16.4% compared to 2010 reflecting increased service activity, primarily related to Version 6 service projects. The services and other revenue gross margin was slightly negative at (1.5)% in 2011, compared to 5.2% in 2010, principally reflecting the one-time effect of forecasted overruns on inappropriately priced agreements which resulted in cost accruals. The cost of services and other revenue amounted to 9.5% and 9.3% of total revenue in 2011 and 2010, respectively.

Research and development expenses

The Company believes that research and development is one of the most important elements of its success. The Company conducts its research in three principal countries: France, the United States and India (through its 3D PLM business venture – see Chapter 19 "Related Party Transactions"), as well as in Germany, the United Kingdom and Sweden. The Company continued to grow its resources in research and development, with average headcount growth of 8.4% for 2011, including through the additions of acquisitions. At the same time, the Company continues to focus on improving the efficiency of its research and development organization through co-location efforts, resulting in hardware and other infrastructure savings. In addition, the Company continues to benefit from government grants and related support to its research efforts.

Expenses for research and development include primarily personnel costs as well as the rental, depreciation and maintenance expenses for computers and computer hardware used in research and development, development tools, networking and communication expenses.

Costs for research and development of software are expensed in the period in which they were incurred. The Company does not capitalize any software costs. A small percentage of research and development personnel pursue research and development activities in the context of providing clients with software maintenance, and their cost is thus included under cost of software revenue.

Expenses for research and development are recorded net of grants received from various governmental authorities to finance certain research and development activities (including tax research credits in France).

	Year ended December 31,	
(in millions, except percentages)	**2011**	**2010**
Research and development expenses	**€329.3**	**€322.1**
(as % of total revenue)	18.5%	20.6%

For 2011 research and development cost increased €7.2 million or 2.2% in comparison to 2010. The growth in research and development expense principally reflected an increase in salaries, benefits and variable compensation, growth in R&D personnel of 8%, and a decrease in government grants and other governmental programs supporting research and development (€26.9 million in 2011 compared to €28.9 million in 2010) largely offset by a net positive impact of approximately 2 percentage points from currency fluctuations.

Marketing and sales expenses

Marketing and sales expenses consist primarily of personnel costs, which include sales commissions and personnel for processing sales transactions; marketing and communications expenses; travel expenses; and marketing infrastructure costs, such as information technology resources used for marketing.

	Year ended December 31,	
(in millions, except percentages)	**2011**	**2010**
Marketing and sales expenses	**€535.3**	**€480.1**
(as % of total revenue)	30.0%	30.7%

In 2011 marketing and sales expenses increased €55.2 million, or 11.5%, compared to 2010. The increase resulted principally from growth in personnel with the IBM PLM acquisition and other hires, an increase in commission compensation as a result of the growth in revenue, higher expenses for travel, events and other support activities for the sales channels, and an increase in IT and facilities costs. Currency fluctuations had a net positive impact on the evolution of marketing and sales expenses of approximately 2 percentage points.

General and administrative expenses

	Year ended December 31,	
(in millions, except percentages)	**2011**	**2010**
General and administrative expenses	**€147.6**	**€125.9**
(as % of total revenue)	8.3%	8.1%

The Company has been expanding its infrastructure to support the higher level of sales and services activities, leading to growth in general and administrative expenses of €21.7 million or 17.2% in 2011, while maintaining G&A expenses at a similar percentage of total revenue in comparison to 2010. The increase in general and administrative expenses resulted principally from growth in legal personnel and in outside counsel fees to support the Company's larger direct sales force following the IBM PLM acquisition and increased activity to defend against third-party claims, particularly in the intellectual property field and generally without merit, an increase in third-party fees, and to a lesser extent an increase in costs for subcontractors and travel. Currency fluctuations had a positive impact on the evolution of general and administrative expenses of approximately 2 percentage points.

Amortization of acquired intangibles

Amortization of acquired intangibles includes amortization of acquired software, amortization of acquired technology and amortization of intangible assets recognized in connection with business combinations (primarily contractual customer relationships and technology). See the discussion above under paragraph 9.1.2 "Supplemental non-IFRS financial information".

	Year ended December 31,	
(in millions)	**2011**	**2010**
Amortization of acquired intangibles	**€83.6**	**€71.8**

Amortization of acquired intangibles increased €11.8 million or 16.4% in 2011 compared to 2010 principally reflecting the full year impact of the IBM PLM acquisition (March 2010) and the Exalead acquisition (June 2010).

Other operating income and expense, net

Other operating income and expense, net, includes the impact of events that are unusual, infrequent or generally non-recurring in nature.

	Year ended December 31,	
(in millions)	**2011**	**2010**
Other operating income and expense, net	**€9.9**	**€20.8**

Other operating income and expense, net, declined €10.9 million in 2011, with a decrease in direct acquisition costs (€1.0 million in 2011 compared to €7.9 million in 2010) and acquisition-related expenses (€2.6 million in 2011 compared to €5.7 million in 2010); the high level of 2010 expense was principally due to the IBM PLM acquisition. Restructuring costs increased by €8.0 million in 2011 as the Company

undertook actions to rationalize its sales force in Japan and in Europe in 2011, and relocation costs decreased by €4.9 million. See Note 8 to the Company's consolidated financial statements.

OPERATING INCOME

	Year ended December 31,	
(in millions)	**2011**	**2010**
Operating income	**€427.9**	**€322.0**

Operating income increased 32.9% or €105.9 million for 2011 and principally reflected a 14.0% increase in revenue, offset in part by an increase in operating expenses of 9.1%. In addition to an increase in operating income, the operating margin improved to 24.0% for 2011 compared to 20.6% for 2010. On a non-IFRS basis, operating income increased 20.1% to €542.6 million for 2011 from €451.7 million in 2010 and the non-IFRS operating margin increased to 30.4%, compared to 28.6% for 2010. These improvements reflected the benefits from operating leverage.

FINANCIAL INCOME (EXPENSE) AND OTHER, NET

	Year ended December 31,	
(in millions)	**2011**	**2010**
Financial income (expense) and other, net	**€0.4**	**€(3.8)**

2011 financial income (expense) and other, net was principally comprised of net financial interest income of €5.8 million, exchange losses of €7.9 million, and one-time gains of €5.0 million on previously held interests. The increase in financial income, net primarily reflected an increase in financial net interest income of €7.0 million, offset in part by an increase in exchange losses of €5.2 million. On a non-IFRS basis, financial income (expense) and other, net totaled €(2.0) million for 2011 compared to €(3.8) million for 2010. See Note 9 to the Company's consolidated financial statements.

INCOME TAX EXPENSE

	Year ended December 31,	
(in millions, except percentages)	**2011**	**2010**
Income tax expense	**€138.5**	**€99.4**
Effective consolidated tax rate	32.3%	31.1%

Income tax expense increased by €39.1 million or by 39.3%, largely reflecting an increase in pre-tax income of 34.1% and in part an increase of 120 basis points in the effective consolidated tax rate due notably to certain one-time tax restructuring effects in 2010. On a non-IFRS basis, the effective consolidated tax rate was 32.8% for 2011, compared to 32.7% for 2010. See Note 10 to the Company's consolidated financial statements for an explanation of the differences between the effective tax rate and the taxes computed at the statutory French tax rate of 36.10%.

NET INCOME AND DILUTED NET INCOME PER SHARE

	Year ended December 31,	
(in millions, except per share data)	**2011**	**2010**
Net income attributable to shareholders	**€289.2**	**€220.5**
Diluted net income per share	€2.33	€1.82
Diluted weighted average shares outstanding	124.0	121.2

Net income increased 31.2% and diluted net income per share increased 28.0%, largely reflecting an increase in operating income of 32.9%. Diluted weighted average shares outstanding increased 2.3%. Non-IFRS net income increased 19.7% to €362.1 million reflecting an increase in non-IFRS operating income of 20.1%. Non-IFRS net income per diluted share increased 16.8% to €2.92 per share from €2.50 per share, reflecting growth in net income offset slightly by the increase in shares outstanding.

9.3 Revenue and Operating Income by Segment

2011 software revenue trends for both segments reflected an increase in new licenses activity as well as growth in recurring software revenue. In addition, revenue and operating income results for the PLM segment also reflect the significant increase in the number of direct customer accounts and sales resources following the integration of IBM PLM as of April 1, 2010. For the three months from January 1, 2010 to March 31, 2010, after payment of software royalties to the Company, IBM PLM's software revenue portion was estimated at approximately €50 million and was not consolidated with the Company's revenue during this period prior to acquisition.

PLM

Revenue

	Year ended December 31,			
(in millions, except percentages)	**2011**	**% of Total revenue**	**2010**	**% of Total revenue**
Revenue (excluding inter-segment sales)				
PLM revenue	€1,442.0	80.9%	€1,252.3	80.1%
Supplemental non-IFRS Financial Information(1)				
PLM non-IFRS revenue	€1,442.5	80.9%	€1,268.5	80.3%

(1) The supplemental non-IFRS financial information reflects adjustments to the Company's audited financial information by excluding the effect of adjusting the carrying value of acquired companies' deferred revenue. For the reconciliation of this non-IFRS financial information with information set forth in the Company's financial statements and the notes thereto, see paragraph 9.1.2 "Supplemental non-IFRS financial information" above.

PLM revenue totaled €1.44 billion (IFRS and non-IFRS) in 2011 and was comprised of CATIA software revenue of €762.9 million, Other PLM software revenue (SIMULIA, DELMIA, Exalead, 3DVIA and Swym) of €283.6 million, ENOVIA software revenue of €229.9 million and Services and other revenue of €166.1 million.

Total revenue for the PLM segment increased 15.1% in 2011 compared to 2010, and 13.7% on a non-IFRS basis. On a constant currency basis, PLM software revenue increased approximately 17%, and 16% on a non-IFRS basis. On a non-IFRS basis, CATIA software revenue increased 14.3% and approximately 16% in constant currencies, ENOVIA software revenue increased 12.0% and approximately 14% in constant currencies, and Other PLM software revenue increased 16.6% and approximately 18% in constant currencies. PLM service revenue increased 8.7% and approximately 10% on a constant currency basis. See paragraph 9.2 "Consolidated Information: 2011 Compared to 2010-Services and Other Revenue".

Operating income

	Year ended December 31,			
(in millions, except percentages)	**2011**	**% of Total operating income**	**2010**	**% of Total operating income**
Operating income				
PLM operating income	€283.5	66.3%	€201.3	62.5%
Supplemental non-IFRS Financial Information(1)				
PLM non-IFRS operating income	€395.7	72.9%	€330.5	73.2%

(1) The supplemental non-IFRS financial information reflects adjustments to the Company's audited financial information by excluding (i) the effect of adjusting the carrying value of acquired companies' deferred revenue, (ii) the amortization of acquired intangibles, (iii) share-based compensation expense and (iv) other operating income and expense, net. For the reconciliation of this non-IFRS financial information with information set forth in the Company's financial statements and the notes thereto, see paragraph 9.1.2 "Supplemental non-IFRS financial information".

Operating income for the PLM segment increased 40.8%, reflecting a 15.1% increase in revenue and an increase in the PLM operating margin. On a non-IFRS basis, PLM operating income increased 19.7%, reflecting an increase of 13.7% in revenue and an increase in the operating margin. The PLM operating margin grew to 19.7% in 2011 from 16.1% in 2010, and the non-IFRS PLM operating margin increased to 27.4% in 2011 from 26.1% in 2010, reflecting similar factors as for the Company's consolidated operating margin.

SolidWorks

Revenue

(in millions, except percentages)	Year ended December 31, 2011	% of Total revenue	2010	% of Total revenue
Revenue (excluding inter-segment sales)				
SolidWorks revenue	€341.0	19.1%	€311.5	19.9%
Supplemental non-IFRS Financial Information(1)				
SolidWorks non-IFRS revenue	€341.0	19.1%	€311.5	19.7%

(1) The supplemental non-IFRS financial information reflects adjustments to the Company's audited financial information by excluding the effect of adjusting the carrying value of acquired companies' deferred revenue. For the reconciliation of this non-IFRS financial information with information set forth in the Company's financial statements and the notes thereto, see paragraph 9.1.2 "Supplemental non-IFRS financial information".

SolidWorks revenue and non-IFRS revenue increased 9.5% and approximately 12% in constant currencies. SolidWorks new license revenue rose double-digits on an increase in new seats of 14%, growth in revenue from multi-product sales including SolidWorks product data management and simulation applications, as well as a higher average selling price for SolidWorks design software than in 2010. SolidWorks recurring software revenue increased double-digits, benefiting from higher new licensing activity and a further improvement in maintenance renewal rates in comparison to 2010.

Operating income

(in millions, except percentages)	Year ended December 31, 2011	% of Total operating income	2010	% of Total operating income
Operating income				
SolidWorks operating income	€144.4	33.7%	€120.7	37.5%
Supplemental non-IFRS Financial Information(1)				
SolidWorks non-IFRS operating income	€146.9	27.1%	€121.2	26.8%

(1) The supplemental non-IFRS financial information reflects adjustments to the Company's audited financial information by excluding (i) the effect of adjusting the carrying value of acquired companies' deferred revenue, (ii) the amortization of acquired intangibles, (iii) share-based compensation expense and (iv) other operating income and expense, net. For the reconciliation of this non-IFRS financial information with information set forth in the Company's financial statements and the notes thereto, see paragraph 9.1.2 "Supplemental non-IFRS financial information.

SolidWorks operating income increased €23.7 million, or 19.6% in 2011 compared to 2010, principally reflecting the 9.5% increase in revenue. In addition, the operating margin increased to 42.3% in 2011 from 38.7% for 2010, benefiting from operating leverage. Similarly, on a non-IFRS basis, SolidWorks operating income increased €25.7 million or 21.2% in 2011 compared to 2010, and the operating margin improved to 43.1% in 2011 from 38.9% for 2010.

9.4 Trends in Quarterly Results

The Company's quarterly new licenses revenue has varied significantly and is likely to vary significantly in the future. The Company's total revenue is subject to less quarterly variation due to the Company's significant level of recurring software revenue. As was evident during the 2009 global recession, the Company's high level of recurring software revenue acted as a stabilizing factor, helping to mitigate the impact of the significant decrease in new licensing activity on revenue and net income.

A significant portion of sales typically occurs in the last month of each quarter, and, as is typical in the software market, the Company normally experiences its highest licensing activity for the year in December. Software revenue, total revenue, operating income, operating margin and net income have generally been highest in the fourth quarter of each year.

In 2011, revenue for the fourth, third, second and first quarters represented, respectively, 28.7% (29.6% in 2010), 24.3% (25.8% in 2010), 24.0% (24.7% in 2010) and 23.0% (19.9% in 2010) of the Company's total revenue for the year. The revenue contribution variations by quarter in 2011 in comparison to 2010 principally reflected the impact of the IBM PLM acquisition which was consolidated as of April 1, 2010 and some seasonal and one-time effects from the 2010 economic recovery which benefited the 2010 fourth quarter in particular.

Nonetheless, it is possible that the Company's quarterly total revenue could vary significantly and that its net income could vary significantly reflecting the change in revenues, together with the effects of the Company's investment plans.

Some of the factors that could cause the Company's quarterly revenues to vary include, but are not limited to: the timing and level of mergers and acquisition activities, changes in the macroeconomic environment, the size and number of larger software sales transactions occurring in the same quarter, the method of software licensing and the timing and size of service engagements. Additionally, quarterly revenue can vary due to the varying length of time required to negotiate and complete sales contracts or to the timing of recognition of service engagements. See paragraph 4.1 "Risks Related to the Company's Business – Variability in quarterly operating results".

9.5 Off-Balance Sheet Arrangements

See Note 25 to the Company's consolidated financial statements.

9.6 Tabular Disclosure of Contractual Obligations

See paragraph 4.2.3 "Liquidity Risk".

CHAPTER 10 – CAPITAL RESOURCES

Overview

Cash and cash equivalents and short-term investments increased to €1.42 billion as of December 31, 2011, compared to €1.14 billion as of December 31, 2010. The Company's net financial position, comprised of cash, cash equivalents and short-term investments less long-term debt of €72.4 million and less the €200 million debt which has become short-term as of December 31, 2011, was €1.15 billion at December 31, 2011, compared to a net financial position of €845.7 million at December 31, 2010.

The Company's principal source of liquidity is cash from operations amounting to €450.9 million, increasing €42.5 million compared to 2010. During 2011 cash obtained from operations was used primarily to repurchase Company shares in the amount of €226.7 million, to fund short-term investments amounting to €103.9 million net, invest in capital expenditures of €71.4 million and distribute cash dividends aggregating €65.8 million.

Exchange rate fluctuations had a positive translation effect of €27.1 million on the Company's December 31, 2011, cash balance compared to a positive translation effect of €32.5 million on the Company's December 31, 2010, cash balance.

The Company follows a conservative policy for investing its cash resources, mostly relying on short-term investments. Investment rules are determined and controlled by the treasury department of Dassault Systèmes SA. The Group believes that it will be able to meet its contractual commitments existing at December 31, 2011.

Investing activities

Net cash used in investing activities decreased by €326.5 million to €214.9 million, compared to €541.4 million in 2010, reflecting net purchases of short term investments amounting to €103.9 million (€41.8 million in 2010), capital expenditures of €71.4 million (€37.3 million in 2010) and payments for acquisition of businesses amounting to €37.4 million net (€461.4 million net in 2010 for the acquisition of IBM PLM and Exalead) (see Note 16 to the Company's consolidated financial statements).

Financing activities

In 2011, net cash used in financing activities amounted to €85.3 million; in 2010, net cash provided by financing activities was €138.0 million. During 2011 the Company paid dividends in the amount of €65.8 million (€54.5 million in 2010) and effected share repurchases for an amount of €226.7 million (€7.2 million in 2010) principally to offset the dilutive effect from stock options exercised in connection with the 2011 expiration of two major ten-year stock option programs in the amount of €233.4 million (€97.4 million of stock options exercised in 2010). In 2011, there was no new borrowing (€115.0 million in 2010).

Note 21 to the Company's consolidated financial statements provides a description of the borrowings and their contractual maturity. The Company's €200 million revolving credit facility will terminate at the end of 2012. Pursuant to the terms of this credit facility, the Company is required to comply with limitations on its ability to grant liens on, or sell, its assets or the assets of its principal subsidiaries, or to carry out a restructuring. In the event of a change in control of the Company, its lenders could require immediate repayment. The term loan facility in Japan, amounting to 14,500 million yen, or €115.0 million as of the 2010 draw date, is scheduled to be repaid by the Company in ten equal semi-annual installments, with the last payment being due in June of 2015.

CHAPTER 11 – RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

11.1 Overview

At December 31, 2011, the Company's research and product development teams included 4,215 engineers, compared to 3,907 engineers at year-end 2010, representing approximately 44% of the total Company headcount. During 2011 the Company increased its total R&D headcount by 8% (including 65 personnel joining the Company in conjunction with acquisitions completed during 2011), and by 9% in 2010.

The Company has research facilities located primarily in France, the United States and India (including the 1,306 and 1,079 employees at December 31, 2011 and 2010, respectively, of the Company's 3D PLM business venture described in Chapter 19 "Related Party Transactions"), as well as in Germany, the United Kingdom and Sweden.

Research and development expenses totaled €329.3 million for 2011, compared to €322.1 million for 2010 and excluding currency benefits increased 4%. R&D costs benefited from government grants and other governmental programs supporting research and development of €26.9 million in 2011 and €28.9 million in 2010.

The Company's research and development is conducted in close cooperation with users and customers in their respective industries to develop a deeper understanding of the unique business processes of these industries as well as the future product directions and requirements of its users and customers.

Important trends in business practices globally which underpin the Company's current research directions include:

- the increasing importance of realistic modeling simulation and production – reaching unmatched level of conformity between the real world and the virtual world;
- product innovation incorporating the end-customer product experience;
- the increasing importance of communities and collaboration in the process of product creation;
- current product trends with the development of complex embedded systems and smart products;
- critical issues around intellectual property creation, management and protection;
- the increasing importance of information intelligence utilizing search-based applications to help customers better utilize and leverage the significant amount of data generated, whether structured or unstructured data, whether inside a company or on the web; and
- an increased focus on compliance with government rules and company processes in connection with product creation, manufacturing, maintenance and retirement.

The Company is also devoting significant resources to the development of on-line service offerings (SaaS) based on a "cloud computing" infrastructure.

11.2 Intellectual Property

The Company relies on a combination of copyrights, trade secret, trademark and patents to establish and protect its technology. The Company distributes its software products under licenses that grant software utilization rights, and not ownership rights, to the Company's customers. The contracts contain various provisions protecting the Company's intellectual property rights over its technology, as well as related confidentiality rights.

The source code (set of instructions written by a programmer in an intelligible form for the latter) of its products is protected as a trade secret and as a copyrighted work. In addition, some of the key capabilities of its software products are protected through patents when possible.

However, no assurance can be given that others will not copy or otherwise obtain and/or use the Company's products or technology without authorization. In addition, effective copyright, trade secret, trademark and patent protection or enforcement may be unavailable or limited in certain countries.

The Company is nevertheless also engaged in an active policy against piracy and takes systemic measures to prevent the illegal use and distribution of its products, ranging from regularizing illegal use to initiating court actions.

With regard to trademarks, the Company's policy is to register trademarks for its principal products in the countries where it does business. Such registrations are a combination of international trademark, EU trademarks and/or national registrations. When companies are acquired, a review and an assessment of their main trademarks is made, and when necessary, complementary applications for registrations may be made in order to establish a scope of protection of such trademarks compliant with the Company's trademark policy.

In order to protect its core technologies and key product capabilities, the Company generally files patent applications in countries where many of its main customers and competitors are located. At year-end 2011, the Company's portfolio comprised more than 185 inventions protected by approximately 284 patents granted worldwide, among which nearly 116 were granted in the United States of America, and the Company had more than 350 pending patent applications. In addition, certain inventions are kept secret, proof of creation being preserved if necessary. The Company also applies a policy of crossed licenses for patents with major players in its environment.

See paragraph 4.1 "Risks Related to the Company's Business", and particularly "Infringement of third-party intellectual property rights and licensing of third-party technology" for risks concerning possible third-party allegations of unauthorized use of their intellectual property, and "Challenges to the Company's intellectual property rights" for the difficulties in ensuring adequate protection for the Company's own intellectual property.

CHAPTER 12 – TREND INFORMATION

For a discussion of the effects of current global economic conditions on the Company's business and operating results, see paragraph 4.1 "Risks Related to the Company's Business", and in particular the risk "Uncertain global economic environment".

CHAPTER 13 – PROFIT FORECASTS OR ESTIMATES

The Company confirms its initial 2012 non-IFRS financial objectives which were announced on February 9, 2012, when the annual results for 2011 were released. These objectives are subject to the assumptions and cautionary statement set forth below and are subject to revision as market conditions change during 2012.

- Entering 2012 the Company continues to see interest from customers. Its initial 2012 revenue growth objective incorporates the assumption that customers are continuing to make new investments in the Company's software applications, although it anticipates a lower rate of new licenses revenue growth in 2012 than in 2011. The revenue growth outlook assumes continued growth in recurring software revenue with maintenance renewal rates similar to current levels as well as continued growth in rental licensing activity.
- At the same time, the Company's initial revenue growth objective for 2012 takes into consideration the uncertain economic context globally, including tighter credit markets which could cause extended sales cycles, postponements or cancellations in investment spending or reduced levels of investment spending by customers. See paragraph 4.1 "Risks Related to the Company's Business – Uncertain Global Economic Environment".

The Company's initial 2012 non-IFRS financial objectives are as follows:

- Non-IFRS revenue growth objective range of about 5% to 7% in constant currencies (€1.86 to €1.89 billion based upon the 2012 currency exchange rate assumptions below);
- Non-IFRS operating margin of about 30%, stable as compared to 2011;
- Non-IFRS earnings per share (EPS) range of about €3.00 to €3.10, representing growth of 3% to 6%;
- These financial objectives are based upon exchange rate assumptions of US$1.40 per €1.00 and JPY115 per €1.00.

The Company's objectives are prepared and communicated only on a non-IFRS basis. The non-IFRS objectives set forth above do not take into account the following accounting elements and are based upon the 2012 currency exchange rate assumptions above: share-based compensation expense currently estimated at approximately €20 million for 2012 and amortization expense for acquired intangibles currently estimated at approximately €80 million for 2012. These objectives do not include any impact from other operating income and expense, net principally comprised of acquisition, integration and restructuring expenses. These estimates do not include any new stock option or share grants, or any new acquisitions or restructurings completed after February 9, 2012.

The information above includes statements that express objectives for the Company's future financial performance. Such forward-looking statements are based on Dassault Systèmes management's views and assumptions as of the date of this Annual Report and involve known and unknown risks and uncertainties. Actual results or performances may differ materially from those in such statements due to a range of factors including global economic and business conditions; changes in customers' investment plans or investment horizons; growth in market share by the Company's competitors; new product developments and technological changes; difficulties or adverse changes affecting the Company's partners or its relationships with its partners; errors or defects in the Company's products; and the realization of any risks related to the integration of any newly acquired company and internal reorganizations. The exchange rates mentioned above constitute a working hypothesis; currency values fluctuate, and the Company's results of operations may be significantly affected by changes in exchange rates if actual exchange rates are different.

For more information regarding the risks facing the Company, see paragraph 4.1 "Risks Related to the Company's Business".

CHAPTER 14 – ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

14.1 Board of Directors and Executive Officers

Board of Directors

The Company's Board of Directors is made up of 9 members, of whom five are independent directors (the directors' terms were set at four years by the General Shareholders' Meeting of June 9, 2009, without effect on the length of the terms in-progress at such date). The independence criteria adopted by the Board of Directors takes into account market recommendations in France, in particular the recommendations by the Code of governance for listed companies of AFEP (*Association Française des Entreprises Privées*) and of MEDEF *(Mouvement des Entreprises de France*) (the "Code AFEP-MEDEF"). These criteria reflect the general rule that an independent director must not be in a situation which may affect his independent judgment or give rise to a real or possible conflict of interest. The independent directors of Dassault Systèmes SA are Bernard Dufau, André Kudelski, Jean-Pierre Chahid-Nouraï, Arnoud De Meyer, and Paul Brown, until May 26, 2011, the date on which his mandate expired, and Mrs. Toshiko Mori, who was appointed on the same date. Their independence has been reviewed by the Board of Directors of March 23, 2012, upon the Compensation and Nomination Committee's report.

There are no directors on the Board of Directors appointed by the employees of Dassault Systèmes. There are three foreign directors, of Belgian, Japanese and Swiss nationality. The average age of the directors is 63 years old at the date of this Annual Report.

The mandates and responsibilities of the directors of Dassault Systèmes SA in 2011 are shown in the table below.

Name	Current position within the Company Professional address	Other occupations and Directorships (*)	Other mandates (outside the Group) expired during the last 5 years	Company Shares owned at December 31, 2011
Charles Edelstenne Age: 74 Director since: 04/08/1993 Term expires at annual shareholders' meeting in 2014	Chairman of the Board Dassault Aviation 78 Quai Marcel Dassault 92210 Saint Cloud	Chairman and Chief Executive Officer (*Président-Directeur Général*) of Dassault Aviation (a listed company) French companies – Member of the Supervisory Board (*Conseil de surveillance*) of GIMD SAS – Director of Sogitec Industries SA – Director of Thales and Carrefour (listed companies) – Manager (*Gérant*) of *sociétés civiles* Arie and Arie 2, Nili and Nili 2 Foreign companies – Director of SABCA – Chairman of Dassault Falcon Jet Corporation – President of Dassault International, Inc.	Director of Dassault Réassurance (Luxembourg) and Thales Systèmes Aéroportés	7,684,189 (including 5,763,600 beneficial ownership shares)
Bernard Charlès Age: 55 Director since: 04/08/1993 Term expires at annual shareholders' meeting in 2014	President and Chief Executive Officer (*Directeur Général*) 10 rue Marcel Dassault 78140 Vélizy-Villacoublay	French subsidiary of Dassault Systèmes SA – President of Dassault Systèmes Centrale Numérique Foreign subsidiaries of Dassault Systèmes SA – Chairman of Dassault Systèmes SolidWorks Corp., Dassault Systèmes Simulia Corp., Dassault Systèmes Delmia Corp., Dassault Systèmes Enovia Corp. and Dassault Systèmes Corp.	Director of Business Objects	1 165 139

Name	Current position within the Company Professional address	Other occupations and Directorships (*)	Other mandates (outside the Group) expired during the last 5 years	Company Shares owned at December 31, 2011
Thibault de Tersant Age: 54 Director since: 04/08/1993 Term expires at annual shareholders' meeting in 2014	Senior Executive Vice President and Chief Financial Officer 10 rue Marcel Dassault 78140 Vélizy-Villacoublay	French subsidiary of Dassault Systèmes SA – President (*Président*) of Dassault Systèmes International SAS Foreign subsidiaries of Dassault Systèmes SA – Manager *(Gérant)* of Elsys SPRL – Director and Chairman of Spatial Corp. – Director of Dassault Systèmes SolidWorks Corp., Dassault Systèmes Delmia Corp., Dassault Systèmes Corp., Dassault Systèmes Simulia Corp. and of Dassault Systèmes Enovia Corp.	Director of Icem Ltd	12,815
Paul R. Brown Age: 61 Director since: 09/25/2000 Term expired at annual shareholders' meeting of 26/05/2011	Director College of Business and Economics Lehigh University – 621 Taylor Street, Rauch Business Center Bethlehem, Pennsylvania 18015 – USA	Dean of the College of Business and Economics at Lehigh University, Pennsylvania	Director and member of the Audit Committee of Dictaphone, Inc.	2
Jean-Pierre Chahid-Nouraï Age: 73 Director since: 04/15/2005 Term expires at annual shareholders' meeting in 2015	Director 56 rue de Boulainvilliers 75016 Paris	Executive Trustee of the Fondation Stanislas pour l'Education	– Director of Stanislas SA and of Fondation Notre Dame de Garaison – Managing Director (*Administrateur Délégué*) of Finanval Conseil	1,010

Name	Current position within the Company Professional address	Other occupations and Directorships (*)	Other mandates (outside the Group) expired during the last 5 years	Company Shares owned at December 31, 2011
Laurent Dassault Age: 58 Director since: 04/08/1993 Term expired at annual shareholders' meeting of 05/26/2011	Director 9 Rond-point des Champs Elysées 75008 Paris	Vice-President of the Supervisory Board (*Vice-président du Conseil de surveillance*) of GIMD SAS French companies – Chairman of the Supervisory Board (*Président du Conseil de surveillance*) of Immobilière Dassault SA – President (*Président*) of Château Dassault SAS and of Château La Fleur Mérissac – Director and member of the Audit Committee of Generali France SA – Director of Sogitec Industries SA and of Société financière Louis Potel & Chabot – Co-Manager (*Co-Gérant*) of Artcurial Développement – Member of the Supervisory Board (*Membre du Conseil de surveillance*) of 21 Central Partners SA – Advisor at *Directoire* of ARQANA SAS – Member of the Steering Committee (*Comité de suivi*) of Pechel Industries SAS and Member of the Advisory Committee (*Comité consultatif*) of Sagard Private Equity Partners SAS – Chairman of the Development Committee (*Président du Comité de développement*) of Groupe Artcurial – Managing Partner of LDRP SCI Foreign Companies – Chairman of the Advisory Board of CATALYST INVESTMENTS II L.P. – Director of Power Corporation du Canada, Kudelski SA (a listed company), Banque Privée Edmond de Rothschild Luxembourg SA, Lepercq, Neuflize and Co. Inc., and SITA SA	– Manager (*Gérant*) of Dassault Investissements – President of Dassault Falcon Jet do Brazil, Midway Aircraft Corp., Dassault Investment Fund Inc., Vina Dassault San Pedro – Director of Fingen SA, Compagnie Nationale à Portefeuille, BSS Investment SA, Chenfeng Machinery, Aero Precision Repair and Overhaul Company «A-pro», NAFCO National Aerospace Stener Co., Generali Assicurazioni SpA, Industrial Procurement Services, Société de Véhicules Electriques SAS, Fauchier Partners Management Ltd, Terramaris SA and Génération Entreprise – Member of the Supervisory Board (*Conseil de surveillance*) of Eurazeo and Member of the Advisory Board (*Comité consultatif*) of Power Private Equity Fund, Syntek Capital SA and ARQANA SAS – Chairman and Chief Executive Officer (*Président-Directeur Général*) of Dassault Belgique Aviation	10

Name	Current position within the Company Professional address	Other occupations and Directorships (*)	Other mandates (outside the Group) expired during the last 5 years	Company Shares owned at December 31, 2011
Nicole Dassault Age: 81 Director since: 05/26/2011 Term expires at annual shareholders' meeting in 2015	Director	French companies – Member of the Supervisory Board (*Conseil de surveillance*) of GIMD SAS – Vice-President of the Supervisory Board (*Conseil de surveillance*) of Immobilière Dassault SA – Chief Executive Officer (*Directeur Général Délégué*) of Rond-Point Immobilier SAS – Director of Dassault Aviation (a listed company), Société du Figaro SA, Socpresse SA and Artcurial SA		0
Bernard Dufau Age: 70 Director since: 05/31/2001 Term expires at annual shareholders' meeting in 2013	Director 165 avenue de Wagram 75017 Paris	– Director and Chairman of the Audit Committee of France Telecom SA (a listed company) – Director and Member of the Audit Committee of Kesa Electricals plc – Director of Neo Sécurité	– Manager (*Gérant*) of B. Dufau Conseil	1,000
André Kudelski Age: 51 Director since: 05/31/2001 Term expires at annual shareholders' meeting in 2013	Director Case Postale 134 1033 Cheseaux -sur-Lausanne Suisse	– President and Chief Executive Officer (*Président et Administrateur délégué*) of Kudelski SA (a listed company) – Chairman and Chief Executive Officer (*Président-Directeur Général*) of Nagra+ SA – Director of HSBC Private Bank Holding, Nestlé and Edipresse	Chairman of the Board of Open TV (USA) (a listed company)	10
Arnoud De Meyer Age: 57 Director since: 04/15/2005 Term expires at annual shareholders' meeting in 2015	Director Singapore Management University, 81 Victoria street, SINGAPORE 188065	– President of the Singapore Management University – Director of Kylian Technology Management Pte. Ltd, Temasex management Services Pte. Ltd, Singapore International Chamber of Commerce, SMU Ventures Pte. Ltd – Member of the Board of Singapore National Research Foundation	Director of SR&DM, INSEAD (Singapore) and INSEAD EAC Pte. Ltd Director of Option International NV Professor and Director of the Judge Business School at the University of Cambridge, United Kingdom	570
Toshiko Mori Age: 60 Director since: 05/26/2011 Term expires at annual shareholders' meeting in 2015	Director Toshiko Mori Architect 199 Lafayette Street New York NY 10012 USA	– Member of Toshiko Mori Architect PLLC – Robert P. Hubbard Professor in Harvard Graduate School of Design – Member of the American Institute of Architects College of Fellows – Member of the Economic Forum Global Agenda Council on Design – Member of the Board of Architecture for Humanity – Member of the Supervisory Board (Conseil de surveillance) of *A + U Magazine* and of Sarasota Architectural Foundation	President of World Economic Forum Global Agenda Council on Design	300

(*) Principal occupation appears first for directors whose principal employment is not at Dassault Systèmes.

- Charles Edelstenne was the founder of Dassault Systèmes in 1981 and was its Managing Director (*gérant*) until it was transformed into a *société anonyme* in 1993. From 1993 to 2002, Mr. Edelstenne was Chairman and Chief Executive Officer (*Président-Directeur Général*) of Dassault Systèmes, and since 2002, Mr. Edelstenne has served as Chairman of the Board. Mr. Edelstenne devotes the majority of his time to his duties at Dassault Aviation, as indicated above.

- Bernard Charlès has been Chief Executive Officer (*Directeur Général*) of Dassault Systèmes since 2002, Mr. Edelstenne being since then only the Chairman of the Company's Board. Mr. Charlès served similar executive functions since 1995 which were shared with Mr. Edelstenne. Prior to holding this position, Mr. Charlès served as Director of Research and Strategy of Dassault Systèmes from 1985 to 1988 and as Director of Research and Development from 1988 to 1995.

- Thibault de Tersant has been Senior Executive Vice President and Chief Financial Officer of Dassault Systèmes since 2003. He joined Dassault Systèmes in 1988 as Chief Financial Officer. Prior to joining Dassault Systèmes, Mr. de Tersant served as a finance executive at Dassault International. Mr. de Tersant is also a member of the Board of Directors of the DFCG (French National Association of Chief Financial Officers and Financial Controllers).

- Paul R. Brown has been a certified public accountant in Pennsylvania since 1974. He is Dean of the College of Business and Economics of the Lehigh University in Bethlehem, Pennsylvania. He was formerly a Professor and Chairman of the Accounting, Taxation and Business Law Department of the Leonard N. Stern Business School at New York University.

- Jean-Pierre Chahid-Nouraï is an independent consultant. He was managing director (*administrateur délégué*) of Finanval Conseil from 1992 to 2007. A former member of the Executive Team (*gérance*) and Chief Financial Officer of Michelin, Mr. Chahid-Nouraï has also worked as an investment banker for MM. Lazard Frères et Cie., Banque Vve Morin-Pons, Financière Indosuez and S.G. Warburg and as a consultant with McKinsey & Co. He has also contemporaneously taught finance at ESSEC, at the *Centre de Formation à l'Analyse Financière,* INSEAD and at the CEDEP (*Centre Européen d'Education Permanente*).

- Laurent Dassault has served in management positions in the Dassault Group since 1991. He is in particular Vice President of GIMD, Chairman of the Supervisory Board (*Président du Conseil de Surveillance*) of Immobilière Dassault and President (*Président*) of Château Dassault. Prior to this, Mr. Dassault worked for 14 years in banking, in particular at Banque Vernes.

- Bernard Dufau first joined the IBM group as a commercial engineer and then served in various management positions notably as Sales Director of IBM France and as Executive Director of Distribution for IBM Europe. He was Chairman and Chief Executive Officer of IBM France from 1995 to 2001.

- André Kudelski is President and Chief Executive Officer (*Président and administrateur délégué*) of Kudelski SA and of Nagra Plus SA, a joint-venture of Kudelski SA and Canal +. Mr. Kudelski started as an R&D engineer and then was Product Manager for pay-TV products from 1989 to 1990 and Managing Director of Nagravision, the pay-TV division of the group.

- Arnoud De Meyer is President of the Singapore Management University. Mr. De Meyer is a specialist in the Management of Innovation and has published numerous articles and books on this subject. He was previously Director of Judge Business School and Professor in Management Studies (University of Cambridge, UK) and Professor of Technology Management at INSEAD and Deputy Dean of INSEAD in France in charge of Administration and External Relations. He has also taught at Waseda University and Keio Business School in Japan and created the INSEAD Campus in Singapore.

- Toshiko Mori is the Robert P. Hubbard Professor in the Practice of Architecture at Harvard University's Graduate School of Design and was the chair of the Department of Architecture from 2002 to 2008. She is principal of Toshiko Mori Architect, and founder of VisionArc, a think-tank promoting global dialog for a sustainable future. Her firm's recent work includes performance spaces for the Brooklyn Children's Museum and for ART/New York, as well as the School of Environmental Science for Brown University, a Master Plan for NYU, and a lab facility for Novartis' Cambridge Campus. She is a member of the World Economic Forum's Global Agenda Council on Design.

Board and Committee Practices

The practices of the Board of Directors and the principal terms of its internal rules are described in the Report of the Chairman reproduced in Section 16.1 "Report on Corporate Governance and Internal Control" below. The membership, responsibilities and practices of the Board's Committees are also described in the Report of the Chairman.

Senior Management

The Company's senior management, who are all members of the Executive Committee, in 2011 is set forth below:

Name	Position
Charles Edelstenne	Chairman of the Board
Bernard Charlès	President and Chief Executive Officer
Dominique Florack	Senior Executive Vice President, Products, Research and Development
Thibault de Tersant	Senior Executive Vice President and Chief Financial Officer
Laurence Barthès	Executive Vice President, Chief People & Information Officer
Pascal Daloz	Executive Vice President, Strategy and Market Development
Etienne Droit	Executive Vice President, PLM Value Selling Channel until April 4, 2011, then Executive Vice President and Chief Execuive Officer of CATIA
Philippe Forestier	Executive Vice President, Global Affairs and Communities
Bruno Latchague	Executive Vice President, PLM Business Transformation Channel until April 4, 2011, then Executive Vice President, PLM Value Solutions
Sylvain Laurent	Executive Vice President, PLM Business Transformation since April 4, 2011
Monica Menghini	Executive Vice President, Industry, Marketing & Corporate Communication since July 27, 2011
Jeff Ray	Executive Vice President, Geographic Operations

- Dominique Florack has been Senior Executive Vice President, Products, Research and Development since 2007. Mr. Florack served as Executive Vice President, Strategy, Research and Development of Dassault Systèmes from 2004 to 2006, Executive Vice President Strategy, Applications, Research and Development from 1995 to 1999, Director of Mechanical CAD from 1994 to 1995, Director of Strategy and Research from 1990 to 1993, and he was responsible for Dassault Systèmes data base solutions from 1986 to 1989.

- Laurence Barthès is Executive Vice President, Chief People & Information Officer, since 2009. In this role, she has responsibility in particular for the development of the 3DS community and for the quality of the professional environment. She began her career at Dassault Systèmes in 1987 in research and development and served in various management positions in quality, business process and product industrialization. In 2002 she was appointed Vice-President, Customer Support & Satisfaction and in 2008 Chief Information Officer.

- Pascal Daloz is Executive Vice-President Strategy & Market Development since 2003. Before joining the Company in 2001, he served five years at Arthur D. Little, where he was a consultant and member of "Arthur D. Little's Technology Innovation Management team", and then four years at Credit Suisse First Boston Technology Company, where he served as a financial analyst.

- Étienne Droit is Executive Vice President and Chief Executive Officer of CATIA. Mr. Droit joined Dassault Systèmes in 1985 and served different management positions within strategy and applications development divisions from 1987 to 1995. In 1995, he became Executive Vice President of sales and services to large enterprises, a responsibility which was widened to global sales and distribution in 1997. From 2007 to 2011, he was in charge of the Company's PLM Value Selling Channel.

- Philippe Forestier has been Executive Vice President, Global Affairs and Communities of Dassault Systèmes since 2009. He joined Dassault Systèmes in 1981 and has notably served as responsible for marketing and technical support, responsible for sales and marketing for Americas from 1995 to 2001, Executive Vice President Alliances, Marketing and Communications until 2006, and as Executive Vice President Network Selling until 2008.

- Bruno Latchague has been Executive Vice President, Distribution Strategy, PLM Value Solutions since April 2011. Within Dassault Systèmes, Mr. Latchague has notably been responsible for PLM Business Transformation (large accounts) from 2007 to 2011, R&D manager and manager of the infrastructure. Before joining Dassault Systèmes in 1987, Mr. Latchague served as Manager of CAD/CAM Products Support at Renault.

- Sylvain Laurent has been Executive Vice President, PLM Business Transformation since April 2011. He joined Dassault Systèmes in 2008 as head of BT Sales in Europe. Mr. Laurent worked previously at Siemens PLM Software and IBM PLM.

- Monica Menghini has been Executive Vice-President, Industry, Marketing & Corporate Communication since January 1, 2012, after becoming part of the Executive Committee in July 2011, when she was promoted to Executive Vice President, Industry. Mrs. Menghini joined Dassault Systèmes in 2009 to serve as Vice President, Industry for the consumer goods, consumer packaged goods, and retail sectors. Between 2007 and 2009 she worked in partnership with Dassault Systèmes. Mrs. Menghini previously held various management positions at Saatchi & Saatchi and Procter & Gamble.

- Jeff Ray has been Executive Vice President, Geographic Operations since January 1, 2011. From 2007 to 2010, he was Chief Executive Officer of SolidWorks and of the Professional Channel. Mr. Ray joined SolidWorks in 2003 as Chief Operating Officer. He started his career at IBM then has been Vice-President Global Solutions at Compuware Corp. and Vice-President Worldwide field operations at Progress Software Corp.

To Dassault Systèmes SA's knowledge, there is no family relationship between the Company's directors, or between the Company's directors and its executive officers.

In the past five years, to the Company's knowledge, none of the director or officer has been (i) convicted of fraud, (ii) declared bankrupt, had their property impounded or liquidated, (iii) subject to an official accusation and/or penalty delivered by legal or regulatory authorities, or (iv) prohibited by a court from becoming a member of an administrative, management or supervisory body of a company, or from being involved in the management or direction of the affairs of such a company.

14.2 Administrative, Management and Supervisory Bodies and Senior Management Conflicts of Interests

To the knowledge of Dassault Systèmes SA, there are no potential conflicts of interest between the duties to the Company of the members of the Board of Directors and their private interests and/or other duties, and no Director or member of senior management has been named to the Board or to an administrative, management or supervisory body as a result of an agreement between the Company's main shareholders, customers, suppliers or any other persons.

At the date of this Annual Report, no Director or senior manager is party to a service contract with Dassault Systèmes SA, or one of its subsidiaries, which provides him with a personal benefit.

To the knowledge of Dassault Systèmes SA, no loans or guaranties have been granted or established on behalf of the directors or members of senior management, and there are no assets used by the Company which belong directly or indirectly to the Directors, members of senior management or their families.

Bernard Charlès and Charles Edelstenne have accepted restrictions on the transfer of their interests in the capital of Dassault Systèmes SA, as described at the end of paragraph 15.1 "Compensation of the Company's Executive Directors *("Mandataires Sociaux")* and under paragraph 18.4 "Shareholder Agreements".

CHAPTER 15 – REMUNERATION AND BENEFITS

15.1 Compensation of the Company's Executive Directors ("*Mandataires Sociaux*")

Compensation and benefits paid to each Executive Director (*mandataire social*) of the Company are described below (see also paragraphs 16.1 "Report on Corporate Governance and Internal Control" and 17.2 "Shareholdings and Stock Options").

Table 1 – Summary of the compensation, options and shares awarded to each Executive Director

The table below presents the compensation owed for each of 2011 and 2010, as well as the value of the performance shares and subscription options awarded during these years.

	2010	2011
Charles Edelstenne, Chairman of the Board of Directors		
Compensation due for the year *(detailed in table 2)*	€903,200	€936,200
Value of the stock options awarded during the year *(detailed in table 4)*	–	–
Value of the performance share grants awarded during the year *(detailed in table 6)*	–	–
Bernard Charlès, President and Chief Executive Officer		
Compensation due for the year *(detailed in table 2)*	€2,037,727	€2,113,663
Value of the stock options awarded during the year *(detailed in table 4)*(1)	€588,500	–
Value of the performance share grants awarded during the year *(detailed in table 6)*(2)	€6,762,000	€8,813,020

(1) The valuation of one option granted was €11.77 in 2010, based on the IFRS 2 methods used for the consolidated financial statements, before spreading out the expense over time.

(2) The valuation of one granted performance share was €53.18 for the 2010-02 Shares and €53.79 for the 2010-03 Shares in 2011 and €45.08 in 2010, based on the IFRS 2 methods used for the consolidated financial statements, before spreading out the expense over time.

The global gross compensation paid in 2011 by the Company to its senior management, made up of twelve executive officers as set forth above in paragraph 14.1 "Board of Directors and Executive Officers", amounted to €8,349,013, including profit-sharing.

Table 2 – Summary of the compensation of each Executive Director

Gross compensation before tax of the Executive Directors (*dirigeants mandataires sociaux*) is set forth in the table below in accordance with the recommendations of the AFEP-MEDEF Code and the AMF.

	2010		2011	
	Amounts due for 2010	Amounts paid in 2010	Amounts due for 2011	Amounts paid in 2011
Charles Edelstenne Chairman of the Board				
Fixed compensation	€866,000	€866,000	€899,000	€899,000
Variable compensation	–	–	–	–
Extraordinary compensation	–	–	–	–
Directors' fees	€37,200	€35,500	€36,000	€37,200
Benefits	–	–	–	–
Total	**€903,200**	**€901,500**	**€935,000**	**€936,200**
Bernard Charlès, President and Chief Executive Officer				
Fixed compensation	€932,000	€932,000	€968,000	€968,000
Variable compensation(1)	€1,071,800(4)	€945,000(2)	€1,113,200(3)	€1,071,800(4)
Extraordinary compensation	–	–	–	–
Directors' fees	€22,200	€20,500	€21,000	€22,200
Benefits(5)	€11,727	€11,727	€11,463	€11,463
Total	**€2,037,727**	**€1,909,227**	**€2,113,663**	**€2,073,463**

(1) Rules governing the awarding of variable compensation to the Executive Directors are described in the Report on Corporate Governance and Internal Control in paragraph 16.1 "Report on Corporate Governance and Internal Control".
(2) Variable portion due for 2009 and paid in 2010.
(3) Variable portion due for 2011 and paid in 2012.
(4) Variable portion due for 2010 and paid in 2011.
(5) These benefits are related to the use of a car provided by Dassault Systèmes SA.

Table 3 – Directors' fees and other compensation received by the Directors

The Directors do not receive any compensation other than the fees set forth in the table below, except for Charles Edelstenne and Bernard Charlès, whose compensation is set forth in Table 2 above, and Thibault de Tersant, Senior Executive Vice President and Chief Financial Officer, whose compensation is set forth in Note 5 to the table below.

	Directors' fees paid in 2010 for the year 2009	Directors' fees paid in 2011 for the year 2010
Paul Brown[(1)]	€24,000	€24,000
Jean-Pierre Chahid-Nouraï	€29,500	€31,800
Nicole Dassault[(2)(3)]	–	–
Laurent Dassault[(1)]	€20,500	€20,400
Bernard Dufau	€36,000	€38,200
André Kudelski	€31,500	€30,600
Arnoud De Meyer	€23,500	€22,200
Toshiko Mori[(2)]	–	–
Charles Edelstenne[(4)]	€35,500	€37,200
Bernard Charlès	€20,500	€22,200
Thibault de Tersant[(5)]	€20,500	€22,200
TOTAL	**€241,500**	**€248,800**

(1) Paul Brown and Laurent Dassault's mandates as directors expired at the General Shareholders' Meeting held on May 26, 2011.

(2) Nicole Dassault and Toshiko Mori have been appointed directors by the General Shareholders' Meeting held on May 26, 2011; thus, they did not receive any Directors' fees in 2011 for 2010.

(3) Groupe Industriel Marcel Dassault SAS ("GIMD") paid to Nicole Dassault €18,600 in Directors' fees in 2011 in connection with her mandate as a member of the Supervisory Board of GIMD.

(4) GIMD paid to Charles Edelstenne €20,740 in Directors' fees in 2011 in connection with his mandate as a member of the Supervisory Board of GIMD.

(5) Global compensation received by Thibault de Tersant in 2011 and 2010 is as set forth below:

	Compensation paid in 2010	Compensation paid in 2011
Thibault de Tersant, Director, Senior Executive Vice President and Chief Financial Officer		
Fixed compensation	€315,932	€385,000
Variable compensation	€234,000[(a)]	€265,000[(b)]
Extraordinary compensation	–	–
Directors' fees	€20,500	€22,200
Benefits[(c)]	€7,173	€6,874
Total	**€577,605**	**€679,074**

(a) Variable portion due for 2009. In 2010, Thibault de Tersant also received €32,120 under the Company's French profit-sharing plans.

(b) Variable portion due for 2010. In 2011, Thibault de Tersant also received €30,924 under the Company's French profit-sharing plans.

(c) These benefits are related to the use of a car provided by Dassault Systèmes SA.

In addition, for the year ended December 31, 2011, the amount budgeted for Directors' fees totaled €273,400, of which €184,000 consisted of Board retainer fees and €89,400 were for attendance at meetings of the Board of Directors and its Committees.

The allocation of Directors' fees in 2011 was based on the following principles decided by the Board of Directors on May 26, 2011: €15,000 for each Director, and an additional €15,000 for the Chairman of the Board and an additional €4,000 for the Chairman of the Audit Committee; €1,200 per meeting of the Board attended in person; €2,400 per meeting of the Audit Committee attended in person; €1,200 per meeting attended in person of the Compensation and Nomination Committee or the Scientific Committee (for independent Directors); and €600 for each meeting of the Board or its Committees attended by telephone or video-conference.

The Board will request the General Shareholders' Meeting scheduled on June 7, 2012, to increase the current maximum annual amount of Directors' fees, from €275,000, to €320,000 for the year 2012 and thereafter until otherwise decided by the shareholders.

Table 4 – Subscription or purchase options awarded during 2011 to each Executive Director

	Number and date of plan	Type of option (purchase or subscription)	Valuation of the options	Number of options awarded in 2011	Exercise price	Exercise period
Charles Edelstenne				None		
Total						
Bernard Charlès				None		
Total						

The Board of Directors did not grant any subscription or purchase options in 2011. Indeed, on the basis of the recommendations of the Compensation and Nomination Committee, a new model of employees' participation in the Company's long term performance has been implemented by the grant of performance shares (see paragraph 17.2.2 "Performance shares").

Table 5 – Subscription or purchase options exercised during 2011 by each Executive Director

	Number and date of plan	Number of options exercised during 2011	Exercise price
Charles Edelstenne	1998-08, 03/29/2001	569,540	€52.00
Total		**569,540**	
Bernard Charlès	1998-08, 03/29/2001	799,638	€52.00
	1998-11, 10/05/2001	383,952	€35.00
	2002-01, 05/28/2002	308,614	€45.50
	2002-03, 01/20/2003	257,118	€23.00
Total		**1,749,322**	

It should be noted that M. Bernard Charlès generally reinvests the gains realized through the exercise of subscription stock options in shares of Dassault Systèmes SA.

Table 6 – Performance shares granted in 2011 to each Executive Director (*mandataire social*)

	Number and date of plan	Number of performance shares awarded during 2011	Valuation of the shares based on the method used for the consolidated financial statements	Acquisition date	Availability date
Paul Brown		none			
Jean-Pierre Chahid-Nouraï		none			
Nicole Dassault		none			
Laurent Dassault		none			
Bernard Dufau		none			
André Kudelski		none			
Arnoud De Meyer		none			
Toshiko Mori		none			
Charles Edelstenne		none			
Bernard Charlès	2010-02 09/29/2011	14,000	€744,520	09/29/2014	09/29/2016
	2010-03 09/29/2011	150,000	€8,068,500	09/29/2013	09/29/2015
Thibault de Tersant	2010-02 09/29/2011	17,000	€904,060	09/29/2014	09/29/2016
Total		**181,000**	**€9,717,080**		

The valuation retained for the performance shares granted was €53.18 for the 2010-02 Shares and €53.79 for the 2010-03 Shares based on the IFRS 2 methods used for consolidated financial statements, before spreading out the expenses over time.

The percentage represented by the performance shares that are granted to the Executive Directors based on the authorization of the General Shareholders' Meeting of May 27, 2010, cannot represent more than 35% of the total number of shares fixed by the General Shareholders' Meeting held on such date. Thus, the performance shares granted on September 29, 2011, to the Chief Executive Officer, represented 9.19% of the total number of shares fixed by this General Shareholders' Meeting.

The 14,000 2010-02 Shares and the 150,000 2010-03 Shares are granted to the Chief Executive Officer Officer in light of his essential entrepreneurial contribution to the development and the performance of the Company.

- 2010-02 Shares

The 2010-02 Shares granted to the Chief Executive Officer will be definitively vested at the end of the 3 year vesting period that started on the grant date (i.e., in September 2014), subject to compliance by the beneficiary of a presence condition and a performance condition – applicable to all beneficiaries of the 2010-02 plan – the satisfaction of which is measured based on the consolidated non-IFRS diluted earnings per share actually realized (hereinafter referred to as the "EPS") compared to the high end of the range set for Dassault Systèmes' EPS objective as published for each of the 2011, 2012 and 2013 fiscal years (see also paragraph 17.2.2 "Performance shares").

Moreover, as provided for in the AFEP-MEDEF Code and on the basis of the recommendations of the Compensation and Nomination Committee, the Board of Directors made the definitive acquisition of the 2010-02 Shares by the Chief Executive Officer subject to an additional performance condition related to variable compensation actually paid to him over three financial years. The level of such variable compensation is itself dependent on achieving internal and external performance criteria previously established by the Board (see paragraph 16.1 "Report on Corporate Governance and Internal Control"). In no case however, the number of 2010-02 Shares definitively vested may exceed the number of 2010-02 Shares granted by the Board on September 29, 2011.

As a result, the actual number of 2010-02 Shares which will be actually acquired by the Chief Executive Officer at the end of the three-year vesting period will depend on the product of the number of 2010-02 Shares acquired in application of the performance condition set in the 2010-02 plan and the average, calculated over three financial years (2011, 2012, 2013) and expressed as a percentage, of the ratio of the variable compensation actually paid to the Chief Executive Officer and the corresponding target variable compensation.

- 2010-03 Shares

The 2010-03 Shares granted to the Chief Executive Officer shall be definitively acquired only in September 2013, at the end of an acquisition period of two years from the date of the Board meeting which granted them, subject to the condition that the Chief Executive Officer is an Executive Director (*mandataire social*) at such acquisition date.

As provided for in the AFEP-MEDEF Code and on the basis of the recommendations of the Compensation and Nomination Committee, the Board of Directors made the definitive vesting of the 2010-03 Shares granted to the Chief Executive Officer subject to a performance condition related to variable compensation actually paid to him over two financial years. The level of such variable compensation is itself dependent on achieving internal and external performance criteria previously established by the Board (see paragraph 16.1 "Report on Corporate Governance and Internal Control"). In no case, however, may the number of performance shares received exceed the number of 2010-03 shares granted by the Board on September 29, 2011.

As a result, the actual number of 2010-03 Shares which will actually be acquired by the Chief Executive Officer at the end of the two-year vesting period will depend on the product of the number of 2010-03 Shares granted to him, and the average, calculated over two financial years (2011 and 2012) and expressed as a percentage, of the ratios of the variable compensation actually paid to the Chief Executive Officer and the corresponding target variable compensation.

At the end of the acquisition periods of the 2010-02 Shares and of the 2010-03 Shares, the Chief Executive Officer will be required to hold the performance shares acquired for a period of two years.

Moreover, until he has left his current functions, the Chief Executive Officer is subject to a holding period for shares acquired through the grant of performance shares, as set forth under "Lock-up Commitment" below.

No company other than Dassault Systèmes SA granted shares to Executive Directors (*mandataires sociaux*).

Table 7 – Shares that have become available during 2011 for each Executive Director (*mandataire social*)

	Number and date of plan	Number of shares that became available during 2011	Acquisition terms
Paul Brown		none	
Jean-Pierre Chahid-Nouraï		none	
Nicole Dassault		none	
Laurent Dassault		none	
Bernard Dufau		none	
André Kudelski		none	
Arnoud De Meyer		none	
Toshiko Mori		none	
Charles Edelstenne		none	
Bernard Charlès	06/06/2007	150,000	
Thibault de Tersant		none	
Total		**150,000**	

- Shares becoming available

In June 2011, the 150,000 shares acquired by Bernard Charlès in 2009 pursuant to a former grant of shares became available.

- Shares subject to a two-year lock-up

The shares acquired by Bernard Charlès in 2010 and in 2011 (150,000 shares each year) pursuant to former grants of shares in 2008 and 2009, are subject to a two-year lock-up period.

It should also be noted that Bernard Charlès undertook an additional lock-up commitment of such shares until he has left his current functions according to the conditions described below under "Lock-up commitment".

- Shares being acquired

In addition to the performance shares granted to Bernard Charlès by the Board of Directors on September 29, 2011 (see Table 6 above), 150,000 performance shares, granted in 2010 and subject to the same lock-up conditions, are being acquired. They should be acquired in May 2012 and become available in May 2014, provided that Bernard Charlès is still an Executive Director at such date. In that regard, the Board of Directors of Dassault Systèmes SA determined on March 23, 2012, that the performance condition to which such share grant was subject had been realized and confirmed the firm number of shares which would be acquired as a result (i.e., 150,000 shares).

- Authorization of the General Shareholders' Meeting

The authorization granted to the Company's Board of Directors by the shareholders on May 27, 2010 to grant performance shares to Company management and employees or certain categories of management and employees, representing up to 1.5% of the share capital, is still valid in 2012, since it was granted for a 38-month period. Taking into account the grants of shares decided by the Board in May 2010 and September 2011, a further 1,077,810 performance shares may still be granted by the Board.

Table 8 – Grants of share subscription or purchase options

See paragraph 17.2 "Shareholdings and Stock Options".

Table 9 – Share subscription options granted to the ten employees who are not Executive Directors and who received the most share subscription options, and options exercised by these employees

See paragraph 17.2 "Shareholdings and Stock Options".

Table 10 – Follow-up of the AFEP-MEDEF's Recommendations

Executive directors	Employment agreement		Additional retirement plan		Indemnities or benefits due or which may become due in the event of termination of or change in present functions		Indemnities related to a non-competition clause	
	yes	no	yes	no	yes	no	yes	no
Charles Edelstenne Chairman of the Board Director since (1st appointment): 04/08/1993 Term: until the annual general shareholders' meeting to be held in 2014		X		X		X		X
Bernard Charlès President and Chief Executive Officer Director since (1st appointment): 04/08/1993 Term: until the annual general shareholders' meeting to be held in 2014		X		X	X			X

At the time of the renewal of the mandate of the Chief Executive Officer, the Board of Directors authorized on May 27, 2010, upon the proposal of the Compensation and Nomination Committee and in compliance with Article L. 225-42-1 of the French Code of Commerce, the renewal of the agreement regarding the Company's undertakings to Bernard Charlès relating to indemnities which would be due upon the termination of his functions as Chief Excecutive Officer, according to the terms adopted by the Board of Directors at its meetings on March 28, 2008, and March 27, 2009. The amount of the indemnity due will be equivalent to a maximum of two years of compensation as Chief Executive Officer and will depend on satisfying the performance conditions established for calculating his variable compensation. The amount paid would be calculated pro rata with respect to the percentage of variable compensation which was paid during the three

years preceding his departure as compared to the targeted variable compensation for such years. The amount due would be calculated by applying the following formula:

- the aggregate gross compensation (including variable compensation but excluding compensation in kind and directors' fees) due in connection with his position for the two financial years completed prior to the date of departure;
- multiplied by the quotient of (i) the amount of variable compensation actually paid during the three financial years completed prior to the date of departure with respect to their respective years of reference, divided by (ii) the amount of target variable compensation determined for each of these years by the Board of Directors on the basis of achievement of the objectives set for the Company.

The indemnity is thus subject to performance conditions related to achieving targets fixed for the variable compensation (see paragraph 16.1 "Report on Corporate Governance and Internal Control").

The indemnity may be paid only in case of change in control or strategy of the Company, duly acknowledged by the Board of Directors, which results in an imposed departure (*départ contraint*) in the following 12 months. The indemnity may also be paid in the event of an imposed departure (*départ contraint*) which is not linked to poor results of the Company or to mismanagement by the Chief Executive Officer, the Board of Directors being entitled to decide to pay all or part of the indemnity.

The indemnity will not be due in the event Mr. Charlès would leave the Company on his own initiative to take a new position elsewhere or would be assigned a new position within the Group, or in the event he would be able to benefit from pension rights shortly after leaving the Company. In the event of exceptional circumstances seriously damaging the image or results of the Company and significantly reducing, in the opinion of the Board, the market price of the Company's shares, or in the event of misconduct other than in connection with his corporate functions (*faute séparable de ses fonctions*) and incompatible with the normal performance of his mandate, the Board may determine that the indemnity payment is not due.

There is no specific complementary retirement plan *(régime complémentaire de retraite)* for the Executive Directors. The companies controlled by Dassault Systèmes SA have not paid any compensation or granted any other benefits to the Executive Directors (*mandataires sociaux*) mentioned above.

Lock-up commitment

In accordance with the law, Dassault Systèmes SA's Board of Directors decided at the time of each of the share grants since 2007, including on September 29, 2011, upon the recommendation of the Compensation and Nomination Committee, that the Chairman of the Board and the Chief Executive Officer agree to a lock-up commitment with respect to shares which they may hold as a result of exercising stock options or the effective acquisition of shares. In light of the grants made, the Chief Executive Officer must maintain in registered form at least 15% of the total amount of shares he subscribes or acquires in connection with stock options or shares granted to him since 2007, until he has left his current functions at the Company.

15.2 Transactions in the Company's Shares by the Management of the Company

Pursuant to article 223-26 of the General Regulation of the *Autorité des marchés financiers* (the "AMF"), the purchase, sale, subscription or exchange of any security issued by Dassault Systèmes S.A. made by Directors or executive officers of the Company, or by persons related to them (according to article R. 621-43-1 of the French Monetary and Financial Code), must be disclosed to the Company's shareholders. The table below presents those transactions as published by the AMF in 2011 ("SO Exercise" means "Stock Option Exercise").

Date and place	Directors and Executive Officers	Nature of the transaction	Unit Price	Gross amount
02/14/2011 Euronext Paris	Laurence Barthès	SO Exercise	€52.0000	€217,100.00
		Sale	€55.8700	€233,257.25
02/14/2011 Euronext Paris	Laurence Barthès	SO Exercise	€52.0000	€189,800.00
		Sale	€55.9500	€204,217.50
02/14/2011 Euronext Paris	Laurence Barthès	SO Exercise	€52.0000	€224,900.00
		Sale	€56.1400	€242,805.50
02/14/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,040,000.00
		Sale	€56.1500	€1,050,566.50
02/14/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,040,000.00
		Sale	€56.0004	€1,043,847.46
02/14/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,040,000.00
		Sale	€56.1000	€1,044,021.00

Date and place	Directors and Executive Officers	Nature of the transaction	Unit Price	Gross amount
02/14/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€1,040,000.00
		Sale	€56.0000	€1,120,000.00
02/14/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€1,040,000.00
		Sale	€56.0007	€1,120,014.00
02/14/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€1,040,000.00
		Sale	€56.1000	€1,122,000.00
02/14/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€644,436.00
		Sale	€56.2000	€696,486.60
02/14/2011 Euronext Paris	Thibault de Tersant	SO Exercise	€52.0000	€2,600,000.00
		Sale	€55.9540	€2,797,700.00
02/15/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€657,020.00
		Sale	€55.8000	€659,053.80

Date and place	Directors and Executive Officers	Nature of the transaction	Unit Price	Gross amount
02/15/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€221,728.00
		Sale	€56.0000	€222,432.00
02/16/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€2,080,000.00
		Sale	€55.9000	€2,086,747.00
02/16/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,040,000.00
		Sale	€55.7000	€1,043,261.00
02/16/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€382,980.00
		Sale	€55.8000	€384,406.20
02/16/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€559,832.00
		Sale	€56.0000	€561,568.00
02/16/2011 Euronext Paris	Natural person linked to Etienne Droit	Sale	€55.6800	€166,542.47
02/16/2011 Euronext Paris	Natural person linked to Etienne Droit	Sale	€55.6800	€166,542.47
02/16/2011 Euronext Paris	Natural person linked to Etienne Droit	Sale	€55.6800	€166,542.47
02/16/2011 Euronext Paris	Natural person linked to Etienne Droit	Sale	€55.6800	€166,542.47
02/16/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€1,020,656.00
		Sale	€56.0000	€1,099,168.00
02/17/2011 Euronext Paris	Laurence Barthès	SO Exercise	€52.0000	€200,200.00
		Sale	€56.2300	€216,485.50
02/17/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,040,000.00
		Sale	€56.3000	€1,043,802.00
02/17/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,560,000.00
		Sale	€56.1000	€1,565,190.00
02/17/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,560,000.00
		Sale	€56.4000	€1,565,100.00
02/17/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€258,440.00
		Sale	€56.0000	€259,840.00
02/17/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€253,240.00
		Sale	€56.5000	€254,250.00
02/17/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€2,080,000.00
		Sale	€56.0500	€2,242,000.00
02/17/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€1,560,000.00
		Sale	€56.1000	€1,683,000.00
02/17/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€1,040,000.00
		Sale	€56.3000	€1,126,000.00
02/17/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€395,564.00
		Sale	€56.2000	€427,513.40
02/17/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€2,080,000.00
		Sale	€56.4003	€2,256,012.00
02/17/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€539,344.00
		Sale	€56.0000	€580,832.00
02/17/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€273,364.00
		Sale	€56.5000	€297,020.50
02/17/2011 Euronext Paris	Bruno Latchague	SO Exercise	€52.0000	€3,154,216.00
		Sale	€56.5000	€3,427,177.00
02/18/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€352,508.00
		Sale	€56.4000	€353,628.00
02/18/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,040,000.00
		Sale	€56.1000	€1,043,460.00
02/18/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€996,996.00
		Sale	€56.3500	€1,000,043.45
02/18/2011 Euronext Paris	Etienne Droit	SO Exercise	€45.5000	€910,000.00
		Sale	€56.0472	€1,120,944.00
02/18/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€2,080,000.00
		Sale	€56.3000	€2,252,000.00
02/18/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€1,560,000.00
		Sale	€56.2500	€1,687,500.00
02/18/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€1,560,000.00
		Sale	€56.2193	€1,686,579.00
02/18/2011 Euronext Paris	Bruno Latchague	SO Exercise	€52.0000	€41,600.00
		Sale	€56.5000	€45,200.00
02/21/2011 Euronext Paris	Laurence Barthès	SO Exercise	€45.5000	€166,075.00
		Sale	€56.3900	€205,823.50
02/21/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,083,004.00
		Sale	€56.3500	€1,086,597.05
02/21/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,849,328.00
		Sale	€56.3260	€1,854,927.83
02/21/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€89,908.00
		Sale	€56.4000	€90,240.00
02/21/2011 Euronext Paris	Etienne Droit	SO Exercise	€39.5000	€144,214.50
		Sale	€56.2688	€205,437.39
02/21/2011 Euronext Paris	Etienne Droit	SO Exercise	€39.5000	€395,000.00
		Sale	€56.2753	€562,753.00
02/21/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€129,584.00
		Sale	€56.4000	€140,548.80
02/21/2011 Euronext Paris	Thibault de Tersant	SO Exercise	€52.0000	€1,095,016.00
		Sale	€56.0901	€1,181,145.33
02/21/2011 Euronext Paris	Thibault de Tersant	SO Exercise	€52.0000	€51,532.00
		Sale	€56.0833	€55,578.55
02/21/2011 Euronext Paris	Thibault de Tersant	SO Exercise	€35.0000	€875,000.00
		Sale	€55.7019	€1,392,547.50
02/21/2011 Euronext Paris	Thibault de Tersant	SO Exercise	€35.0000	€875,000.00
		Sale	€55.7078	€1,392,695.00

Date and place	Directors and Executive Officers	Nature of the transaction	Unit Price	Gross amount
02/23/2011 Euronext Paris	Philippe Forestier	SO Exercise	€52.0000	€1,560,000.00
		Sale	€55.0809	€1,652,427.00
02/24/2011 Euronext Paris	Philippe Forestier	SO Exercise	€52.0000	€1,560,000.00
		Sale	€55.0159	€1,650,477.00
02/25/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,040,000.00
		Sale	€55.7101	€1,043,450.17
02/25/2011 Euronext Paris	Etienne Droit	SO Exercise	€39.5000	€250,785.50
		Sale	€55.3000	€351,099.70
02/25/2011 Euronext Paris	Philippe Forestier	SO Exercise	€52.0000	€104,000.00
		Sale	€55.8000	€111,600.00
02/25/2011 Euronext Paris	Bruno Latchague	SO Exercise	€52.0000	€1,095,796.00
		Sale	€55.7918	€1,175,700.60
02/28/2011 Euronext Paris	Thibault de Tersant	SO Exercise	€52.0000	€6,155,500.00
		Sale	€55.5926	€6,580,774.03
02/28/2011 Euronext Paris	Philippe Forestier	SO Exercise	€52.0000	€12,376.00
		Sale	€55.8000	€13,280.40
02/28/2011 Euronext Paris	Bruno Latchague	SO Exercise	€52.0000	€1,942,252.00
		Sale	€55.6412	€2,078,254.46
03/01/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,542,840.00
		Sale	€55.5656	€1,547,501.96
03/01/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,560,000.00
		Sale	€55.5312	€1,565,702.18
03/01/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,040,000.00
		Sale	€55.7231	€1,043,693.66
03/01/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,560,000.00
		Sale	€55.6484	€1,566,224.22
03/01/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,040,000.00
		Sale	€56.1134	€1,043,709.24
03/01/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,040,000.00
		Sale	€56.0238	€1,044,283.63
03/01/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,560,000.00
		Sale	€55.9112	€1,566,631.82
03/01/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€17,628.00
03/01/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€1,040,000.00
		Sale	€56.1154	€1,122,308.00
03/01/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€1,040,000.00
		Sale	€56.0212	€1,120,424.00
03/01/2011 Euronext Paris	Philippe Forestier	SO Exercise	€52.0000	€1,443,624.00
		Sale	€55.5541	€1,542,292.92
03/01/2011 Euronext Paris	Philippe Forestier	SO Exercise	€52.0000	€1,560,000.00
		Sale	€56.0236	€1,680,708.00
03/01/2011 Euronext Paris	Thibault de Tersant	SO Exercise	€52.0000	€709,592.00
		Sale	€55.3827	€755,752.32
03/01/2011 Euronext Paris	Bruno Latchague	SO Exercise	€52.0000	€3,126,136.00
		Sale	€55.5264	€3,338,136.12
03/02/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,560,000.00
		Sale	€55.8811	€1,565,788.42
03/02/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,076,192.00
		Sale	€55.9371	€1,079,865.72
03/02/2011 Euronext Paris	Etienne Droit	SO Exercise	€23.0000	€230,000.00
		Sale	€55.8958	€558,958.00
03/03/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€906,568.00
		Sale	€56.0009	€909,342.61
03/03/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,040,000.00
		Sale	€55.9925	€1,043,420.24
03/03/2011 Euronext Paris	Etienne Droit	SO Exercise	€45.5000	€455,000.00
		Sale	€55.9108	€559,108.00
03/03/2011 Euronext Paris	Etienne Droit	SO Exercise	€23.0000	€276,000.00
		Sale	€55.9160	€670,992.00
03/03/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€1,667,744.00
		Sale	€56.0002	€1,796,038.41
03/03/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€2,373,644.00
		Sale	€56.0000	€2,556,232.00
03/03/2011 Euronext Paris	Philippe Forestier	SO Exercise	€45.5000	€119,073.50
		Sale	€56.0004	€146,553.05
03/03/2011 Euronext Paris	Natural person linked to Philippe Forestier	SO Exercise	€23.0000	€10,534.00
		Sale	€56.0000	€25,648.00
03/03/2011 Euronext Paris	Natural person linked to Philippe Forestier	SO Exercise	€52.0000	€31,200.00
		Sale	€56.0000	€33,600.00
03/04/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€133,432.00
		Sale	€56.0000	€133,952.00
03/04/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,124,604.00
		Sale	€56.0564	€1,128,022.94
03/04/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€14,716.00
		Sale	€56.1000	€14,810.40
03/04/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€412,256.00
		Sale	€56.0000	€443,968.00
03/04/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€746,356.00
		Sale	€56.0315	€804,220.12
03/04/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€1,228,812.00
		Sale	€56.0505	€1,324,529.37
03/04/2011 Euronext Paris	Philippe Forestier	SO Exercise	€45.5000	€1,018,426.50
		Sale	€56.0329	€1,254,184.40
03/04/2011 Euronext Paris	Natural person linked to Philippe Forestier	SO Exercise	€23.0000	€35,466.00
		Sale	€56.0000	€86,352.00

Date and place	Directors and Executive Officers	Nature of the transaction	Unit Price	Gross amount
03/07/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,560,000.00
		Sale	€56.0223	€1,565,543.17
03/07/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€129,896.00
		Sale	€56.1000	€130,320.30
03/07/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€435,396.00
		Sale	€56.0500	€437,021.85
03/07/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€613,132.00
		Sale	€56.0611	€661,016.43
03/07/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€456,144.00
		Sale	€56.0011	€491,241.65
03/07/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€666,328.00
		Sale	€56.0436	€718,142.69
03/07/2011 Euronext Paris	Natural person linked to Philippe Forestier	SO Exercise	€35.0000	€26,600.00
		Sale	€55.9555	€42,526.22
03/07/2011 Euronext Paris	Natural person linked to Philippe Forestier	SO Exercise	€39.5000	€55,300.00
		Sale	€55.9227	€78,291.90
03/07/2011 Euronext Paris	Natural person linked to Philippe Forestier	SO Exercise	€45.5000	€36,400.00
		Sale	€55.9037	€44,723.00
03/08/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€895,388.00
		Sale	€56.1222	€898,404.18
03/08/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€957,840.00
		Sale	€56.0047	€961,040.65
03/08/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,560,000.00
		Sale	€56.0000	€1,564,920.00
03/08/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€957,528.00
		Sale	€56.0000	€1,031,184.00
03/08/2011 Euronext Paris	Charles Edelstenne	SO Exercise	€52.0000	€331,188.00
		Sale	€56.0425	€356,934.68
03/09/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€81,692.00
		Sale	€56.2000	€82,108.20
03/09/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€1,140,568.00
		Sale	€56.0574	€1,144,019.42
03/09/2011 Euronext Paris	Etienne Droit	SO Exercise	€45.5000	€455,000.00
		Sale	€56.0589	€560,589.00
03/10/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€32,812.00
		Sale	€56.0000	€32,928.00
03/10/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€271,284.00
		Sale	€55.8059	€272,165.37
03/10/2011 Euronext Paris	Bernard Charlès	SO Exercise	€52.0000	€115,336.00
		Sale	€55.6294	€115,764.78
03/11/2011 Euronext Paris	Dominique Florack	SO Exercise	€52.0000	€6,655,844.00
		Sale	€54.6000	€6,988,636.20
05/02/2011 Euronext Paris	Thibault de Tersant	SO Exercise	€35.0000	€1,225,000.00
		Sale	€54.7547	€1,916,414.50
05/03/2011 Euronext Paris	Pascal Daloz	SO Exercise	€45.5000	€227,500.00
		Sale	€55.4857	€277,428.50
05/03/2011 Euronext Paris	Pascal Daloz	SO Exercise	€23.0000	€345,000.00
		Sale	€55.4169	€831,253.50
05/03/2011 Euronext Paris	Pascal Daloz	SO Exercise	€39.5000	€1,975,000.00
		Sale	€55.4121	€2,770,605.00
05/03/2011 Euronext Paris	Etienne Droit	SO Exercise	€23.0000	€460,000.00
		Sale	€55.3206	€1,106,412.00
05/04/2011 Euronext Paris	Bernard Charlès	SO Exercise	€35.0000	€714,245.00
		Sale	€56.5455	€716,431.49
05/04/2011 Euronext Paris	Bernard Charlès	SO Exercise	€35.0000	€1,400,000.00
		Sale	€56.2022	€1,407,303.09
05/04/2011 Euronext Paris	Bernard Charlès	SO Exercise	€35.0000	€700,000.00
		Sale	€56.0000	€702,240.00
05/04/2011 Euronext Paris	Etienne Droit	SO Exercise	€23.0000	€460,000.00
		Sale	€55.8000	€1,116,000.00
05/04/2011 Euronext Paris	Etienne Droit	SO Exercise	€23.0000	€460,000.00
		Sale	€56.3000	€1,126,000.00
05/05/2011 Euronext Paris	Bernard Charlès	SO Exercise	€35.0000	€19,215.00
		Sale	€56.4000	€19,288.80
05/06/2011 Euronext Paris	Bernard Charlès	SO Exercise	€35.0000	€1,400,000.00
		Sale	€56.2000	€1,405,000.00
05/09/2011 Euronext Paris	Bernard Charlès	SO Exercise	€35.0000	€668,430.00
		Sale	€56.4000	€670,483.20
05/09/2011 Euronext Paris	Bernard Charlès	SO Exercise	€35.0000	€1,400,000.00
		Sale	€56.7700	€1,421,520.80
05/09/2011 Euronext Paris	Bernard Charlès	SO Exercise	€35.0000	€588,000.00
		Sale	€56.5000	€589,803.50
05/09/2011 Euronext Paris	Bernard Charlès	SO Exercise	€23.0000	€513,774.00
		Sale	€56.5000	€515,336.50
05/09/2011 Euronext Paris	Bruno Latchague	SO Exercise	€45.5000	€1,482,663.00
		Sale	€56.4600	€1,839,805.56
05/10/2011 Euronext Paris	Bernard Charlès	SO Exercise	€23.0000	€406,617.00
		Sale	€56.5000	€407,873.50
05/10/2011 Euronext Paris	Bernard Charlès	SO Exercise	€35.0000	€462,490.00
		Sale	€56.5000	€463,921.50
05/10/2011 Euronext Paris	Bernard Charlès	SO Exercise	€45.5000	€1,365,000.00
		Sale	€56.6000	€1,369,720.00
05/10/2011 Euronext Paris	Etienne Droit	SO Exercise	€45.5000	€682,500.00
		Sale	€56.8000	€852,000.00
05/10/2011 Euronext Paris	Bruno Latchague	SO Exercise	€45.5000	€1,702,337.00
		Sale	€56.4558	€2,112,237.30

Date and place	Directors and Executive Officers	Nature of the transaction	Unit Price	Gross amount
05/11/2011 Euronext Paris	Bernard Charlès	SO Exercise	€45.5000	€11,739.00
		Sale	€57.1061	€11,820.96
05/11/2011 Euronext Paris	Bernard Charlès	SO Exercise	€35.0000	€11,760.00
		Sale	€57.1061	€11,820.96
05/11/2011 Euronext Paris	Bernard Charlès	SO Exercise	€23.0000	€1,136,545.00
		Sale	€57.0992	€1,141,984.00
05/11/2011 Euronext Paris	Etienne Droit	SO Exercise	€45.5000	€682,500.00
		Sale	€57.2033	€858,049.50
05/13/2011 Euronext Paris	Bernard Charlès	SO Exercise	€35.0000	€1,411,445.00
		Sale	€57.1023	€1,415,737.32
05/13/2011 Euronext Paris	Bernard Charlès	SO Exercise	€45.5000	€1,696,149.00
		Sale	€57.1032	€1,701,275.64
05/18/2011 Euronext Paris	Bernard Charlès	SO Exercise	€35.0000	€1,400,000.00
		Sale	€57.5000	€1,404,725.00
05/18/2011 Euronext Paris	Bruno Latchague	SO Exercise	€45.5000	€1,390,935.00
		Sale	€57.5000	€1,757,775.00
05/19/2011 Euronext Paris	Bernard Charlès	SO Exercise	€35.0000	€1,400,000.00
		Sale	€57.6000	€1,404,288.00
05/19/2011 Euronext Paris	Bernard Charlès	SO Exercise	€35.0000	€1,400,000.00
		Sale	€58.0642	€1,406,314.92
05/19/2011 Euronext Paris	Bernard Charlès	SO Exercise	€45.5000	€558,512.50
		Sale	€58.1285	€560,940.03
05/19/2011 Euronext Paris	Bernard Charlès	SO Exercise	€23.0000	€920,000.00
		Sale	€57.7000	€923,200.00
05/19/2011 Euronext Paris	Bruno Latchague	SO Exercise	€45.5000	€1,111,565.00
		Sale	€57.5250	€1,405,335.75
05/20/2011 Euronext Paris	Bernard Charlès	SO Exercise	€35.0000	€462,735.00
		Sale	€58.3000	€464,709.30
05/20/2011 Euronext Paris	Bernard Charlès	SO Exercise	€45.5000	€578,987.50
		Sale	€58.1000	€581,000.00
05/20/2011 Euronext Paris	Thibault de Tersant	SO Exercise	€23.0000	€230,000.00
		Sale	€58.1028	€581,028.00
05/20/2011 Euronext Paris	Thibault de Tersant	SO Exercise	€45.5000	€455,000.00
		Sale	€58.1041	€581,041.00
06/27/2011 Euronext Paris	Thibault de Tersant	SO Exercise	€23.0000	€690,000.00
08/01/2011 Euronext Paris	Laurence Barthès	SO Exercise	€47.0000	€282,000.00
		Sale	€62.3000	€373,800.00
08/01/2011 Euronext Paris	Laurence Barthès	SO Exercise	€47.5000	€475,000.00
		Sale	€62.2300	€622,300.00
08/01/2011 Euronext Paris	Laurence Barthès	SO Exercise	€45.5000	€288,925.00
		Sale	€62.2600	€395,351.00
08/01/2011 Euronext Paris	Thibault de Tersant	SO Exercise	€39.5000	€790,000.00
		Sale	€61.4869	€1,229,738.00
08/01/2011 Euronext Paris	Thibault de Tersant	SO Exercise	€45.5000	€1,365,000.00
		Sale	€61.4900	€1,844,700.00
08/01/2011 Euronext Paris	Natural person linked to Thibault de Tersant	Sale	€61.0500	€610,500.00
08/01/2011 Euronext Paris	Natural person linked to Thibault de Tersant	Sale	€61.0500	€610,500.00
08/01/2011 Euronext Paris	Natural person linked to Thibault de Tersant	Sale	€61.0500	€610,500.00
08/12/2011 Euronext Paris	Bernard Charlès	SO Exercise	€23.0000	€690,000.00
		Sale	€56.6100	€701,397.90
08/12/2011 Euronext Paris	Bernard Charlès	SO Exercise	€45.5000	€1,365,000.00
		Sale	€56.6100	€1,384,114.50
08/15/2011 Euronext Paris	Bernard Charlès	SO Exercise	€45.5000	€1,820,000.00
		Sale	€55.7461	€1,834,046.69
08/15/2011 Euronext Paris	Bernard Charlès	SO Exercise	€23.0000	€920,000.00
		Sale	€55.7461	€927,057.64
08/16/2011 Euronext Paris	Bernard Charlès	SO Exercise	€23.0000	€63,365.00
		Sale	€56.3000	€144,522.10
08/16/2011 Euronext Paris	Bernard Charlès	SO Exercise	€23.0000	€343,413.00
		Sale	€56.3000	€778,797.90
08/16/2011 Euronext Paris	Bernard Charlès	SO Exercise	€45.5000	€1,178,723.00
		Sale	€56.3000	€1,351,200.00
09/29/2011 Euronext Paris	Thibault de Tersant	SO Exercise	€23.0000	€69,000.00
10/31/2011 Euronext Paris	Etienne Droit	SO Exercise	€47.0000	€95,269.00
		Sale	€62.2448	€126,170.21
10/31/2011 Euronext Paris	Etienne Droit	SO Exercise	€47.0000	€1,175,000.00
		Sale	€61.3794	€1,534,485.00
10/31/2011 Euronext Paris	Thibault de Tersant	SO Exercise	€23.0000	€690,000.00
		Sale	€60.5092	€1,815,276.00
10/31/2011 Euronext Paris	Thibault de Tersant	SO Exercise	€39.5000	€1,185,000.00
		Sale	€60.5318	€1,815,954.00
10/31/2011 Euronext Paris	Philippe Forestier	SO Exercise	€23.0000	€4,186.00
		Sale	€61.5000	€11,193.00
11/01/2011 Euronext Paris	Philippe Forestier	SO Exercise	€23.0000	€37,099.00
		Sale	€60.1071	€96,952.75
11/02/2011 Euronext Paris	Etienne Droit	SO Exercise	€47.5000	€1,187,500.00
		Sale	€58.9624	€1,474,060.00
11/02/2011 Euronext Paris	Philippe Forestier	SO Exercise	€23.0000	€276,138.00
		Sale	€60.0000	€720,360.00
11/02/2011 Euronext Paris	Philippe Forestier	SO Exercise	€39.5000	€197,500.00
		Sale	€60.0000	€300,000.00

Date and place	Directors and Executive Officers	Nature of the transaction	Unit Price	Gross amount
11/03/2011 Euronext Paris	Etienne Droit	SO Exercise	€47.5000	€1,187,500.00
		Sale	€60.9000	€1,522,500.00
11/03/2011 Euronext Paris	Philippe Forestier	SO Exercise	€23.0000	€142,577.00
		Sale	€60.0000	€371,940.00
11/03/2011 Euronext Paris	Laurence Barthès	SO Exercise	€23.0000	€28,750.00
		Sale	€61.2300	€76,537.50
11/04/2011 Euronext Paris	Dominique Florack	SO Exercise	€23.0000	€253,782.00
		Sale	€60.5192	€667,768.85
11/04/2011 Euronext Paris	Dominique Florack	SO Exercise	€39.5000	€509,352.50
		Sale	€60.5393	€780,654.27
11/07/2011 Euronext Paris	Dominique Florack	SO Exercise	€23.0000	€2,448,718.00
		Sale	€59.1922	€6,301,956.77
11/07/2011 Euronext Paris	Dominique Florack	SO Exercise	€39.5000	€3,440,647.50
		Sale	€59.2412	€5,160,204.73
11/08/2011 Euronext Paris	Bernard Charlès	SO Exercise	€45.5000	€1,365,000.00
		Sale	€60.0839	€1,371,114.60
11/09/2011 Euronext Paris	Bernard Charlès	SO Exercise	€45.5000	€99,417.50
		Sale	€61.0000	€99,857.00
11/10/2011 Euronext Paris	Bernard Charlès	SO Exercise	€45.5000	€343,024.50
		Sale	€60.0000	€344,100.00
11/10/2011 Euronext Paris	Thibault de Tersant	SO Exercise	€45.5000	€910,000.00
		Sale	€59.0865	€1,181,730.00
11/10/2011 Euronext Paris	Thibault de Tersant	SO Exercise	€39.5000	€1,185,000.00
		Sale	€59.0571	€1,771,713.00
11/11/2011 Euronext Paris	Bernard Charlès	SO Exercise	€45.5000	€1,021,975.50
		Sale	€60.0000	€1,025,100.00
11/11/2011 Euronext Paris	Etienne Droit	SO Exercise	€47.0000	€1,079,731.00
		Sale	€59.2000	€1,360,001.60
11/15/2011 Euronext Paris	Bernard Charlès	SO Exercise	€23.0000	€920,000.00
		Sale	€60.1000	€923,136.00
11/15/2011 Euronext Paris	Bernard Charlès	SO Exercise	€45.5000	€143,598.00
		Sale	€60.0000	€144,060.00
11/15/2011 Euronext Paris	Bernard Charlès	SO Exercise	€45.5000	€995,449.00
		Sale	€60.0000	€998,460.00
11/21/2011 Euronext Paris	Bernard Charlès	SO Exercise	€45.5000	€1,273,408.50
		Sale	€60.0000	€1,277,280.00
11/21/2011 Euronext Paris	Bernard Charlès	SO Exercise	€45.5000	€225,953.00
		Sale	€60.0000	€226,680.00
11/22/2011 Euronext Paris	Thibault de Tersant	SO Exercise	€23.0000	€230,000.00
		Sale	€59.0599	€590,599.00
11/22/2011 Euronext Paris	Thibault de Tersant	SO Exercise	€45.5000	€1,365,000.00
		Sale	€59.0917	€1,772,751.00
11/25/2011 Euronext Paris	Etienne Droit	SO Exercise	€38.1500	€457,800.00

With respect to Mr. Bernard Charlès, it should be noted that he generally reinvests in shares of Dassault Systèmes SA the gains realized through the exercise of subscription stock options.

Transactions made by GIMD, a legal entity linked to Nicole Dassault, director of Dassault Systèmes SA:

Date and place	Nature of the transaction	Unit price	Gross amount
05/03/2011 Euronext Paris	Sale of call options	€0.26	€29,362.50
05/17/2011 Euronext Paris	Sale of call options	€0.26	€28,755.00
05/24/2011 Euronext Paris	Sale of call options	€0.31	€34,458.75
06/20/2011 over-the counter market	Sale of call options	€0.31	€20,614.50
06/28/2011 over-the counter market	Sale of call options	€0.43	€38,253.60
07/06/2011 over-the counter market	Sale of call options	€0.28	€24,939.00
07/15/2011 over-the counter market	Sale of call options	€0.36	€32,499.00
08/11/2011 over-the counter market	Sale of call options	€0.32	€28,440.00
08/23/2011 over-the counter market	Sale of call options	€0.51	€46,170.00
08/23/2011 Euronext Paris	Sale	€2.10	€104.915.00
08/24/2011 Euronext Paris	Sale	€1.95	€48,740.00
08/24/2011 Euronext Paris	Sale	€1.79	€44,755.00
08/25/2011 Euronext Paris	Sale	€1.84	€46,007.50
08/25/2011 Euronext Paris	Sale	€1.69	€42,225.00
08/26/2011 Euronext Paris	Sale	€1.82	€45,610.00
08/26/2011 Euronext Paris	Sale	€2.00	€49,970.00
08/30/2011 Euronext Paris	Sale of call options	€0.33	€29,952.00
08/31/2011 over-the counter market	Sale of call options	€0.67	€45,022.50
08/31/2011 over-the counter market	Sale of call options	€0.67	€30,015.00
08/31/2011 over-the counter market	Sale of call options	€0.67	€45,022.50
08/31/2011 over-the counter market	Sale of call options	€0.67	€30,015.00
09/20/2011 over-the counter market	Sale of call options	€0.43	€38,745.00
09/28/2011 over-the counter market	Sale of call options	€0.39	€26,493.75
09/28/2011 over-the counter market	Sale of call options	€0.39	€17,662.50
10/24/2011 over-the counter market	Sale of call options	€0.59	€35,340.00
10/31/2011 over-the counter market	Sale of call options	€0.34	€20,346.00
11/03/2011 Euronext Paris	Sale of call options	€1.27	€50,912.00
11/03/2011 Euronext Paris	Sale of put options	€1.03	€41,056.00
11/07/2011 Euronext Paris	Sale of put options	€1.30	€52,064.00
11/08/2011 Euronext Paris	Sale of call options	€1.36	€54,244.00
11/09/2011 Euronext Paris	Sale of call options	€1.10	€43,968.00
11/10/2011 Euronext Paris	Sale of put options	€1.30	€51,856.00
11/16/2011 Euronext Paris	Sale of put options	€1.07	€42,800.00
11/16/2011 over-the counter market	Sale of call options	€0.36	€21,852.00
11/18/2011 Euronext Paris	Sale of put options	€1.07	€42,400.00
11/22/2011 over-the counter market	Sale of call options	€0.32	€28,404.00
11/22/2011 Euronext Paris	Sale of call options	€1.01	€19,288.29
11/22/2011 Euronext Paris	Sale of put options	€1.10	€43,984.00
11/23/2011 Euronext Paris	Sale of put options	€1.24	€49,764.00
11/28/2011 over-the counter market	Sale of call options	€0.40	€36,063.00
11/30/2011 over-the counter market	Sale of call options	€0.56	€37,597.50
11/30/2011 over-the counter market	Sale of call options	€0.56	€25,065.00
12/12/2011 over-the counter market	Sale of call options	€0.84	€56,625.75
12/12/2011 over-the counter market	Sale of call options	€0.84	€37,750.50

CHAPTER 16 – BOARD PRACTICES

16.1 Report on Corporate Governance and Internal Control

Report of the Chairman of the Board of Directors to the shareholders' meeting of June 7, 2012, on corporate governance and internal control

To the Shareholders of Dassault Systèmes,

The purpose of this report is to describe the composition of the Board of Directors of Dassault Systèmes SA and the conditions under which the work of its Board of Directors is prepared and organized, as well as the internal control and risk management procedures established by the Company during the fiscal year ended December 31, 2011. It is presented to you in addition to the management report included in the annual report (*Document de référence*) of the Company for 2011.

This report has been prepared pursuant to article L. 225-37 paragraph 6 of the French Code of Commerce and the recommendations of the AMF (*Autorité des marchés financiers)* contained in particular in its Report on corporate governance and executive compensation of December 13, 2011. The Chairman has entrusted the diligence related to the preparation of this report to the finance, legal and internal audit departments; the report was then reviewed by the Audit Committee and approved by the Board of Directors during its meeting held on March 23, 2012.

It should first be recalled that Dassault Systèmes SA is a French company listed on NYSE Euronext Paris – Compartiment A since 1996. Until October 2008, it was also listed on the Nasdaq Stock Market in the United States; the Company decided upon the voluntary withdrawal of its American Depository Shares ("ADS") from the Nasdaq, which became effective on October 16, 2008, its deregistration from the Securities and Exchange Commission ("SEC") being effective on January 15, 2009.

With respect to corporate governance, Dassault Systèmes SA ensures compliance with the French recommendations, and in particular refers to the recommendations of the AFEP-MEDEF Code available on the MEDEF website (www.medef.fr). The provisions of this Code with which Dassault Systèmes SA does not directly comply are mentioned in this report.

16.1.1 Composition and practices of the Board of Directors

16.1.1.1 Composition of the Board of Directors

In 2011, the Board of Directors of Dassault Systèmes SA was composed of nine members: Charles Edelstenne, Bernard Charlès, Jean-Pierre Chahid-Nouraï, Bernard Dufau, André Kudelski, Arnoud De Meyer and Thibault de Tersant, as well as Laurent Dassault and Paul Brown until May 26, 2011, the date on which their appointment as directors expired, and Nicole Dassault and Toshiko Mori, who were appointed starting on that date. More than half of the members are independent directors, as this term is defined by the criteria set forth by the AFEP-MEDEF Code. According to the terms of the Company's internal regulation, a director is independent when he has no relationship of any type with the Group, the Company or its management which could reduce his freedom of judgment. The five independent directors are Messrs Brown (until May 26, 2011), Chahid-Nouraï, Dufau, Kudelski and De Meyer, as well as Mrs. Toshiko Mori (beginning May 26, 2011). The independence of Directors is subject to an annual review by the Board on the basis of a questionnaire completed by the directors concerned.

Pursuant to the amendment to our by-laws adopted at the General Shareholders' Meeting on June 9, 2009, the Directors are appointed for terms of 4 years for new appointments and for appointments to be renewed, with the terms in progress remaining for an unchanged duration of 6 years.

It is proposed to the General Shareholders' Meeting of June 7, 2012, to appoint Mr. Serge Dassault as an additional director (see paragraph 26.1 "Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting of June 7, 2012"). If these proposals are adopted at the General Shareholders' Meeting, the Board of Directors of Dassault Systèmes SA will be composed 20% by women, in compliance with the law and with the recommendation of the AFEP-MEDEF Code, and half of the Board would be composed of independent directors, thus beyond the threshold of a third recommended by the AFEP-MEDEF Code.

All the information related to the composition of the Board of Directors is provided in Chapter 14 "Administrative, management and supervisory bodies and senior management".

16.1.1.2 Practices of the Board of Directors

In addition to the deliberations and resolutions on its agenda pursuant to the laws and regulations in France (including the notice of Shareholders' Meetings and the approval of the annual management report), the Board also discussed principally the following issues:

- the Company's strategy (definition and review of strategic directions, review of partnership and acquisition transactions);
- the accounts and the budget (approval of the 2010 parent company and consolidated accounts, the consolidated accounts for the first half of 2011, the management planning documents for 2011, review of quarterly results). The Board is informed as to the Company's financial condition by reports from the Audit Committee and presentations made at each meeting by the Senior Executive Vice President and Chief Financial Officer;
- the compensation of executive directors (*mandataires sociaux*);
- internal control (review of the assessment of the internal control procedures);
- the compliance of Dassault Systèmes SA with French and European rules and recommendations on financial communication and corporate governance, and in particular with the law of January 27, 2011, regarding the balanced representation of women and men on boards of directors and supervisory boards, and equal professional treatment.

The Board of Directors met 7 times in 2011, with an attendance rate of 92%.

For purposes of good corporate governance, the offices of Chairman of the Board and Chief Executive Officer have been separated. The Chairman of the Board, Mr. Charles Edelstenne, organizes and supervises the work of the Board and reports thereon at the shareholders' meeting. He ensures the proper functioning of the Board and its committees and their compliance with the principles and practices of good corporate governance. He ensures in particular that the directors are able to perform their duties. The Chairman is regularly informed by the Chief Executive Officer of significant matters concerning the Company, and in particular its strategy, organization and investment projects. The Chairman also oversees maintaining quality relations with shareholders in close coordination with measures taken in this area by the Chief Executive Officer. All of these tasks of the Chairman of the Board are directed toward serving the Company, and his actions are taken into account in reviewing and determining his remuneration.

The Chief Executive Officer, Mr. Bernard Charlès, is legally vested with the widest powers to act in any circumstances in the name of the Company, subject to the limitations set forth in paragraph 16.1.1.7 "Powers of the Chief Executive Officer" below, and represents the Company vis-à-vis third parties.

Specialized committees have been established to assist the Board of Directors in the performance of its duties: the Audit Committee in 1996 and the Compensation and Nomination Committee and the Scientific Committee, both in 2005. The Committees report regularly to the Board as to the performance of their missions.

The Board's internal regulation defines its objectives, the rules governing the composition and operation of the Board and its committees, and their interactions. It also sets the normal frequency of Board meetings, the means of participating in them and the rules related to the information to be continuously available to the members of the Board, including if an event occurs which might have a significant impact on the prospects, outlook or the implementation of the Company's strategy as presented to the Board, and the rules related to the limitations on the powers of the Chief Executive Officer and to the annual review of the independence of the Directors.

This regulation specifies that the Board must proceed with an annual review of its practices, and formal assessments shall be made every three years. The last formal review took place in 2009. In 2011, the functioning of the Board was on the agenda of one of its meetings.

The internal regulation restates the obligation of confidentiality applying to the Directors. The Directors must also comply with the insider trading rules established by Dassault Systèmes SA, which prohibit trading in any securities issued by Dassault Systèmes SA if they are aware of any insider information, and in any event if they have not received the prior approval of the Insiders Committee of Dassault Systèmes SA.

Finally, in compliance with the internal regulation, external Directors (i.e., Directors who are neither executives nor employees of Dassault Systèmes SA) meet at least once a year without the presence of the other Directors to perform a general review of how the Board is operating.

16.1.1.3 Audit Committee

The Audit Committee is composed of three directors, each of whom is independent: Bernard Dufau, Chairman, André Kudelski, and Jean-Pierre Chahid–Nouraï. Mr. Paul Brown was also a member of the Audit Committee until May 26, 2011. Messrs. Bernard Dufau and André Kudelski are or have been company managers. Mr. Jean-Pierre Chahid-Nouraï, who held responsible positions in finance in companies and commercial banks, offers specific skills in finance or accounting.

This Committee met seven times in 2011, including three physical meetings. The Senior Executive Vice President and Chief Financial Officer of Dassault Systèmes, the Company Finance Vice President, the consolidation director, the internal audit director, the general counsel and the statutory auditors of the Company attended these meetings. In order to review the quarterly earnings announcements and other occasional issues, the members of the Audit Committee held four conference calls with the Senior Executive Vice President and Chief Financial Officer, the Company Finance Vice President and the consolidation director. The attendance rate for these meetings and calls was 92% in 2011.

The responsibilities of this Committee as defined in its charter comply with regulations in effect, and Dassault Systèmes SA respects the spirit of the AMF recommendation of July 22, 2010 regarding audit committees while identifying certain matters which should be formalized.

The Audit Committee's mission is to ensure the follow up of matters related to the preparation and the monitoring of accounting and financial information. Without limiting the powers of the Board of Directors, this Committee is, in particular, responsible for overseeing the preparation process of the financial information, the effectiveness of the internal control and risks management systems, the audit by the statutory auditors of the annual parent company and consolidated accounts and the independence of the statutory auditors. The Audit Committee is responsible for examining these various matters and giving its recommendations to the Board of Directors.

The Audit Committee oversees the relationship between the Company and its statutory auditors and participates in their appointment or the renewal of their mandate.

The Audit Committee thus recommended that the proposals to renew the statutory auditor, PricewaterhouseCoopers Audit, and to appoint a new deputy statutory auditor, Yves Nicolas, be submitted to the General Shareholders' Meeting on May 26, 2011. The Audit Committee also approves the annual plan of the internal audit missions. The internal audit director reports to the Audit Committee on the outcome of its work.

16.1.1.4 Compensation and Nomination Committee

The Compensation and Nomination Committee is composed of two independent directors: Bernard Dufau and André Kudelski. The missions and the operating rules of the Committee are defined in the internal regulation of the Board of Directors.

The Compensation and Nomination Committee's main objectives are: (i) to propose to the Board of Directors the amounts for compensation and benefits of the Chairman of the Board and the Chief Executive Officer, to set the formulas and the rules to apply for determining the variable part of their compensation, and to verify the application of these rules, (ii) to evaluate the global amount and the allocation of the directors' fees, (iii) to propose to the Board the nomination or renewal of Directors and review the independence of those who are so identified, (iv) to examine the Company's policy for nominating and to be informed of the compensation policy for, the executive officers, (v) to consider the employee profit-sharing policy based on the Company's shares and make proposals on this topic, and (vi) to propose to the Board of Directors solutions in case of vacancy of the position of Chairman of the Board and of Chief Executive Officer.

In 2011, this Committee met three times, twice physically and once by conference call, with an attendance rate of 100%. It has confirmed the independence of the Board's "independent directors", on the basis of responses to the questionnaire sent to each Director concerned. It formulated recommendations to the Board of Directors about the allocation of Directors' fees, the allocation of performance shares to the Chief Executive Officer, the performance conditions related thereto and the establishment of a new model for employee profit-sharing in the business's long-term performance, consisting of the allocation of performance shares to certain executives and employees of the Company. It also reviewed the allocation process of performance shares in general. The Committee also studies the development in 2011 of the composition of the Executive Committee as well as the structure and level of remuneration of executive management who are not also members of the Board.

The Compensation and Nomination Committee advised on the variable portion of the compensation of the Chief Executive Officer for 2010 and proposed to the Board compensation composed of a fixed amount and variable amount for the Chief Executive Officer and the amount of fixed compensation for the Chairman of the Board for 2011.

This Committee was consulted on the renewal of the appointments of the Directors Messrs. De Meyer and Chahid-Nouraï and the appointments of two new directors Mses. Nicole Dassault and Toshiko Mori as proposed to the General Shareholders' Meeting on May 26, 2011, and finally, the proposal of appointment of Mr. Serge Dassault as director as proposed to the General Shareholders' Meeting to be held on June 7, 2012. The Compensation and Nomination Committee examined as a general matter Dassault Systèmes SA's compliance with the recommendation of the Code AFEP-MEDEF in this area.

16.1.1.5 Principles and rules set forth by the Board of Directors of Dassault Systèmes SA in order to determine the compensation of the Executive Directors and the senior management

The Dassault Systèmes SA compensation policy is designed to attract, motivate and retain highly qualified individuals in order to achieve the Company's strategic, business and financial objectives. In setting forth criteria for the determination of compensation, the balance between short-term and long-term financial objectives is sought, the creation of stockholder value is taken into account and individual performance is rewarded.

- Fixed and variable compensation

From this perspective, the annual compensation of each executive officer includes two portions – a fixed portion and a variable portion – except for the Chairman of the Board of Directors, who receives only a fixed portion. The variable portion may represent a significant part of the total compensation if the annual targets are achieved or overachieved. The targets are reviewed every year in order to be consistent with the Company's strategic orientations and include individual management targets.

Beyond their fixed and variable compensation, the French executive officers, except for the Chairman of the Board and the Chief Executive Officer, are eligible for corporate profit-sharing in the same manner as other employees of the Company. More than 90% of the employees of the French direct subsidiaries of Dassault Systèmes SA are also eligible for corporate profit-sharing.

The annual target compensation with objectives achieved for the Chief Executive Office is comprised of a fixed portion for 50%, paid monthly, and a variable portion for 50%, paid annually as a function of the achievement of the performance criteria previously set by the Board of Directors. The level of achievement of the objectives determines the amount actually paid for the variable compensation, which can result in a payment below the target, or up to 140% above the target.

In addition, the Chief Executive Officer receives benefits in-kind, as indicated in Chapter 15 "Remuneration and benefits", which contains all the data with respect to compensation of the executive officers.

The Board of Directors, during its meeting held on March 23, 2012, decided to fix the amount of the variable compensation due to the Chief Executive Officer for 2011, paid in 2012, at €1,113,200, after review of the achievement of the performance criteria set in 2011, which included the diluted net profit per share on a non-IFRS consolidated basis (hereinafter referred to as the ("EPS") for 2011 as announced by the Company, an increase in the Company's market share, an evaluation of the Company's efficiency process, the product portfolio and the execution of the Company's strategy.

At its meeting on March 23, 2012, the Board of Directors also fixed the performance criteria governing the payment of the variable compensation to the Chief Executive Officer for 2012, which include the EPS achieving the objectives announced by Dassault Systèmes, the evaluation of the Company's efficiency processes as measured in particular by its non-IFRS operating margin, the competitive positioning of the Company measured in particular by the evolution of the relative growth in the Company's revenue compared to its competitors, the composition of the Company's product portfolio and the implementation of the Company's strategy. In order to protect the Company's competitive position, the Board of Directors considered that it was not appropriate to reveal more details about these performance criteria, which are subject to discussion by the the Compensation and Nomination Committee and by the Board of Directors. Furthermore, these performance criteria are both internal and external in nature and at a short, medium and long term perspective. In addition, these criteria include a strong dimension of "Social and Environmental Responsibility" in relation with the Company's business, each of Dassault Systèmes' brands containing a promise of Sustainable Development (see paragraphs 8.3.1 "Dassault Systèmes and environmental issues", 17.1.8 "Business ethics and professional equality" and 17.1.9 "Social projects and relations with the social, regional and associative environment").

At its meeting on March 23, 2012, the Board of Directors decided to set the Chairman's fixed compensation for 2012 at €922,000 and the annual target compensation with objectives achieved of the Chief Executive Officer for 2012 at €1,986,000, with €993,000 for fixed compensation and €993,000 for the target variable compensation.

As in preceding years, the Chairman and the Chief Executive Officer will receive Director's fees (see Chapter 15 "Remuneration and benefits").

The Board meeting of March 23, 2012, also noted the achievement of the performance conditions regarding the shares granted on May 27, 2010, to the Chief Executive Officer, and the final number of shares acquired as a result (150,000 shares). The Chief Executive Officer will acquire these performance shares on May 27, 2012, provided that he is still an Executive Director *(mandataire social)* at such date.

- Indemnities due in case of the imposed departure (*départ contraint*) of the Chief Executive Officer

The amount of the indemnity due to the Chief Executive Officer in the event of the termination of his functions will be equivalent to a maximum of two years of compensation as Chief Excecutive Officer and will depend on satisfying the performance conditions established for calculating his variable compensation. The amount paid would be calculated pro rata with respect to the percentage of variable

compensation which was paid during the three years preceding his departure as compared to the targeted variable compensation for such years. The amount due would be calculated by applying the following formula:

- the aggregate gross compensation (including variable compensation but excluding compensation in kind and Directors' fees) due in connection with his position for the two financial years completed prior to the date of departure;
- multiplied by the quotient of (i) the amount of variable compensation actually paid during the three financial years completed prior to the date of departure with respect to their respective years of reference, divided by (ii) the amount of target variable compensation determined for each of these years by the Board of Directors on the basis of achievement of the objectives set for the Company.

The indemnity is thus subject to performance conditions related to achieving targets fixed for the variable compensation.

The indemnity will be due only in case of change in control or strategy of the Company, duly acknowledged by the Board of Directors, which results in an imposed departure (*départ contraint*) in the following 12 months. The indemnity may also be paid if the imposed departure is not linked to poor results of the Company or to mismanagement by the Chief Executive Officer, the Board of Directors being entitled to decide to pay all or part of the indemnity. The Board decided to provide for this indemnity payment, which is in addition to those recommended by the AFEP-MEDEF Code, given the shareholder structure of the Company and the seniority of Mr. Charlès in the Company.

The indemnity will not be due in the event the Chief Executive Officer would leave the Company on his own initiative to take a new position elsewhere, or would be assigned a new position within the Company, or if he would be able to benefit from pension rights shortly after leaving. Furthermore, in the event of exceptional circumstances seriously damaging the image or results of the Company and significantly reducing, in the opinion of the Board, the market price of the Company's shares or in the event of misconduct other than in connection with his corporate functions *(faute séparable de ses fonctions)* and incompatible with the normal performance of his mandate, the Board may decide that the indemnity payment is not due.

- Performance shares and share subscription options

The executive officers are given long-term incentives notably through grants of Dassault Systèmes performance shares (and prior to 2011, of stock options) to associate them with the development and performance of the Company. In general, performance shares may be granted to key employees, including executive officers, of the Company, and the number granted is dependent on individual performance and level of responsibility.

The Company's Chief Executive Officer was granted, as one of 626 beneficiaries, 14,000 performance shares under the "2010-02" plan (the "2010-02 Shares") and 150,000 performance shares under a second plan (the "2010-03 Shares"). In conformity with the recommendation of the AFEP-MEDEF Code, the definitive acquisition of performance shares is subject to the condition that the Chief Executive Officer remains with the Company and to performance conditions related to variable compensation actually paid to Mr. Bernard Charlès over several financial years (calculated according to the criteria described above, which are both internal and external in nature and for some of them with a multiannual perspective). With regard to the 2010-02 Shares, these performance conditions are in addition to the condition provided by the regulation of the 2010-02 Shares plan, the satisfaction of which is measured according to the EPS of Dassault Systèmes actually realized, compared to the high end of the range set for the EPS objective announced, respectively, for the years 2011, 2012 and 2013.

In addition, upon the recommendation of the Compensation and Nomination Committee, the Board of Directors set the number of shares which could be granted to the Executive Directors (*dirigeants mandataires sociaux*) at 35% of the global envelope approved at the shareholders' meeting of May 27, 2010, or 624,473 shares. Thus, the performance shares granted to the Chief Executive Officer on September 29, 2011, represent 9.19% of the global envelope decided by the General Shareholders' Meeting on May 27, 2010, and all the performance shares which have been granted to him since 2010 represent 17.6% of this global envelope. The performance shares were granted to the Chief Executive Officer in light of his essential entrepreneurial contribution to the development and the performance of the Company. These grants are in compliance with the law n° 2008-1258 of December 3, 2008, regarding remuneration from work.

The Board of Directors also decided to impose a lock-up period on 15% of the shares which could be acquired as a result of these grants until the termination of his functions as Chief Executive Officer. Hedging transactions to ensure the gains which would result from the sale of the shares or from the exercise of stock options are prohibited.

The Company has profit sharing plans for employees. The results of the financial year ended December 31, 2011, which are subject to the approval by the General Shareholders' Meeting on June 7, 2012, should enable the distribution of €14,165,501 in profit and to set aside a special profit sharing reserve (*intéressement*) of €13,192,985.

Other information concerning share subscription options and shares are provided in Chapter 15 "Remuneration and Benefits" and paragraph 17.2 "Shareholdings and Stock Options".

16.1.1.6 Scientific Committee

The Scientific Committee is composed of three directors, Mssrs. Bernard Charlès and Arnoud De Meyer and Madame Toshiko Mori, the latter two being independent, and of an executive officer, Dominique Florack, the Company's Senior Executive Vice President, Products – Research and Development. The Scientific Committee meets at least once a year. The Committee reviews the main directions of research and development, examines the Company's technological advances and makes recommendations on these matters. Dassault Systèmes employees with relevant skills may be invited to these meetings.

The Scientific Committee met twice in 2011 with an attendance rate of 57%. In 2011, the Scientific Committee considered a number of subjects central to Dassault Systèmes' strategy and thus confirmed the Company's principal strategic orientations. In addition to the presentation of the products of companies recently acquired by Dassault Systèmes, the Committee examined, in connection with the Company's diversification policy, the market for ordinary consumer goods, an industry which presents new characteristics such as chemically formulated goods and their compliance with applicable regulations. The Scientific Committee also studied the opportunities offered by new technologies and in particular the Natural Sketch products in the artistic design area and n!Fuze, which represents a new generation of SaaS ("Software as a Service") solutions enabling sharing and collaboration around 3D models in a "cloud" environment.

16.1.1.7 Powers of the Chief Executive Officer

Pursuant to French law, the Chief Executive Officer represents Dassault Systèmes SA to third parties. However, his powers are limited by the corporate purpose of the Company and by the powers reserved to the shareholders or the Board of Directors.

Thus, amendments to the by-laws, approval of the financial statements and allocation of profits, appointment or dismissal of Directors, decisions on their compensation, appointment of the auditors and approval of regulated agreements fall under the sole and exclusive responsibility of the shareholders.

Similarly, the Board of Directors has sole responsibility to call shareholders' meetings, prepare the parent company and consolidated financial statements and the annual management report, prepare forecast management documents and the corresponding reports, issue prior authorizations for regulated agreements, co-opt directors, appoint and dismiss the Chairman of the Board or the Chief Executive Officer, set their respective compensation, create Board committees and appoint committee members, and allocate directors' fees.

In addition, pursuant to the Board's internal regulation, certain decisions of the Chief Executive Officer must be submitted to the prior authorization of the Board.

Thus, the completion of a significant transaction outside the scope of the Company's strategy presented to the Board of Directors requires the prior approval of the Board. Such prior approval is also required in case of any acquisition or disposal of any entity or minority interests, any organic growth investment, any internal restructuring and any external financing (through bank debt or accessing the capital markets), in the event where these transactions exceed a threshold which is determined at the beginning of the year by the Board of Directors when meeting to establish the accounts for the preceding fiscal year, and which is effective until the next Board meeting approving the parent company financial statements. The Board of Directors meeting on March 23, 2012, thus set a threshold of €400 million, as in 2011, above which the prior approval of the Board is required for the operations mentioned above.

On March 23, 2012, the Board authorized the Chief Executive Officer, until the meeting of the Board approving the accounts for 2012, to grant guarantees in the name of Dassault Systèmes SA in the global limit of €500 million.

16.1.1.8 Application of the AFEP-MEDEF Code

With respect to corporate governance, Dassault Systèmes follows the French recommendations and refers in particular to the recommendation of the AFEP-MEDEF Code. The Company seeks to improve its good governance practices each year. Nevertheless, it has been necessary to adjust or interpret certain provisions of the Code in light of the specific situation of the Company or in light of other provisions of the AFEP-MEDEF Code:

– Indemnity payment in the event of the departure of the Chief Executive Officer

  The Company respects the exclusions of the AFEP-MEDEF Code in this area and will not pay an indemnity in the event of poor Company results or mismanagement by the officer. It nevertheless retains three cases for payment, one of which is not explicitly provided for by the AFEP-MEDEF Code, in light of the Company's shareholder base and the long term of service of Mr. Charlès in the Company. It applies in the event of an imposed departure (*départ contraint*) if the departure is not related to poor results of the Company or mismanagement on the part of the Chief Executive Officer. In such case, the Board could decide to pay all or a portion of the departure indemnity.

– Calendar period for the granting of performance shares

As for the prior grants of share subscription options, the Company seeks to grant performance shares during the same calendar periods provided they are compatible with the restrictive rules related to the Company possessing inside information.

– Proportion of performance shares in executive officer compensation

Performance shares are granted to the Chief Executive Officer in light of his essential entrepreneurial contribution to the development and the performance of the Company.

– Acquisition of shares by the executive officers (*dirigeants mandataires sociaux*) benefitting from grants of performance shares

The Company believes that the lock-up of 15% of the shares which may be acquired as a result of these grants by the Chief Executive Officer, until he terminates his functions, represents a mechanism with an effect equivalent to the recommendation in the AFEP-MEDEF Code to subject the acquisition of shares related to the performance of executive officers to the purchase of a fixed number of shares once the shares become available.

16.1.2 Internal control procedures and risk management

Given that Dassault Systèmes SA was listed on the stock market in the United States until the end of 2008, Dassault Systèmes defined and implemented an internal control procedure based mainly on the COSO framework (Committee of Sponsoring Organization of the Treadway Commission), as well as on the AMF's suggested reference framework regarding internal control updated on July 22, 2010.

According to the COSO framework, internal control is a process carried out by the Board of Directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of the following objectives: realization and optimization of operations, reliability of financial and accounting information and compliance with applicable law and regulations.

The Chairman's report on internal control procedures applies to Dassault Systèmes SA and its consolidated subsidiaries.

16.1.2.1 Internal control objectives

The internal control procedures within the Company, whether at the level of Dassault Systèmes SA or its subsidiaries, are designed to:

- improve the performance and efficiency of operations through optimized use of available resources (an objective inspired by the COSO framework);
- ensure the reliability, quality and availability of financial data (an objective inspired by the COSO and AMF frameworks);
- ensure that operations comply with legislation in effect and the Company's internal procedures (an objective inspired by the COSO and AMF frameworks);
- guarantee the safety of the assets, particularly the intellectual property, the human and financial resources and the image of the Company (an objective inspired by the AMF framework);
- prevent risks of error or fraud.

16.1.2.2 Internal control participants and organization

All corporate governance bodies participate in the implementation of the internal control processes.

The Board of Directors, which is sensitive to the issue of internal control, created in 1996 an Audit Committee, with the mission described above.

In parallel, the Company's management has established the following bodies:

- An Insider Committee: this Committee is responsible for setting and communicating to employees, directors and consultants the dates of the periods during which it is recommended that they not buy or sell Dassault Systèmes SA shares, in order to prevent insider trading. This Committee's role is to be informed of transactions executed by members of the management of the Company. The Company applies the rules issued by the AMF regarding the prevention of insider trading.

- An internal audit department reporting to the Senior Executive Vice President and Chief Financial Officer and to the Audit Committee: the mission of this department is to evaluate the relevance of Dassault Systèmes' internal control processes, to alert the management and the Audit Committee regarding possible deficiencies or risks, and to propose measures that will limit the risks and improve the efficiency of operations. In 2011, the internal audit department was responsible for evaluating, for the management team, internal control mechanisms related to financial reporting.
- An Ethics & Compliance Department reporting to the Chief Executive Officer, responsible for ensuring the implementation and respect of the Code of Business Conduct, which defines the ethical behavior rules applicable within the Company.

The internal control organization is also based on the principle of giving responsibility to each of the departments and subsidiaries of the Company in its respective area of expertise, and on delegations of powers to certain members of the Executive Committee of the Company.

Moreover, the subsidiaries' chief executives and financial officers are responsible for the preparation of the subsidiaries' accounts which are to be included in the consolidated accounts of the Company, and the annual accounts and activity reports for each of their respective subsidiaries, whether the accounts are prepared by their own financial teams or by shared internal financial and accounting services centers, particularly in the United States and France.

The Company financial planning and analysis department is responsible for directing the financial objectives of the Company in accordance with budget monitoring procedures and, in this respect, performs specific controls and analyses of the quarterly accounts. It is also responsible for identifying, analyzing and warning of any differences from the previous year, the previous quarter and the Company's budget objectives, which are subject to a quarterly update.

16.1.2.3 Internal control and risk management procedures

The internal control mechanisms developed by the Company rely on the COSO methodology and on the recommendations of the framework recommended by the AMF, and promote internal control in the following areas:

- Control environment: the professional ethics of the Company are set forth in the corporate governance procedures, and specifically in the Code of Business Conduct, which describes the manner in which Dassault Systèmes expects to conduct business and which may serve as a reference tool for each Group employee to help guide their behavior and their interactions in their professional work. The Code of Business Conduct, which applies to all employees of Dassault Systèmes and is available on the Company's internet and intranet sites, addresses, among other matters (i) compliance with regulations applicable to the Company's business, (ii) individual interactions within the Company and with its ecosystem, and (iii) protecting the Company's assets (in particular, the Company's intellectual property and that of its clients and partners). The Code also includes rules governing conflicts of interest, insider trading and financial reporting.
- Risk analysis: the main risks which may impact the performance of the Company are identified, assessed and regularly reviewed by the management of the Company. These risks are described in Chapter 4 "Risk factors" which mentions the measures taken by the Company to manage or limit the risks when possible. The Audit Committee reviews measures to limit the main risks which could affect the Company.

Operational risks are managed mostly at the level of the subsidiaries, with intellectual property risks handled by the Company's headquarters legal services, and ethical conduct risks handled by the Company's Ethics & Compliance Department in close collaboration with the internal audit department. Management of financial risks is the responsibility of the Company's Treasury and Financial Division and by the other finance departments.

- Protection and monitoring activities:

  1) Protecting the Company's intellectual property is a constant concern. This protection is ensured by implementing and monitoring corporate processes designed to verify the Company's rights before it markets its software products.

     The Company has also developed during recent years protection for its inventions through a reasonable and well-considered approach to filing patents in several jurisdictions. The Company's principal brands are also registered in a large number of countries.

  2) Information systems protection, which is critical to ensure the security of the source codes for the Company's applications, is continually evaluated, tested and strengthened in the areas of network access or performance, anti-virus protection, and the physical security of servers and other information system facilities.

  3) Publication of the annual report is reviewed in detail in close cooperation between the financial, the legal and investors relations departments.

  4) The internal control policies related to the main processes within the Company (information technology security, sales administration, human resources, protection of intellectual property, closing and publication of financial statements, treasury

management, client credit risk management) are formalized and updated at the level of both Dassault Systèmes SA and its main subsidiaries or the related shared services centers.

5) Key control points making it possible to prevent or detect risks impacting the financial information in the significant entities of the Company are documented.

6) Tests are performed annually on these key control points to evaluate their effectiveness.

7) The implementation of action plans by the operational entities with a purpose of continuous enhancement.

- Communication:

The Company has deployed processes to review on a regular basis the performance of its main subsidiaries (budget review meetings, quarterly activity review, board meetings) and bi-annual communication forums.

- Monitoring:

In 2011 the internal audit department carried out different missions within the Company's subsidiaries to verify compliance of the local internal control procedures with the Company objectives. These missions, authorized by the Audit Committee, result in the issuance of recommendations to the local management teams and the implementation of action plans when deemed necessary to reinforce the audited processes and organizations.

16.1.2.4 Internal Control Procedures relating to the preparation and the treatment of financial and accounting information

Finally, with respect to the internal control processes related to the preparation of financial and accounting information, the Company's focus has been to:

- Implement a quarterly control system to update budget objectives and identify and analyze any variation from the objectives set by the Financial Division of the Company and from the previous quarter and financial year.

  Thus, each of the subsidiaries prepares a detailed and documented presentation of its sales activity for the past quarter and the year, and performs a comparative analysis of its financial results (revenues and costs) in comparison with its budget targets and with the same quarter for the previous year.

  Budget projections are reviewed, analyzed and updated each quarter to take into account all changes in the PLM market and the economic environment, particularly as regards exchange rates, and to present realistic objectives to shareholders and financial markets.

- Improve the reliability of its consolidation tools and processes in order to establish and publish required financial information every quarter as soon as possible. The consolidation procedure as defined by the Company is based on:

  1. Giving responsibility to the chief financial officers in the subsidiaries, who are required to certify the quarterly statements transmitted to Dassault Systèmes SA and to provide detailed business reviews and analyses before the accounts are consolidated.

  2. The use of reporting and consolidation tools that make data transmission and processing secure and allow the elimination of intra-group transactions. The use of a new consolidation and reporting tool continued to improve the analytical and internal control capabilities of the headquarters consolidation and internal control teams.

  3. The implementation of an annual process to monitor off-balance sheet commitments, related party or regulated agreements ("*conventions réglementées*").

  4. A detailed review of the quarterly accounts of the subsidiaries and of the parent company by the Group's financial division.

  5. The detailed analysis by the Company accounting department of all the software and services transactions impacting in a significant manner the accounts in order to validate the accounting process.

- Systematize the processes by which the Audit Committee and the Board of Directors review financial information during quarterly conferences calls prior to the publication of the financial statements and during meetings of the Audit Committee prior to meetings of the Board of Directors.

- Structure its financial communications to ensure simultaneous and equivalent publication of information on its principal markets of financial results or transactions that could have an impact on the price of its shares.

16.1.2.5 Evaluation of internal control

Since its voluntary delisting from the Nasdaq in October 2008, Dassault Systèmes SA is no longer subject to the requirements of the U.S. Sarbanes-Oxley Act with regard to the assessment of its internal control procedures.

Nevertheless, in conformity with European regulations, the Company evaluates its internal control procedures applicable to its principal processes and subsidiaries.

Thus, in 2011, detailed assessment work continued to be carried out, the management of the Company wishing to maintain a high level of internal control within the Company. This work is in line with the continuing improvement process of internal control, and allows the implementation of action plans and specific audits. In this respect, the scope of Group entities subjected to an internal control evaluation was expanded, via self-evaluation questionnaires, to entities that had previously been considered immaterial.

16.1.2.6 Limitations on internal control

The internal control system cannot provide an absolute guaranty that the Company's objectives in this area will be achieved. Inherent limitations apply to all internal control systems, related in particular to uncertainties in the external environment, the exercise of individual judgments, or dysfunctions which may occur as a result of human failure or simple error.

16.1.3 Other information required pursuant to section L. 225-37 of the French Code of Commerce

16.1.3.1 Specific modalities related to the shareholders' participation in the Shareholders' meeting

Shareholders participate in the shareholders' meetings of the Company according to provisions specified by law and by Articles 24 to 33 of the Company's by-laws. More specifically, any shareholder has the right to participate in shareholders' meetings and deliberations either personally or via a proxy, regardless of the number of shares held, according to conditions specified by Article 27 of the by-laws of Dassault Systèmes.

The right to vote attached to shares whose ownership rights have been split belongs to the owner of the "bare property" (*nu-propriétaire*) except for votes on decisions concerning the allocation of benefits, the right to which belongs to the holder of beneficial rights (*l'usufruitier*).

It is noted that the General Shareholders' Meeting of May 26, 2011, modified the by-laws to provide that the shareholders may have themselves represented by any physical or legal person they choose, subject to compliance with conditions specified by the law (see paragraph 21.2 "Memorandum and by-laws").

16.1.3.2 Publication of the information as required by section L. 225-100-3 of the French Code of Commerce.

Information required by section L. 225-100-3 of the Code of Commerce is set out in the 2011 Annual Report in Chapter 10 "Capital Resources" (concerning early repayment of the credit line of €200 million), Chapter 18 "Major Shareholders" (concerning control by GIMD), paragraph 21.1.3 "Summary of pending delegations to the Board of Directors" (concerning share issuances), paragraph 21.1.4 "Company shares" (relating to the repurchase by the Company of its own shares), paragraph 21.2.5 "Shareholder meetings" (concerning conditions of voting rights) and paragraph 15.1 "Compensation of the Company's Executive Directors ("*Mandataires Sociaux*")" (concerning an indemnity for the Chief Executive Officer in the event of an imposed departure (*départ contraint*)), which also includes the annual management report of the Board of Directors. The 2011 Annual Report *("Document de référence")* is available on the AMF website (www.amf-france.org) and on the Dassault Systèmes website (www.3ds.com). A press release will be issued to announce when this Annual Report becomes available.

Charles Edelstenne
Chairman of the Board

16.2 Report of the Statutory Auditors on Corporate Governance and Internal Control

For the year ended December 31, 2011

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Statutory Auditors' report, prepared in accordance with article L. 225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors of Dassault Systèmes SA

To the Shareholders,

In our capacity as Statutory Auditors of Dassault Systèmes SA, and in accordance with article L. 225-235 of the French Commercial Code *(Code de commerce)*, we hereby report to you on the report prepared by the Chairman of your company in accordance with article L. 225-37 of the French Commercial Code for the year ended 31/12/2011.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the company and providing the other information required by article L. 225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- to attest that the report sets out the other information required by article L. 225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with article L. 225-37 of the French Commercial Code.

Other information

We attest that the Chairman's report sets out the other information required by article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris-La Défense, on 26 March 2012

The statutory auditors

PRICEWATERHOUSECOOPERS AUDIT
Pierre Marty

ERNST & YOUNG ET AUTRES
Jean-François Ginies

CHAPTER 17 – EMPLOYEES

17.1 Social Report

17.1.1 Dassault Systèmes and its employees

In 2011, Dassault Systèmes continued its strategy of bringing 3D virtual universes to the service of sustainable innovation and development for man and the environment.

In connection with permanent innovation, employees constitute the Company's most important asset. They represent its culture and values and ensure its development.

Technological innovation

In order to respond to issues related to the development of its technology, Dassault Systèmes recruits employees with very diverse expertise, and seeks to retain them with an environment that encourages professional and personal development.

The acquisitions completed by Dassault Systèmes in 2011, which include Intercim, Enginuity, Elsys and Simulayt (see paragraph 5.2 "Investments"), have increased the Company's technological portfolio, providing Dassault Systèmes employees new opportunities to learn new skills.

Social innovation

Social innovation is, and will remain, at the heart of the Company's development process. Dassault Systèmes uses its products and solutions not only to bring value to its customers, but also to transform its own internal operations. The 3DSwYm platform, which has replaced the Group's Intranet, enables a true community spirit to be put in place within the Company to encourage collaborative innovation. This platform promotes a new business model organized as networks, radically changing processes for learning, testing and collaboration, and enhancing the skills and contributions of each participant.

In this context, the role of "People@3DS", the department responsible for human resources, is to attract and inspire talent to enable all Dassault Systèmes employees and partners to become actors in sustainable innovation.

17.1.2 Methodology for employee reporting

Scope

Employee reporting covers all Dassault Systèmes companies, including employees of companies or businesses acquired during the year.

Key employee indicators

For the purposes of its social report, the Company has selected key indicators which are set forth beginning in paragraph 17.1.3 "Company employees". These indicators were selected according to the indicators of articles R225-104 of the French Code of Commerce and specific indicators based on the Group's human resources policy.

As part of these indicators, Dassault Systèmes has defined the notion of "Group Employee Headcount", which means employees of Dassault Systèmes SA and subsidiaries in which it has at least 50% control, and the notion of "Total Group Headcount" which includes the Group employee headcount, employees of companies in which it has less than 50% control and outside service providers who have worked more than a full month for the Group at period end. At December 31, 2011, employees of companies in which the Group has less than 50% control include the employees of 3D PLM (in which the Company held a 42% interest at December 31, 2011, compared to 30% at December 31, 2010) and of Delmia Solutions Private Limited "Delmia India" (held at 42% at December 31, 2011, compared to 100% at December 31, 2010) (see Note 16 to the consolidated financial statements "Business Combinations" which describes the transaction carried out in 2011). As a result of this change in the percentage held and the definition of the Group's indicators, the employees of Delmia India (136 employees) were thus transferred in 2011 from the "Group Employee Headcount" indicator to the "Total Group Headcount" indicator.

Data related to employees is calculated on the basis of "Full-Time Equivalents", which corresponds to the proportion of "hours worked per standard full-time work hours".

In connection with its active process of on-going improvement in the quality of information produced, the Company has also sought to extend the scope of review in 2011 to include additional countries: China, India, Sweden and Canada.

To make the reporting process more reliable, a methodological guide including definitions and rules for calculating each indicator is updated each year. Data reliability checks are carried out at the time of accounting consolidation as well as throughout the year in connection with reviewing changes.

Limits of the social report

The Company operates in numerous countries with local regulations and practices which are not always harmonized or consolidated. Thus, for example, since notions generally adopted in France to define socio-professional categories (non-management (*non cadre*), management (*cadre*), senior management (*cadre supérieur*)) are not used outside France, and more than two thirds of Dassault Systèmes employees work outside France, the Company has used the following two categories: managers, which are responsible for a team, and non-managers, which do not manage a team and are specialized on specific issues.

For the same reasons of local differences, the Company is not able to provide consolidated data for overtime.

Gathering and consolidating employee data

The social report is prepared by the People@3DS department, which is responsible for gathering and consolidating data through human resources and financial management software used in the business units included within the scope. In addition, the People@3DS department has carried out interviews with the persons responsible for human resources at Dassault Systèmes' principal subsidiaries in France, the United States, Canada, Germany, the United Kingdom, Sweden, Japan, Korea, China and India (representing 95% of the Group's employees, compared to 85% of the Group's employees in 2010) to complement the information from employee reporting related to principal policies for health and safety, anti-discrimination initiatives, training and absenteeism.

17.1.3 Company employees

17.1.3.1 Overview of total Group headcount (including outside service providers and employees of companies in which the Company has less than 50% control)

As of December 31, 2011, total Group headcount is 9,552, up 5.7% as compared to December 31, 2010 (in 2010, total Group Headcount had increased 15.3% as a result of internal growth as well as the IBM PLM, Exalead and Geensoft acquisitions). The number of employees over the last three years is set forth below.

Year	Employees	Service Providers	3D PLM[1]	Total Employees	Percent change
2011	**7,660**	**395**	**1,497**	**9,552**	**5.7%**
2010	7,507	449	1,079	9,035	15.3%
2009	6,472	406	956	7,834	(0.5)%

(1) and Delmia India in 2011

17.1.3.2 Overview of Company employees (excluding outside service providers and employees of companies in which the Company has less than 50% control)

Growth of the Company

As of December 31, 2011, Group Employee Headcount is 7,660 employees, representing 94 nationalities and working in 35 countries, up 2.0% from December 31, 2010. This increase was principally due to the Group's internal growth as well as to 2011 acquisitions (see paragraph 5.2 "Investments"). Net growth in Group Employee Headcount, without taking into account the effect of the transfer of employees of Delmia India, amounted to 3.9% (see paragraph 17.1.2 "Methodology for employee reporting – Key employee indicators").

17 Employees

Geographic distribution

	Europe		Americas		Asia		Total	
At 31 December	Employees	%	Employees	%	Employees	%	Employees	%
2011	***4,020***	***52%***	***2,734***	***36%***	***906***	***12%***	***7,660***	***100%***
2010	***3,798***	***51%***	***2,667***	***35%***	***1,042***	***14%***	***7,507***	***100%***

With respect to their geographic location, the distribution among the three major geographic zones remained stable between 2011 and 2010. The slight decrease in Asia reflected the transfer of 136 employees of Delmia India to 3D PLM.

Distribution by activity

	Total		Europe		Americas		Asia		Total	
At 31 December	Employees 2010	%	Employees 2011	%	Employees 2011	%	Employees 2011	%	Employees 2011	%
R&D and maintenance	2,542	34%	1,554	39%	919	34%	85	9%	2,558	33%
Sales, marketing and services	3,868	51%	1,879	46%	1,369	50%	702	78%	3,950	52%
Administration and other	1,097	15%	587	15%	446	16%	119	13%	1,152	15%
Total	***7,507***	***100%***	***4,020***	***100%***	***2,734***	***100%***	***906***	***100%***	***7,660***	***100%***

The number of employees by major activity remained stable between 2011 and 2010. Employees in R&D and maintenance declined in Asia due to the transfer of employees from the subsidiary Delmia India to 3D PLM.

Type of contract

	Total		Europe		Americas		Asia		Total	
At 31 December	Employees 2010	%	Employees 2011	%	Employees 2011	%	Employees 2011	%	Employees 2011	%
Open term contract	7,431	99%	3,938	98%	2,730	100%	903	100%	7,571	99%
Fixed term contract	76	1%	82	2%	4	0%	3	0%	89	1%
Total	***7,507***	***100%***	***4,020***	***100%***	***2,734***	***100%***	***906***	***100%***	***7,660***	***100%***

The distribution of types of contracts was the same as in 2010; 99% of the Group's employees worked under open term contracts.

Types of positions

	Total		Europe		Americas		Asia		Total	
At 31 December	Employees 2010	%	Employees 2011	%	Employees 2011	%	Employees 2011	%	Employees 2011	%
"Managers"	1,599	21%	853	21%	592	22%	201	22%	1,646	21%
"Non-Managers"	5,908	79%	3,167	79%	2,142	78%	705	78%	6,014	79%
Total	***7,507***	***100%***	***4,020***	***100%***	***2,734***	***100%***	***906***	***100%***	***7,660***	***100%***

In 2011, managers represented 21% of Dassault Systèmes' employees, as in 2010.

Distribution by age

	Total		Europe		America		Asia		Total	
At 31 December	Employees 2010	%	Employees 2011	%	Employees 2011	%	Employees 2011	%	Employees 2011	%
< 25 years old	55	1%	143	4%	20	1%	4	1%	167	2%
25 to 30 years old	1,012	13%	674	17%	292	11%	110	12%	1,076	14%
31 to 40 years old	2,615	35%	1,348	34%	846	31%	404	45%	2,598	34%
41 to 50 years old	2,452	33%	1,260	30%	878	32%	302	33%	2,440	32%
51 to 60 years old	1,208	16%	562	14%	578	21%	83	9%	1,223	16%
> 60 years old	165	2%	33	1%	120	4%	3	0%	156	2%
Total	***7,507***	***100%***	***4,020***	***100%***	***2,734***	***100%***	***906***	***100%***	***7,660***	***100%***

Half of the Company's employees were under 40 years old in 2011, similar to 2010.

Distribution by seniority

	Total		Europe		Americas		Asia		Total	
At 31 December	Employees 2010	%	Employees 2011	%	Employees 2011	%	Employees 2011	%	Employees 2011	%
Fixed term contracts	76	1%	82	2%	4	0%	3	0%	89	1%
Less than 2 years	1,147	15%	762	19%	546	20%	239	26%	1,547	20%
2 to 5 years	3,025	40%	1,029	26%	780	28%	335	37%	2,144	28%
6 to 10 years	1,391	19%	806	20%	609	22%	197	22%	1,612	21%
11 to 15 years	903	12%	620	15%	509	19%	58	6%	1,187	16%
16 to 20	299	4%	174	4%	106	4%	16	2%	296	4%
More than 20 years	666	9%	547	14%	180	7%	58	7%	785	10%
Total	***7,507***	***100%***	***4,020***	***100%***	***2,734***	***100%***	***906***	***100%***	***7,660***	***100%***

Distribution by gender

	Total		Europe		Americas		Asia		Total	
At 31 December	Employees 2010	%	Employees 2011	%	Employees 2011	%	Employees 2011	%	Employees 2011	%
Women	1,608	21%	883	22%	651	24%	163	18%	1,697	22%
Men	5,899	79%	3,137	78%	2,083	76%	743	82%	5,963	78%
Total	***7,507***	***100%***	***4,020***	***100%***	***2,734***	***100%***	***906***	***100%***	***7,660***	***100%***

The relatively low proportion of women in the Company (22% in 2011 compared to 21% in 2010) is due to the historically low number of women in engineering schools, which is one of Dassault Systèmes' principal sources of recruiting.

The distribution by socio-professional category between men and women is set forth below.

	Total		Europe		Americas		Asia		Total	
At 31 December	Employees 2010	%	Employees 2011	%	Employees 2011	%	Employees 2011	%	Employees 2011	%
Women										
Managers	276	17%	132	15%	141	22%	25	15%	298	18%
Non-Managers	1,332	83%	751	85%	510	78%	138	85%	1,399	82%
Total Women	**1,608**	**100%**	***883***	***100%***	***651***	***100%***	***163***	***100%***	***1,697***	***100%***
Men										
Managers	1,322	22%	721	23%	451	22%	176	24%	1,348	23%
Non-Managers	4,577	78%	2,416	77%	1,632	78%	567	76%	4,615	77%
Total Men	***5,899***	***100%***	***3,137***	***100%***	***2,083***	***100%***	***743***	***100%***	***5,963***	***100%***
Total	***7,507***		***4,020***		***2,734***		***906***		***7,660***	

As of December 31, 2011, 18% of women employees of Dassault Systèmes and 23% of men are managers, compared to 17% and 22% respectively in 2010. See also paragraph 17.1.8.2 “Professional equality between men and women”.

17.1.3.3 Employee arrivals and departures

Recruitment

In 2011, Dassault Systèmes hired 1,126 employees: 617 in Europe, 361 in the Americas and 148 in Asia. 86% of the contracts signed in 2011 were for an open term.

	Total		Europe		Americas		Asia		Total	
At 31 December	Employees 2010	%	Employees 2011	%	Employees 2011	%	Employees 2011	%	Employees 2011	%
Open term contract	1,587	95%	475	77%	346	96%	146	99%	967	86%
Limited term contract	91	5%	142	23%	15	4%	2	1%	159	14%
Total	***1,678***	***100%***	***617***	***100%***	***361***	***100%***	***148***	***100%***	***1,126***	***100%***

The total number of new hires in 2011 was lower than in 2010 (1,126 persons compared to 1,678); similarly, the percentage of persons hired under open term contracts declined in 2011 compared to 2010 (86% compared to 95%). This trend reflected principally the acquisition of IBM PLM and Exalead in 2010, which resulted in the integration of 649 and 144 persons, respectively, under open term contracts.

Dassault Systèmes did not experience any particular difficulties in recruiting employees, even if the employment markets in Asia, and particularly in China and India, reflected certain signs of tension related to strong economic growth in the region.

“Manager” positions represented 5% of the new hires in 2011, compared to 9% in 2010. The higher percentage of managers recruited in 2010 is explained by the integration of the IBM PLM sales force which included its managers.

In addition, 29% of the new hires in 2011 were women, an increase of 3 percentage points compared to 2010.

	Total		Europe		Americas		Asia		Total	
At 31 December	Employees 2010	%	Employees 2011	%	Employees 2011	%	Employees 2011	%	Employees 2011	%
Women	428	26%	198	32%	106	29%	28	19%	332	29%
Men	1,250	74%	419	68%	255	71%	120	81%	794	71%
Total	***1,678***	***100%***	***617***	***100%***	***361***	***100%***	***148***	***100%***	***1,126***	***100%***

Finally, the age distribution of new hires in 2011 included a higher proportion of young persons than in 2010, which was affected by hiring the IBM PLM sales force, which was made up largely of experienced sales personnel.

	Total		Europe		Americas		Asia		Total	
At 31 December	Employees 2010	%	Employees 2011	%	Employees 2011	%	Employees 2011	%	Employees 2011	%
< 25 years old	56	3%	196	32%	25	7%	4	3%	225	20%
25 to 30 years old	348	21%	176	29%	73	20%	42	28%	291	26%
31 to 40 years old	448	27%	143	23%	118	33%	75	51%	336	30%
41 to 50 years old	435	26%	82	13%	92	25%	24	16%	198	18%
51 to 60 years old	336	20%	19	3%	46	13%	3	2%	68	5%
> 60 years old	55	3%	1	0%	7	2%	–	0%	8	1%
Total	***1,678***	***100%***	***617***	***100%***	***361***	***100%***	***148***	***100%***	***1,126***	***100%***

Employee departures

In 2011, 888 employees left the Group Employee Headcount: 335 in Europe, 274 in the Americas and 279 in Asia, including the transfer of 136 employees of the subsidiary Delmia India (see paragraph 17.1.2 “Methodology for employee reporting – Key employee indicators”).

	Total		Europe		Americas		Asia		Total	
At 31 December	Employees 2010	%	Employees 2011	%	Employees 2011	%	Employees 2011	%	Employees 2011	%
Open term contract	559	87%	259	77%	260	95%	278	100%	797	90%
Limited term contract	82	13%	76	23%	14	5%	1	0%	91	10%
Total	***641***	***100%***	***335***	***100%***	***274***	***100%***	***279***	***100%***	***888***	***100%***

The average rate of employee turnover on a global basis amounted to 9.9% (not taking into account the effect of the transfer of Delmia India) for the year, compared to 8.9% in 2010. Excluding limited term contracts, the turnover rate amounted to 8.7%.

The table below sets forth the different reasons for these departures.

	Total		Europe		Americas		Asia		Total	
At 31 December	Employees 2010	%	Employees 2011	%	Employees 2011	%	Employees 2011	%	Employees 2011	%
Initiated by the Company	155	24%	112	33%	86	31%	56	20%	254	29%
Initiated by the employee	354	55%	147	44%	165	60%	85	31%	397	45%
Retirement	29	5%	–	0%	3	1%	–	0%	3	0%
End of fixed term contract	74	11%	72	22%	16	6%	1	0%	89	10%
Other	29	5%	4	1%	4	2%	137	49%	145	16%
Total	***641***	***100%***	***335***	***100%***	***274***	***100%***	***279***	***100%***	***888***	***100%***

The transfer of 136 employees from Delmia India is included under the heading “Other”.

The distribution of employee departures in 2011 according to time spent with the Group is set forth below.

	Total		Europe		Americas		Asia		Total	
Seniority at time of departure	Employees 2010	%	Employees 2011	%	Employees 2011	%	Employees 2011	%	Employees 2011	%
Less than 2 years	122	19%	54	16%	11	4%	5	2%	70	8%
2 to 5 years	354	55%	95	28%	53	20%	83	30%	231	26%
6 to 10 years	87	14%	106	32%	94	34%	123	44%	323	36%
11 to 15 years	43	7%	64	19%	74	27%	51	18%	189	21%
16 to 20	7	1%	12	4%	33	12%	16	6%	61	7%
More than 20 years	28	4%	4	1%	9	3%	1	0%	14	2%
Total	***641***	**100%**	***335***	***100%***	***274***	***100%***	***279***	***100%***	***888***	***100%***

17.1.3.4 External labor resources and sub-contractors

Dassault Systèmes regularly uses outside service providers when it needs to mobilize new resources with specific knowledge on projects for limited time periods.

In general, the Company seeks to hire only sub-contractors who respect the terms of the basic conventions of the International Labour Organization relating to the eradication of forced labor, the equality of pay between men and women, the absence of discrimination (in hiring and professional development), the elimination of child labor and freedom and protection for labor unions.

At December 31, 2011, 395 outside service providers (in full time equivalents) worked for the Company.

	Europe		Americas		Asia		Total	
At 31 December	Employees	%	Employees	%	Employees	%	Employees	%
2011	***136***	***35%***	***203***	***51%***	***56***	***14%***	***395***	***100%***
2010	***147***	***33%***	***238***	***53%***	***64***	***14%***	***449***	***100%***

Payments made in 2011 to companies providing outside service providers amounted to €70.5 million, compared to €73.0 million in 2010.

17.1.4 Organization

17.1.4.1 Full-time and part-time

98% of the Company's employees work on a full-time basis. 7% of the women employees and 1% of the men employees work on a part-time basis, as in 2010.

	Total		Europe		Americas		Asia		Total	
	Employees 2010	%	Employees 2011	%	Employees 2011	%	Employees 2011	%	Employees 2011	%
					Full-time / part-time					
Full-time	7,344	98%	3,874	96%	2,721	99%	905	100%	7,500	98%
Part-time	163	2%	146	4%	13	1%	1	0%	160	2%
Total	***7,507***	***100%***	***4,020***	***100%***	***2,734***	***100%***	***906***	***100%***	***7,660***	***100%***
					Full-time/part-time as between men and women					
Women										
Full-time	1,483	92%	772	87%	640	98%	163	100%	1,575	93%
Part-time	125	8%	111	13%	11	2%	–	0%	122	7%
Total Women	***1,608***	***100%***	***883***	***100%***	***651***	***100%***	***163***	***100%***	***1,697***	***100%***
Men										
Full-time	5,861	99%	3,102	99%	2,081	100%	742	100%	5,925	99%
Part-time	38	1%	35	1%	2	0%	1	0%	38	1%
Total Men	***5,899***	***100%***	***3,137***	***100%***	***2,083***	***100%***	***743***	***100%***	***5,963***	***100%***
Total	***7,507***		***4,020***		***2,734***		***906***		***7,660***	

17.1.4.2 Workweek

In each county where Dassault Systèmes has operations, the length of the workweek is determined according to local regulations in effect. When there is no legally determined workweek, it is generally set at 40 hours. This is the case in Japan, in China and in India, in the United States, Canada, the United Kingdom, Germany and Sweden.

In France, at Dassault Systèmes, the length of the workweek depends on whether an employee is subject to the system of annual working days (*forfait jours*) or not (*mode horaire*, or hourly system). Employees subject to the system of annual working days work a predefined number of days per calendar year and other employees work a certain number of hours per year as defined in local labor agreements.

- At Dassault Systèmes SA, management subject to the system of annual working days works 216 days per year, plus one day per year of "solidarity". For management not working under the "annual working days" system, the work week is set at 37.8 hours and takes into account "days of reduced work time" ("JRTT").

  For non-management, the full-time workweek is set at 35 hours, taking into account days of reduced work time.

- At Dassault Data Services SAS, full time management and non-management work a 37 hour week over 5 days (with five weeks of paid vacation plus 12 days of additional "reduced work time" days off), and managers working under the "annual working days" system work 216 theoretical work days per year (taking into account the additional "reduced work time" days off, including the one day per year of "solidarity").

- At Dassault Systèmes Provence SAS, full-time management subject to the system of annual working days work 210 days a year plus one day of "solidarity"; full-time management not subject to the system of annual working days may choose one of the following systems: a 39 hours for management under the "1,670 hour" system (this includes 13 days of "reduced work time"), or a 37 hours and 30 minutes for management under the "1,589 hour" system (this includes 15 days of "reduced work time"). For non-management, the average workweek is set at 35 hours after taking into account time off for JRTT.

- At SolidWorks Europe SARL, full time management working according to "full time annual workdays" works 217 days per year (not including "reduced work time"), full-time management working on an hourly basis work 1,600 hours per year, and non-management works 35 hours per week.

- At Exalead SA, full-time management and non-management work on the basis of an average of 151.6 hours per month and have 10 days of JRTT.

17.1.4.3 Absenteeism

Absenteeism is tracked locally in accordance with regulations applicable in the different countries where Dassault Systèmes has operations. The Company does not have a harmonized system for managing absenteeism throughout its subsidiaries.

The data presented below covers the three French companies Dassault Systèmes SA, Dassault Systèmes Provence and Dassault Data Service, which represent approximately one third of the Company's employees.

- in 2011, the reasons for absence other than paid time off are: illness: 9,079 days; maternity and paternity leave: 2,291 days; work and travel accidents: 352 days. The resulting absenteeism rate is 2.24%, similar to 2010 (2.04%).

- the total number of authorized absences (such as parental leave and leave for family events and excluding paid leave) was 2,638 days, or 0.5% of the number of days theoretically worked.

17.1.5 Compensation

17.1.5.1 Salaries and social charges

Total salaries

Total salaries paid by the Company (including for employees of 3D PLM and Delmia India) amounted to €600.6 million in 2011, compared to €547.3 million in 2010, an increase of 10% for the year.

The salary policy at Dassault Systèmes seeks to ensure that each employee receives compensation which is consistent with market practices in the advanced technology industry in each country where the Company has operations; and differentiated according to the individual performance of each employee as evaluated by his direct manager during an annual interview reviewing performance and goals.

Increases take place for the entire Company in April each year. All the employees who were with the Company on October 1 of the preceding year are eligible for the annual salary increase.

In 2011, the average increases granted by Dassault Systèmes varied according to expected inflation in each country where the Company has activities.

Social charges

Social charges for the Company amounted to €167.3 million in 2011 compared to €150.4 million in 2010.

17.1.5.2 Profit-sharing (pursuant to Titles I and II of Book III of the Labor Code)

Regulatory profit-sharing (*la participation*) and employee profit-sharing (*l'intéressement*) are two methods of employee savings established by the law in France; regulatory profit-sharing is required for all businesses with more than 50 employees, while employee profit-sharing is optional.

In 2008, Dassault Systèmes SA signed both a regulatory profit-sharing agreement that is more favorable than what is imposed by the law and an employee profit-sharing agreement with labor unions. These two agreements covered 2008, 2009 and 2010.

Employee profit-sharing for the year 2010, which was paid in 2011 at Dassault Systèmes SA, amounted to €10.5 million (€7.2 million in 2010) and the total amount of the contribution by Dassault Systèmes SA for regulatory profit-sharing for the year 2010, which was paid in 2011, was €10.9 million (€10.8 million in 2010).

In 2011, Dassault Systèmes SA renegotiated its agreements with labor unions for regulatory profit-sharing and employee profit-sharing for a period of three years, covering 2011, 2012 and 2013.

The results of operations recorded by Dassault Systèmes SA for the year 2011, and which will be submitted for approval at the General Shareholders' Meeting on June 7, 2012, should permit the distribution of employee profit-sharing of €14,165,501 and of regulatory profit-sharing of €13,192,985.

The table below sets forth the amounts of employee profit-sharing and regulatory profit-sharing at Dassault Systèmes SA over the past three years.

	2011		2010		2009	
(in thousands of euros)		% of total remuneration		% of total remuneration		% of total remuneration
Employee profit-sharing (*Intéressement*)	14,166	11%	10,503	9%	7,208	7%
Regulatory profit-sharing (*Participation*)	13,193	11%	10,929	10%	10,812	11%
Total	***27,359***	***22%***	***21,432***	***19%***	***18,020***	***18%***

The amounts attributed individually to employee beneficiaries are, as each employee may choose, directly received, contributed to one of the Company's savings plans or deposited (only possible for regulatory profit-sharing) in a blocked, interest-bearing bank account.

At Dassault Data Services SAS, regulatory profit-sharing amounting to 6.5% of total remuneration relating to 2010 was paid in 2011.

At Dassault Systèmes Provence SAS, employee profit-sharing for the year 2010 paid in 2011 amounted to 5.6% of total remuneration; regulatory profit-sharing for the year 2010 paid in 2011 amounted to 19.0% of total remuneration.

At SolidWorks Europe SARL, employee profit-sharing for the year 2010 paid in 2011 represented 7.2% of total remuneration. There is no regulatory profit-sharing at SolidWorks Europe SARL.

At Exalead SA, a specific profit-sharing agreement was signed in 2011, and a result profit sharing should be paid pout for the first time in 2012.

17.1.6 Labor relations

17.1.6.1 Social dialogue and collective agreements

The quality of the social dialogue is based on the numerous exchanges between the Company's management and the employees and employee representatives.

Europe

In 2011, one meeting was held with the Group Council (*le Comité de Groupe*).

In France, numerous meetings were organized by each business unit and collective agreements, concerning one or several subjects in connection with working and employment conditions, were negotiated and signed:

	Dassault Systèmes SA	Dassault Data Services SAS	Dassault Systèmes Provence SAS	Exalead SA[1]	SolidWorks Europe SARL
Number of collective agreements in effect at December 31, 2011	40	24	11	2	3
Number of collective agreements signed during 2011	13[2]	5[3]	3[4]	2[5]	–

(1) At Exalead SA, employees are represented by a DUP (*Délégation Unique du Personnel*) and three elected representatives in the management group.
(2) These agreements mainly concern regulatory profit-sharing, employee profit sharing, health and insurance costs for employees, worktime, required annual salary negotiation.
(3) These agreements mainly concern employee profit sharing, regulatory profit sharing, health and insurance costs, required annual salary negotiation.
(4) These agreements concern periods for holidays, required annual negotiation, and PERCO (*Plan d'épargne pour la retraite collectif*).
(5) These agreements concern regulatory profit-sharing and bonuses from profit-sharing.

In 2011, the following meetings were held: (i) at Dassault Systèmes SA, 26 meetings with the Workers' Council (le *Comité d'entreprise*), 12 meetings with labor delegates and 31 negotiation meetings with all the representative labor unions; (ii) at Dassault Data Services SAS 14 meetings with the Workers' Council (le *Comité d'entreprise*), 12 meetings with labor delegates, and 18 meetings with labor union delegates; (iii) at Dassault Systèmes Provence SAS, 12 meetings with the Workers' Council (le *Comité d'entreprise*), 12 with labor delegates, and 15 with all the representative labor unions; (iv) at SolidWorks Europe SARL, monthly meetings were held with the employee representative.

In Germany, collective agreements are negotiated and signed with the workers' council of each Company site. As at December 31, 2011, there were 12 agreements in effect at Stuttgart and 25 at Hanover.

In 2011, Dassault Systèmes Deutschland GmbH signed six agreements at the level of the General Committee of which four are related to human resources management, one on employee data protection, and one the "Great Place To Work" annual survey, four in Stuttgart, including two regarding variable payment plans and bonus mechanism, one related to mechanism for the retirement plan, and one dedicated to V6 Certification (for setting up and certifying employee competencies in the V6 domain), and three in Hanover, including one for setting up a code source management system for developing CATIA brand products, one for setting up the "Change Management" tool in R&D and one for human resources management.

In the United Kingdom, there are no employee representatives or unions in the Dassault Systèmes subsidiaries.

In Sweden, Dassault Systèmes is a member of the management association ALMEGA and establishes the collective agreements signed in this framework which are applicable to all employees. All negotiations, and in particular those concerning compensation, take place with union representatives.

Americas

In the United States and Canada, there are no employee representatives or unions in the Dassault Systèmes subsidiaries.

Asia

In Korea, an employee representative is elected every year and participates in the organization of social activities.

In Japan, China and India, there are no employee representatives or unions in the subsidiaries.

17.1.6.2 Health and Safety

The Company ensures that each of its employees has medical coverage in compliance with the practices in the countries where it has activities. In addition, in certain countries, employee representatives are responsible for communicating with the management of the relevant business units on employee health and safety.

France

Only three Dassault Systèmes companies in France have Health, safety and working conditions committees ("CHSCT"). In 2011:

- The CHSCT of Dassault Systèmes SA met 13 times. An agreement to prevent psycho-social risks was signed on June 11, 2010, for three years. An equal-opportunity working group on the prevention of such risks was created and met nine times since its creation, including four times during 2011.
- The CHSCT of Dassault Data Services SAS met seven times.
- The CHSCT of Dassault Systèmes Provence SAS met seven times.

All employees in France have regular medical check-ups and benefit from supplementary health coverage. On the DS Campus HQ, a medical team composed of an occupational physician and three nurses looks after the health and well-being of all on-site employees.

In France, work or travel accidents resulting in absence from work for more than one day amounted to 18 during 2011.

Europe

In Germany and Sweden, employees follow local policies in effect regarding health matters.

Work or travel accidents resulting in absence from work for more than one day in 2011 amounted to two in Germany and one in Sweden.

United States

The Company has put in place a health coverage program for all its employees working at least 20 hours per week. Depending on their family situation, the employees have the choice between two distinct programs. These programs include an individual health check-up every year.

Work accidents resulting in absence from work for more than one day numbered one during 2011.

Canada

Permanent employees are covered by a collective insurance policy including several benefits such as health insurance. The insurance program is required unless the employee is already insured elsewhere.

Asia

In Japan, an annual health check-up is organized by Dassault Systèmes for each employee; in 2011, 80% of the employees participated. In addition, all the employees are covered by health insurance.

In Korea, an annual health check-up is organized each year for all the employees, who are also covered by a specific health insurance policy.

In India and China, employees are covered by medical insurance and are offered an annual medical check-up.

17.1.7 Development, training and career management

The Company has implemented a process to evaluate each employee's performance and development ("P&DC"), enabling each employee to meet his direct manager at least once each year to define goals for the coming year, and evaluate the performance of the past year from the perspective of goals previously set.

In 2011, the goals of 96% of the Company's employees were discussed and formally documented in this manner (97% 2010). Each employee can also contact his manager or the human resources department to discuss his goals for individual development and consider together setting up training.

In 2011, Dassault Systèmes continued to invest in an original system for sharing information and expertise through on-line communities using the 3DSwYm solution. This collaborative platform enables employees to connect and exchange informally with all the Company's experts on a specific issue. In this manner, answers given to client questions, programming tips or trends affecting the markets can be very rapidly communicated, shared and handled using the collective knowledge within a community.

In parallel with this informal knowledge sharing, structured training programs are deployed in the Company's different subsidiaries. The training plans put in place, aligned with the Dassault Systèmes' strategy and the evolution of the PLM market, allow employees to develop their expertise regarding the V6 product portfolio and industrial processes, and to strengthen managerial skills.

Several programs allow for enriching the professional expertise of the sales teams, project management teams, and client service and support teams. These programs apply to the fundamentals of V6, new sales techniques, and deepening operational skills and also include organizing workshops focused on the different industries addressed by the Company.

A training program is in place for all R&D departments (development, industrialization, client support and industries). A predefined program covering worldwide processes and tools was implemented for all new R&D employees. This program will help these employees understand and master the knowledge required for their development.

In 2011, the Company launched a new management training program regarding two main themes: the fundamentals of management for new managers and performance management as regards the "Performance and Development Commitment" process. 563 persons participated in these management programs around the world, representing nearly 9,826 training hours (4,190 hours in Europe, 3,020 in the Americas and 2,616 in Asia).

In 2011, in France, 1,593 employees benefited from at least one training during the year, representing 47,463 hours of training sessions, slightly less than in 2010 (50,134 hours), due principally to the organization of only one "Sales Booster Academy" session (for sales personnel) in 2011 instead of three in 2010.

Distribution of training hours by type:	
Management	3,057
Job skills	26,015
Health, safety and environment	30
Language	3,003
Computer skills (Dassault Systemes-specific tools)	1,669
Personal development	3,148
Dassault Systèmes Solutions Portfolio	6,704
DIF (French specificity)	3,837
Total in 2011	**47,463**
Distribution of training hours by category:	
Managers	9,360
Non-Managers	38,103
Distribution of training hours by men/women:	
Men	34,811
Women	12,652

17.1.8 Business ethics and professional equality

17.1.8.1 Business ethics

Since its creation, Dassault Systèmes has developed its culture and built its reputation on different fundamental principles, particularly the creation of long-term relationships with its employees, customers, partners and shareholders, as well as high quality products with high value added. Confidence and integrity, supported by rigorous ethics and regulatory compliance, are at the heart of Dassault Systèmes' commitments for sustainable innovation and growth.

The Company's commitment to professional ethics and business citizen is formalized through procedures regarding corporate governance, in particular the "Code of Business Conduct" distributed to all the Company's employees (see paragraph 16.1 "Report on Corporate Goverance and Internal Control") and "Principles of Social Responsibility and of the Company" on the Company's internet site. This commitment is also evidenced by the Company's ethical and compliance awareness training for the Company's new hires (more than

40 sessions in 2010 throughout the world) and by targeted training given to employees who are the most exposed to ethical risks in connection with their daily activities.

Business Code of Conduct and professional equality

The Business Code of Conduct, backed up by specific policies, is intended to serve as the reference for each Company employee to guide his conduct and his interactions in connection with his activities. It recalls the Dassault Systèmes culture based on mutual respect, fairness and the diversity of its employees.

In this context, it is established as a principle that hiring, training, promotion, assignments and other decisions regarding work are based on the competence, talent and results demonstrated by employees and their professional motivations, with no discrimination, harassment or intimidation. The Company is particularly attentive to the health and safety of its employees, in their work conditions and environment, and respect for their privacy, particularly as regards the protection of personal data.

Principles of Enterprise Social Responsibility

The principles of Enterprise Social Responsibility, which the Company promotes to ensure that its ecosystem shares values based on the same universally recognized principles and rights, are founded on the recognition and respect of fundamental texts concerning social rights and the protection of the environment.

Dassault Systèmes requests that its suppliers and partners commit to the respect of the principles of eradicating labor by children required to attend school (and in any event under 15 years of age), eliminating forced labor, ensuring working conditions sufficient to provide for employee health and safety, respecting applicable minimum legal or regulatory levels of pay, and freedom to unionize and to collective negotiation of labor contracts. The Company also asks them to commit to ban all forms of discrimination, to fight against corruption and to respect applicable law on the protection of the environment.

17.1.8.2 Professional equality between men and women

The French, American, Candian, Japanese, Swedish, English and German subsidiaries of Dassault Systèmes, which employ 89% of the Company's employees, are subject to specific laws against professional discrimination between men and women.

Dassault Systèmes encourages both men and women to be present among its employees, developing access for women to different functions, and ensuring fair treatment for women's career advancement, particularly for women who take maternity leave.

Dassault Systèmes takes care to respect applicable regulations regarding professional equality and non-discrimination in the different jurisdiction where it has employees. France and the United States are set forth below as examples:

France

The agreement regarding equality and mixed professional presence and equality between men and women expired in 2012. Negotiations are on-going at Dassault Systèmes; four negotiating meetings were held during 2010 and two during 2011.

In addition, in order analyze the positioning of men and women at Dassault Systèmes SA and to define actions to be undertaken to eliminate inequalities, an annual report on the situation comparing general employment conditions and training for men and women is prepared each year and has been available on the intranet site since 2010.

Dassault Systèmes Provence SAS has an agreement on the promotion of diversity in place.

In 2010, the company Dassault Data Services SAS and the representative union organizations held negotiations concerning equality between men and women. These negotiations continued in 2011 to take into account the latest changes in applicable laws and regulations.

There is no specific agreement for the subsidiaries of SolidWorks Europe SARL and Exalead SA.

United States

Dassault Systèmes subsidiaries in the United States take care to comply with regulations regarding equality on the job (hiring, training, promotions, compensation, firing and any other decision related to work), in particular Title VII of the Civil Rights Act. Dassault Systèmes subsidiaries send reports of compliance with these regulations (EEO1, Vet 100 and Affirmative Action reports) to the U.S. authorities each year.

17.1.8.3 Employment of handicapped workers

The French, American, Canadian, Japanese, Swedish, English and German subsidiaries of Dassault Systèmes, which employ 89% of the Company's employees, are subject to specific laws regarding the employment of handicapped workers.

In 2011, Dassault Systèmes has carried out different actions in favor of handicapped persons.

France

The company Dassault Systèmes SA entered into an agreement in 2003, for employing handicapped workers, creating conditions favorable for their integration; this agreement was renewed in 2007 for three years, and a new agreement was reached on December 11, 2009, for the period 2010-2012. The agreement provides for quantitative commitments in terms of recruitment, training and the budget.

These agreements reflect Dassault Systèmes SA's desire to make the hiring, training and continued employment of handicapped persons an important axis of its policy. The number of handicapped employees has thus been multiplied by a factor of four since 2003. As of December 31, 2011, 26 handicapped persons were employed by Dassault Systèmes SA; 16 of them were engineers or management, and seven had a major handicap. In addition, during 2011, nine handicapped students were accepted for training or apprenticeship and 41 trainees seeking jobs were trained. Also, numerous actions for internal communication and awareness with respect to handicapped persons were performed (such as videos, articles, interviews, cartoons giving an inside look on what it means to be a handicapped worker, etc.).

Access to DS Campus HQ for handicapped persons was specifically considered during construction (such as floor quality, doors, furniture, signaling, magnetic loops, accessible meeting rooms, parking lot entries, etc.).

United States

In the United States, the regulations regarding equality on the job (see the paragraph above "Professional equality between men and women") apply in cases of discrimination against handicapped employees. It is however not permitted to ask about handicapped employees, so no data can be provided.

17.1.8.4 Older employees

The agreement concerning the employment of older persons at Dassault Systèmes SA, signed in January 2010, reflects the new regulatory environment and the employment policy of Dassault Systèmes. The agreement establishes an approach toward considering older persons within the business. The parties to the agreement agreed to be particularly attentive to job stability for older persons, and to career management and professional development. The commission responsible for overseeing the agreement met on March 10, 2011, to examine actions for job stability for older persons.

An agreement on employing older persons was put in place at Dassault Data Services SAS, Dassault Systèmes Provence SAS and at SolidWorks Europe SARL in 2010.

17.1.9 Social projects and relations with the social, regional and associative environment

17.1.9.1 Social projects

In France, Dassault Systèmes SA subsidizes its Workers' Council (*Comité d'Entreprise*) in the amount of 5.2% of total salaries paid during the year, with 5.0% for social and cultural activities and 0.2% for the operating budget. In 2011, the Workers' Council thus received slightly more than €7 million, compared to €6.2 million in 2010 and €5.5 million in 2009.

Dassault Data Services SAS and Dassault Systèmes Provence SAS subsidize their Workers' Council (*Comité d'Entreprise*) at a level of 1.5% of their total salaries paid during the year, with 1.3% for social and cultural activities and 0.2% for the operating budget.

17.1.9.2 Relations with the social, regional and associative environment

Contribution to regional development

Dassault Systèmes has operations in 35 countries and seeks to recruit most of its employees locally. At December 31, 2011, more than two thirds of the Company's 7,660 employees were located outside France and the Company had employees from 94 different countries.

Company relations with secondary and post secondary education

In each country where Dassault Systèmes has operations, the Company has established a privileged relationship with the world of secondary and university education for several years. To facilitate innovation in teaching by the use of its technologies, Dassault Systèmes

works together with schools, high schools, technical institutions, universities and major teaching centers around the world. Dassault Systèmes' academic partnership program includes a variety of actions specific to each of its brands, which are put in place via an internet site dedicated to making available participative educational resources, granting of certificates and diverse partnerships. Each year, more than two million students become familiar with Dassault Systèmes' PLM and SolidWorks mechanical design technologies.

In 2011, the Company chose to pursue initiatives seeking to:

- encourage professional interest in science and technology and contribute to eliminating the lack of interest among young people for these fields in developed countries with (i) sponsorship initiatives and participation in the work of associations (the American Society for Engineering Education – ASEE – and the European Society for Engineering Education – SEFI), (ii) support for high school students participating in advanced technical competitions such as the "Race in class", which were targeted to junior and senior high school students and lead them, in the context of their courses and clubs, to use CATIA or SolidWorks software to design, test and race miniature Formula 1 racecars. Begun in 2006 as a project for educational success, this initiative has reached a record of popularity in 2011-2012 with the participation of 11,500 students in France.

- improve the employability of degrees issued by different educational branches by giving them access to the Company's PLM solutions. This expertise should make it possible to respond rapidly to the needs of the 11 industrial sectors targeted by Dassault Systèmes' products and solutions. The need for engineers to combine technical knowledge acquired during a teaching course and knowledge of Dassault Systèmes' PLM tools and methods used by our industrial customers is growing rapidly in emerging countries. India demonstrated a particularly rapid adoption of V6. In France, V6 was put into operation on a large scale, for more than 2,000 users, by the school Arts et Métiers ParisTech.

- prepare students for their future employers by providing certifications which enable them to access fundamental engineering design competencies, in 10 languages. SolidWorks offers specialized programs for all-terrain vehicle, small racecar, airplane, and hybrid racing teams, for learning an integrated design and analysis process. The Group is a founding partner of the Association of Unmanned Vehicle Systems International (AUVSI), providing software to unmanned intelligent ground, air, and submarine vehicles and robotics systems. SolidWorks enables students in sustainable development to make the right choices in material selection and manufacturing processes for our planet's future.

- introduce new teaching methods using virtual models well adapted to the modes of interaction and learning of today's students. The Company was thus retained as supplier of collaborative design technologies for electromechanical systems by the Georgia Institute of Technology (USA) in a four-year project for the deployment of a global educational project targeting high schools financed by the "Defense Advanced Research Projects Agency" (DARPA).

In 2011, innovative teaching projects continued with the extension of virtual teaching environments focusing on mechanical "cyber-physics" systems, combining physical programmable systems with their realistic representation in CATIA, all in real time. The teaching applications of 3D (3DVIA) were further explored above and beyond engineering through the production of an innovative virtual environment used for teaching geology.

The SolidWorks STEM Teacher blog and Dassault Systèmes' academic community "3DS Academia" on the internet allows sharing of Dassault Systems' teaching materials for all of its brands with teachers of all levels.

Company commitment to sustainable development

Dassault Systèmes is involved with associations to support the virtual economy and encourage sustainable innovation. To promote the development of the virtual economy in France and in Europe, Dassault Systèmes is a founding member of AFDEL (*Association Française des Editeurs de Logiciels*, or the French Association of Software Editors). The goal of this association is to promote the software industry as an industry that contributes to sustainable growth. Dassault Systèmes also supports the "Villette Foundation", a part of *Universcience* in France, whose goal is to promote and encourage scientific and technical culture to young people and to the public at large. Furthermore, to promote sustainable innovation, Dassault Systèmes sponsors the GoodPlanet Foundation, whose goal is to reduce greenhouse gases through its Action Carbone program, the IMS (*Institut de Mécénat Social*) in France, and "CSR Europe" in Brussels. Throughout the world, Dassault Systèmes brands are involved in local community efforts. Finally, the Company spearheaded an initiative to provide support for education and economic development in Rwanda. What began as a simple project to provide engineering software and courseware to students evolved into helping participants structure and operate their first businesses providing CAD modeling services to other global industries, and finally to underwriting the investment in demand generation for those services.

Finally, most of the Company's subsidiaries organize efforts to contribute to sustainable development within their community, such as days for voluntary work with local associations organized by the employees of SIMULIA, collecting food by the employees of DELMIA, subsidizing an orphanage by the employees of Dassault Systèmes in China, participating in the PanMassachussets Challenge, a race intended to collect funds for the benefit of a health care and research institute (the Dana Farber Cancer Institute).

17.1.10 Correspondence Table

Article R. 225-105 of the French Commercial Code (Code de commerce)	Social Report	Page
Total employees	17.1.3.1	93
New hires under fixed term and open term contracts	17.1.3.2 and 17.1.3.3	93 and 96
Possible recruitment difficulties	17.1.3.3	96
Employee departures and reasons	17.1.3.3	96
Overtime	17.1.2	92
External workers and sub-contractors	17.1.3.4	98
Information concerning headcount reduction plans	Not applicable	
Organization of the working time	17.1.4	98
Length of working time	17.1.4.2	98
Absenteeism and reasons	17.1.4.3	99
Compensation	17.1.5	99
Development of compensation and social charges	17.1.5.1	99
Employee profit-sharing, regulatory profit-sharing and employee savings plan	17.1.5.2	100
Professional equality between men and women	17.1.8.2	104
Professional relationships and summary of collective agreements	17.1.6	100
Health and safety	17.1.6.2	101
Training	17.1.7	102
Handicapped workers	17.1.8.3	104
Social work	17.1.9.1	105
Consideration by the company of the impact of its activities in its region and on local populations in terms of employment and regional development	17.1.9.2	105
Relations with employment agencies, teaching institutions, etc.	17.1.9.2	105
Respect by the subsidiaries of the terms of the fundamental conventions of the International Labour Organisation	17.1.8.1	103

Dassault Systèmes makes available at the request of any shareholder a summary of Dassault Systèmes SA's social activities as provided for by Articles L. 2323-68 *et seq.* of the Labor Code.

17.2 Shareholdings and Stock Options

17.2.1 Options to subscribe Dassault Systèmes shares

As of December 31, 2011, there were eleven active stock option subscription plans for the benefit of certain Company management and employees. Five stock option subscription plans expired during 2011.

The exercise price of stock options granted pursuant to all the plans was fixed without a discount in relation to the market value of the Dassault Systèmes shares on the date of grant of the stock options, with the exception of the plan 2008-01, for which a discount of 3% was applied.

The General Meeting of Shareholders on May 27, 2010, authorized the Board of Directors to grant stock options to subscribe or to purchase Company shares for a period of 38 months, provided that the total of all outstanding stock options does not give a right to more than 15% of Dassault Systèmes SA's share capital.

The Board of Directors did not use this authorization in 2011. Instead, based on the recommendations of the Compensation and Nomination Committee, a new model for employee participation in the Company's long term performance has been implemented by the grant of performance shares (see paragraph 17.2.2 "Performance shares" below).

It is recalled that new shares created by the exercise of options between the 1st of January and the date of the annual General Shareholders' Meeting deciding on the allocation of profit related to the most recently completed financial year are entitled to receive the dividend distributed with respect to that year. As a result, the new shares are quoted on the same line as the previously existing shares.

On the other hand, the new shares created as of the day after this general meeting do not have a right to receive this dividend. Those shares are temporarily quoted on a second trading line until the date the shares trade ex-dividend (ie, without the right to receive the dividend to be distributed on Dassault Systèmes shares), in accordance with the NYSE Euronext rules.

The following table provides certain information on the Company's stock options plans in effect during 2011.

Grants of subscription or purchase options

(The table corresponds to Table 8 of the recommendation issued by the AMF on the remuneration of executive directors (mandataires sociaux) on December 22, 2008.)

Stock option plan	**1998-08**	**1998-09**	**1998-10**	**1998-11**	**1998-12**	**2002-01**	**2002-02**	**2002-03**
Meeting of Board	Mar. 29, 2001	Mar. 29, 2001	June 29, 2001	Oct. 05, 2001	Oct. 05, 2001	May 28, 2002	May 28, 2002	Jan. 20, 2003
Shareholders' Meeting	Jan. 26, 1998	Jan. 26, 1998	Jan. 26, 1998	Jan. 26, 1998	Jan. 26, 1998	May 28, 2002	May 28, 2002	May 28, 2002
Number of options granted	2,909,600	553,300	138,000	1,387,400	328,650	1,363,563	355,300	3,325,000
– to *mandataires sociaux*	1,672,250	–	–	655,000	–	651,433	–	1,500,000
Charles Edelstenne	569,540	–	–	–	–	–	–	–
Bernard Charlès	882,710	–	–	525,000	–	526,433	–	1,200,000
Thibault de Tersant	220,000	–	–	130,000	–	125,000	–	300,000
– to the top 10 beneficiary employees (excluding *mandataires sociaux*)	736,000	176,600	116,403	424,100	101,000	454,000	139,000	1,060,000
Maximum number of shares	2,909,600	553,300	138,000	1,387,400	328,650	1,363,563	355,300	3,325,000
Number of beneficiaries	531	513	44	400	434	378	401	803
Exercise price in euro	52.00	52.00	49.00	35.00	35.00	45.50	45.50	23.00
First exercise date	Mar. 29, 2003	Mar. 29, 2001	June 29, 2001	Oct. 05, 2002	Oct. 05, 2002	May 28, 2003	May 28, 2003	Jan. 20, 2004
Last exercise date	Mar. 28, 2011	Mar. 28, 2011	June 28, 2011	Oct. 04, 2011	Oct. 04, 2011	May 27, 2012	May 27, 2012	Jan. 19, 2013
Number of options exercised in 2011	2,210,868	45,005	4,480	548,753	24,581	743,790	20,563	641,931
Number of options cancelled in 2011	22,050	44,100	–	1,100	6,430	–	15,500	–
Number of options outstanding as of Dec. 31, 2011	–	–	–	–	–	313,183	41,420	866,519
Number of options exercised between Jan. 1, 2012 and Feb. 29, 2012	–	–	–	–	–	186,735	8,235	226,429
Number of options cancelled between Jan. 1, 2012 and Feb. 29, 2012	–	–	–	–	–	–	–	–
Number of outstanding options as of Feb. 29, 2012[1]	–	–	–	–	–	126,448	33,185	640,090
Number of options exercised as of Feb. 29, 2012	–	–	–	–	–	1,148,365	257,239	2,665,885
Number of options canceled as of Feb. 29, 2012	–	–	–	–	–	126,448	33,185	640,090

Stock option plan	2002-04	2002-05	2002-06	2006-01	2006-02	2008-01	2008-02	2010-01	Total
Meeting of Board	Jan. 20, 2003	Mar. 29, 2005	Mar. 29, 2005	Oct. 9, 2006	June 6, 2007	Sept.25, 2009	Nov.27, 2009	May 27, 2010	
Shareholders' Meeting	May 28, 2002	May 28, 2002	May 28, 2002	June 8, 2005	June 8, 2005	May 22, 2008	May 22, 2008	May 27, 2010	
Number of options granted	675,000	967,150	232,850	1,405,700	1,325,900	1,436,600	1,851,500	1,240,000	**19,495,513**
– to *mandataires sociaux*	–	80,000	–	150,000	150,000	150,000	170,000	110,000	**5,288,683**
Charles Edelstenne	–	–	–	–	–	–	–	–	**569,540**
Bernard Charlès	–	–	–	50,000	50,000	50,000	50,000	50,000	**3,384,143**
Thibault de Tersant	–	80,000	–	100,000	100,000	100,000	120,000	60,000	**1,335,000**
– to the top 10 beneficiary employees (excluding *mandataires sociaux)*	219,000	405,000	104,000	410,000	407,000	440,000	490,000	313,000	**5,995,103**
Maximum number of shares	675,000	967,150	232,850	1,405,700	1,325,900	1,436,600	1,851,500	1,240,000	**19,495,513**
Number of beneficiaries	533	264	88	447	462	502	539	542	
Exercise price in euro	23.00	39.50	39.50	47.00	47.50	38.15	39.00	47.00	
First exercise date	Dec. 31, 2004	Mar. 30, 2007	Mar. 30, 2006	Oct. 10, 2009	June 7, 2010	Sept. 25, 2009	Nov. 27, 2013	May 27, 2014	
Last exercise date	Jan. 19, 2013	Mar. 28, 2012	Mar. 28, 2012	Oct. 8, 2013	June 5, 2014	Sept. 24, 2015	Nov. 26, 2017	May 26, 2018	
Number of options exercised in 2011	12,300	436,694	27,800	219,242	192,640	61,398	–	–	**5,190,045**
Number of options cancelled in 2011	–	–	–	–	800	10,135	24,700	21,000	**145,815**
Number of options outstanding as of Dec. 31, 2011	70,450	61,371	37,000	866,790	955,060	1,214 459	1,770,000	1,206,600	**7,402,852**
Number of options exercised between Jan. 1, 2012 and Feb. 29, 2012	5,325	38,571	27,350	212,279	29,275	20,033	–	–	754,232
Number of options cancelled between Jan. 1, 2012 and Feb. 29, 2012	200	–	–	–	–	–	15,700	7,500	23,400
Number of outstanding options as of Feb. 29, 2012[1]	64,925	22,800	9,650	654,511	925,785	1,194,426	1,754,300	1,199,100	6,625,220
Number of options exercised as of Feb. 29, 2012	559,475	810,850	180,450	530,289	250,636	106,706	1,300	900	6,512,095
Number of options exercisable as of Feb. 29, 2012	64,925	22,800	9,650	654,511	925,785	1,194,426	–	–	3,671,820

(1) For information regarding the dilutive effect of the exercise of stock options, see also paragraph 21.1.1 "Share capital at February 29, 2012".

The Company's internal rules provide for periods during which it is recommended not to buy or sell Dassault Systèmes SA's shares, notably during periods preceding and following the announcement of quarterly, half-year or annual results. Hedging operations to ensure gains in connection with exercising stock options are also prohibited.

At December 31, 2011, the only Company Executive Directors (*mandataires sociaux*) owning such options were Bernard Charlès and Thibault de Tersant.

See paragraph 14.1 "Board of Directors and Executive Officers" and Chapter 18 "Major Shareholders" regarding Dassault Systèmes SA shares held by the Company's Executive Directors (*mandataires sociaux*).

The following table sets forth, on a global basis, the total number and weighted average exercise price of shares subscribed by the ten Company employees who have exercised the largest number of Company stock options during 2011 and who are not members of the Board, it being recalled that no option to subscribe shares was granted in 2011.

Subscription and purchase options of the top ten employees who are not executive directors

(The table corresponds to Table 9 of the recommendation issued by the AMF on the remuneration of Executive Directors (mandataires sociaux) on December 22, 2008.)

	Total number of options	Weighted average exercise price	Plan n° 1998-08	Plan n° 2002-01	Plan n° 2002-03	Plan n° 2002-05	Plan n° 2006-01	Plan n° 2006-02	Plan n° 2008-01
Stock options granted in 2011 to the ten employees who received the largest number of stock options	None								
Stock options exercised in 2011 by the ten employees who exercised the largest number of stock options	1,339,238	€42.85	463,810	259,000	248,428	195,000	78,000	83,000	12,000

17.2.2 Performance shares

The Shareholders' meeting of May 27, 2010, authorized the Board of Directors to grant Dassault Systèmes SA shares during a 38-month period, representing up to 1.5% of Dassault Systèmes SA's capital at the date of the general meeting of shareholders (i.e. up to 1,784,210 shares).

The Board of Directors used this authorization on September 29, 2011, to grant 406,400 performance shares to 626 beneficiaries according to the "2010-02" plan ("2010-02 Shares").

The 2010-02 Shares will be fully vested within (i) 3 years, followed by a two-year lock-up period for residents of France and/or beneficiaries of the French social security system or (ii) 4 years without any lock-up period for beneficiaries not subject to this system.

The 2010-02 Shares will be fully vested at the end of the vesting period applicable to the beneficiary, provided the beneficiary remains with the Company and satisfaction of a performance condition, which is measured according to the Non-IFRS diluted earnings per share actually realized (hereinafter referred to as the "EPS") compared to the high end of the range set for Dassault Systèmes' EPS objective as published for each of the 2011, 2012 and 2013 fiscal years.

In respect of this grant, in compliance with the AFEP-MEDEF Code, the definitive vesting of the performance shares granted to the Chief Executive Officer is subject to an additional performance condition in relation to his variable compensation actually received over three financial years 2011, 2012 and 2013.

See also paragraphs 15.1 "Compensation of the Company's Executive Directors (*mandataires sociaux*)" and 16.1.1 "Composition and practices of the Board of Directors" regarding the grant of 150,000 2010-03 Shares.

17.3 Arrangements for Involving the Employees in the Capital of the Issuer

Not applicable.

CHAPTER 18 – MAJOR SHAREHOLDERS

18.1 Shareholder Base

The table below sets forth certain information concerning Dassault Systèmes SA's shareholder base over the last three fiscal years. Double voting rights are attributed to all fully paid-up shares held in nominative form registered in the name of the same shareholder for at least two years.

Shareholders	Number of shares held	Capital %	Number of voting rights	Voting %[5]
At December 31, 2011				
Groupe Industriel Marcel Dassault ("GIMD")	51,887,334	42.15%	84,603,735	51.73%
Charles Edelstenne[1] and beneficiaries[2]	7,684,189	6.24%	15,368,378	9.40%
Bernard Charlès	1,165,139	0.95%	1,615,879	0.99%
SW Securities LLC[3]	251,807	0.20%	–	–
Treasury shares	650,000	0.53%	–	–
Directors and senior management[4]	28,749	0.02%	41,328	0.03%
Public	61,425,511	49.91%	61,924,904	37.85%
Total	***123,092,729***	***100%***	***163,554,224[5]***	***100%***
At December 31, 2010				
GIMD	51,887,334	42.76%	80,032,735	50.77%
Charles Edelstenne[1] and beneficiaries[2]	7,684,189	6.33%	15,342,311	9.73%
Bernard Charlès	817,655	0.67%	1,118,395	0.71%
SW Securities LLC[3]	251,807	0.21%	–	–
Treasury shares	150,000	0.12%	–	–
Directors and senior management[4]	12,649	0.01%	24,728	0.02%
Public	60,528,970	49.90%	61,120,521	38.77%
Total	***121,332,604***	***100.00%***	***157,638,690[5]***	***100.00%***
At December 31, 2009				
GIMD	51,887,334	43.84%	73,444,938	49.71%[4]
Charles Edelstenne[1]	7,684,189	6.49%	15,342,311	10.38%
SW Securities LLC[3]	251,807	0.21%	–	–
Treasury shares	150,000	0.13%	–	–
Directors and senior management[4]	732,367	0.62%	831,404	0.56%
Public	57,661,944	48.71%	58,134,400	39.35%
Total	***118,367,641***	***100.00%***	***147,753,053[5]***	***100.00%***

(1) Including shares held in trust for the benefit of his family and managed by Charles Edelstenne.

(2) At December 31, 2011, Mr. Edelstenne held 1,919,047 shares with all ownership rights and 1,542 shares through two family companies which he manages, representing in the aggregate 1.58% of the outstanding capital and 2.35% of the exercisable voting rights, as well as 5,763,000 shares, representing 7.05% of the outstanding share capital, with "beneficial" rights (*usufruit*). For the beneficial rights with respect to these shares, Mr. Edelstenne can only exercise the right to vote on decisions of the General Shareholders' Meeting concerning the allocation of profit; the holders of the bare property rights (*nue-propriété*) exercise the right to vote for other resolutions in compliance with Article 11 of the by-laws.

(3) Because SW Securities L.L.C. is a subsidiary of the Company, shares held by SW Securities L.L.C. do not have voting rights.

(4) "Senior management" includes the senior officers listed in this Annual Report, other than Mr. Edelstenne at December 31, 2010, and, at December 31, 2011, Mr. Charlès.

(5) See the following paragraph for an explanation.

The total number of votes published on Dassault Systèmes' web site is different from the number set forth in the table above. The number of votes published each month by Dassault Systèmes is an unadjusted number, which includes the voting rights attached to shares for which voting rights are suspended, in accordance with article 223-11 of the General regulation of the AMF. This number is used as the denominator by shareholders calculating their percentage holdings of equity interests and voting rights for purposes of required declarations of shareholdings (in particular, declarations concerning crossing ownership thresholds). The total number of voting rights in

the table above is the "net" number of voting rights (which does not include shares for which voting rights are suspended), or the number of votes which may be exercised in a shareholders meeting, in order for the presentation above to be consistent.

As a result, GIMD declared to the AMF on July 20, 2011, that it passed (i) on June 30, 2011, below the 50% threshold as a result of an increase in the voting rights of Dassault Systèmes SA and held on that date 51,887,334 shares representing 80,032,735 voting rights, or 42.10% of the outstanding share capital and 49.99% of the voting rights, then (ii) on July 9, 2011, above the 50% threshold as a result of the attribution of double voting rights and held, on such date, 51,887,334 shares of Dassault Systèmes representing 81,232,735 voting rights, or 42.10% of the outstanding share capital and 50.36% of the voting rights of the Company. GIMD held 51.44% of the unadjusted voting rights on December 31, 2011.

At December 31, 2011, the total number of voting rights amounted to 164,456,031 (the number of votes which may be exercised, not including shares for which voting rights have been suspended, was 163,554,224) and, on February 29, 2012, the total number was 165,209,296 (the number of votes which may be exercised was 164,300,898). The company MFS Institutional Advisors, Inc (MFSI) informed Dassault Systèmes SA in 2010 that it had passed above the 2.5% threshold of the share capital of Dassault Systèmes on April 27, 2011, through companies and investment funds which it indicated that it managed.

To the knowledge of Dassault Systèmes SA, based on shareholder obligations to declare their equity interest or voting rights if they exceed or fall below certain levels, there are no other shareholders (except as indicated in the table above) who held 2.5% or more of the Company's share capital or voting rights (the threshold set forth in the Company's by-laws), directly or indirectly, alone or in agreement with other shareholders, at December 31, 2011.

Although Dassault Systèmes SA effected a voluntary delisting of its shares from NASDAQ in October 2008, it continues to maintain its ADR ("American Depositary Receipts") program in the United States. The ADS are now traded on the over-the-counter market. On February 29, 2012, there were 2,583,215 ADSs outstanding and 61 record holders of ADS, holding either for themselves or for third parties.

In January 2012, Dassault Systèmes SA commissioned a survey on the Company's shares from an external specialized services provider. The survey indicated that approximately 327 institutional investors, each holding more than 2,000 shares, held in the aggregate approximately 47% of the Company's share capital as of December 31, 2011.

As of the date of this Document, Dassault Systèmes SA holds 650,000 treasury shares, 150,000 of which were repurchased by the Company as part of the share repurchase program authorized by the General Shareholders' Meeting on May 27, 2010, and 500,000 of which were repurchased by the Company as part of the share repurchase program authorized by the General Shareholders' Meeting on May 26, 2011. These treasury shares represented approximately 0.53% of the Company's outstanding share capital as of March 23, 2012, and carry no right to vote or to dividends.

As of December 31, 2011, 62,201,803 outstanding shares (i.e., approximately 50.53% of the share capital) were held in registered form, representing 102,915,105 voting rights (i.e. approximately 62.58% of total voting rights).

In accordance with article L. 225-102 of the Commercial Code, the number of Dassault Systèmes shares held by the employees through the corporate savings plan (the "PEE") was 30,343 shares at December 31, 2011, or approximately 0.02% of the total number of shares at that date.

18.2 Voting Rights

The major shareholders do not hold voting rights which are different from voting rights of other shareholders, and may benefit from double voting rights under the same conditions as any other shareholder (i.e., fully paid-up shares held in registered form by the same shareholder for at least two years).

In the event ownership rights with respect to a share are split between different persons, Article 11 of Dassault Systèmes SA's by-laws provides that the right to vote belongs to the person holding the bare property right (*nue-propriétaire*), except for the right to vote on decisions concerning the allocation of profits, which belongs to the person holding "beneficial" rights (*usufruitier*) (see also paragraph 21.2 "Memorandum and By-laws").

18.3 Controlling Shareholder

GIMD is the principal shareholder of Dassault Systèmes SA with, as of December 31, 2011, 42.15% of the share capital and 51.73% of the exercisable voting rights. Since GIMD holds more than 50% of the voting rights of Dassault Systèmes SA, GIMD controls Dassault Systèmes. GIMD is wholly-owned by the members of the Dassault family.

In order to ensure that GIMD's ability to control the Company is not used in an abusive manner, the Company's Board of Directors includes a majority of independent directors, and the Audit Committee and the Compensation and Nomination Committee are composed entirely of independent directors. In addition, GIMD is not a member of the Company's Board of Directors. Two Directors of the Company, Nicole Dassault and Charles Edelstenne, are members of the Supervisory Board of GIMD but are not members of any Board committee of Dassault Systèmes SA. Laurent Dassault, director of Dassault Systèmes SA until May 26, 2011, is Vice Chairman of the Supervisory Board of GIMD.

It is proposed to the General Shareholders' Meeting of June 7, 2012 to appoint an additional director, Mr. Serge Dassault, also President of GIMD (see Chapter 26 "Shareholders Meeting"). Dassault Systèmes SA's Board of Directors would then be made up of 10 members, of whom half would be independent directors. Mr. Serge Dassault would not be a member of any committees of Dassault Systèmes SA.

In light of applicable regulations, because GIMD possesses more than one third but less than half of the shares and more than one half of the voting rights in the Company, GIMD may not increase its participation by more than 2% of the total number of shares of the Company in less than twelve consecutive months, unless it launches a public tender offer on all the equity securities issued by Dassault Systèmes, unless it receives an exemption from the obligation to make an offer based on Article 234-9 (6°) of the General Regulations of the AMF, which the latter can grant in its discretion.

18.4 Shareholder Agreements

In 2011, Dassault Systèmes SA was informed on December 23, 2010, that, in compliance with Articles 787 B and 885 I bis of the General Tax Code, collective agreements not to sell shares for two years were signed on June 21 and July 11, 2011, by GIMD, Charles Edelstenne, and Bernard Charlès and certain persons connected to him. The agreements concern 34,029,003 shares and 36,432,938 shares of Dassault Systèmes SA, respectively, representing 27.6% of the outstanding share capital and 38.9% of the voting rights for the agreements of June 21, 2011, and 29.6% of the outstanding share capital and 41.8% of the voting rights for the agreement of July 11, 2011.

In 2010, Dassault Systèmes was informed that, in the same context, collective agreements not to sell shares for two years were signed on December 16 and 22, 2010, by GIMD, Charles Edelstenne for himself and his beneficiaries, and Bernard Charlès and certain persons connected to him. The agreements concerned 39,672,603 shares of Dassault Systèmes SA in total, representing 32.76% of the share capital and 42.82% of the voting rights on December 23, 2010.

To the Company's knowledge, other than the collective agreements cited above and the share lock-up agreements applicable to the Executive Directors (see paragraphs 15.1 "Compensation of the Company's Executive Directors" and 16.1.1 "Composition and practices of the Board of Directors"), there is no shareholders' agreement or other convention between the shareholders of Dassault Systèmes SA.

The Company is not party to an agreement which could result in a change of control, and has no knowledge of the existence of such an agreement. Dassault Systèmes SA is not party to any shareholders' agreement with respect to any company, listed or unlisted, the terms of which could have a material effect on the market price of the shares of Dassault Systèmes.

CHAPTER 19 – RELATED PARTY TRANSACTIONS

The Company's related parties include its principal shareholder GIMD (as well as companies under its control, such as Dassault Aviation, or related to GIMD), related companies and its principal executive officers and their close family members.

Dassault Systèmes SA's related parties also include its subsidiaries. Transactions between the parent company and its subsidiaries as well as those between subsidiaries are eliminated in the consolidated financial statements.

Dassault Systèmes licenses its products to Dassault Aviation and certain of its subsidiaries using commercial terms consistent with those used by the Company's other customers of similar size. Dassault Aviation is a sister company to the Group whose President and Chief Executive Officer, Mr. Charles Edelstenne, is the Chairman of the Company. The Company recorded software revenue from Dassault Aviation of €12.9 million for the year ended December 31, 2011 (€7.3 million for 2010 and €8.2 million for 2009).

Dassault Systèmes also provides services and technical support under market conditions to Dassault Aviation and certain of its subsidiaries. This activity generated revenues of €15.2 million for the year ended December 31, 2011 (€12.8 million for 2010 and €15.1 million for 2009).

Most of Dassault Systèmes' development centers subcontract software development work to 3D PLM Software Solutions Limited ("3D PLM"), a business venture created in 2002 between Dassault Systèmes and Geometric Software Solutions Co. Ltd., located in India. Effective July 1, 2011, the Company obtained the regulatory approvals required for the merger of the activities of its Indian subsidiary Delmia Solutions Private Limited into 3D PLM, thereby increasing its share in 3D PLM from 30% to 42%. Prior to this transaction, 3D PLM was a related party to the Company. 3D PLM is now fully consolidated in the Company's financial statements. Services purchased from 3D PLM for the period from January 1 through June 30, 2011 amounted to €13.6 million. For the 12 month period ended December 31, 2010, services purchased from 3D PLM amounted to €24.7 million and for 2009, €20.9 million. See Note 26 to the Company's consolidated financial statements for further information on related party transactions.

See also paragraphs 26.1 "Presentation of the Resolutions proposed by the Board of Directors to the General Meeting of June 7, 2012" regarding "Regulated agreements", and 20.4.3 "Special report of the Statutory Auditors or regulated agreements and commitments", and Chapter 7 "Organizational Structure".

CHAPTER 20 – FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

The consolidated and parent company financial statements below will be submitted for approval at the annual shareholders' meeting of Dassault Systèmes scheduled for June 7, 2012.

20.1 Historical Financial Information

In compliance with article 28 of the European Regulation no. 809/2004 of the European Commission, the consolidated financial statements for 2009 and 2010 are incorporated by reference in this Annual Report as stated on page 2 hereof.

Consolidated Financial Statements

Consolidated Statements of Income

		Year ended December 31,	
(in thousands, except per share data)	**Notes**	**2011**	**2010**
New licenses revenue		€465,009	€393,873
Periodic licenses, maintenance and product development revenue		1,151,933	1,017,130
Software revenue	4	**1,616,942**	**1,411,003**
Services and other revenue		166,101	152,836
Total revenue		**1,783,043**	**1,563,839**
Cost of software revenue		(80,842)	(76,212)
Cost of services and other revenue		(168,644)	(144,855)
Research and development		(329,295)	(322,119)
Marketing and sales		(535,233)	(480,165)
General and administrative		(147,626)	(125,865)
Amortization of acquired intangibles		(83,630)	(71,835)
Other operating income and expense, net	8	(9,855)	(20,801)
Operating income		**427,918**	**321,987**
Interest income (expense), net	9	5,774	(1,214)
Other financial income and expense, net	9	(5,399)	(2,613)
Income from equity investees		723	1,838
Income before income taxes		**429,016**	**319,998**
Income tax expense	10	(138,515)	(99,301)
Net income		**€290,501**	**€220,697**
Attributable to:			
Equity holders of the Company		€289,184	€220,544
Non-controlling interest		€1,317	€153
Earnings per share			
Basic net income per share	11	€2.38	€1.85
Diluted net income per share	11	€2.33	€1.82

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income

(in thousands)	Notes	Year ended December 31, 2011	2010
Net income		**€290,501**	**€220,697**
Gains (losses) on available for sale securities	23	35	(11)
Derivative (losses) on cash flow hedges	23	(7,734)	(33,777)
Foreign currency translation adjustment		39,349	80,188
Tax on items taken directly to or transferred from equity		2,855	11,678
Other comprehensive income, net of tax		**34,505**	**58,078**
Total comprehensive income, net of tax		**€325,006**	**€278,775**
Attributable to:			
Equity holders of the Company		€324,824	€278,622
Non-controlling interest		€182	€153

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets

(in thousands)	Notes	Year ended December 31, 2011	2010
Assets			
Cash and cash equivalents	12	€1,154,275	€976,482
Short-term investments	12	268,693	162,646
Trade accounts receivable, net	13	494,341	413,447
Income tax receivable		65,020	36,348
Other current assets	13	74,384	84,273
Total current assets		**2,056,713**	**1,673,196**
Property and equipment, net	14	106,601	66,395
Investments and other non-current assets	15	28,619	26,161
Deferred tax assets	10	82,995	72,766
Intangible assets, net	17	593,866	616,697
Goodwill	18	647,990	616,619
Total non-current assets		**1,460,071**	**1,398,638**
Total assets		**€3,516,784**	**€3,071,834**
Equity and liabilities			
Trade accounts payable		€99,844	€93,169
Accrued compensation and other personnel costs		183,849	170,873
Unearned revenue		492,036	386,996
Income tax payable		19,568	21,819
Borrowings, current	21	228,942	26,691
Other current liabilities	19	113,926	75,561
Total current liabilities		**1,138,165**	**775,109**
Deferred tax liabilities	10	59,350	57,222
Borrowings, non-current	21	72,355	293,419
Other non-current liabilities	19	163,255	154,277
Total non-current liabilities		**294,960**	**504,918**
Common stock		123,093	121,333
Share premium		263,875	229,865
Treasury stock		(36,524)	(7,172)
Retained earnings and other reserves		1,763,065	1,529,721
Other items		(47,316)	(82,956)
Parent shareholders' equity		**2,066,193**	**1,790,791**
Non-controlling interest		17,466	1,016
Total equity	23	**2,083,659**	**1,791,807**
Total equity and liabilities		**€3,516,784**	**€3,071,834**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands)	Notes	Year ended December 31, 2011	2010
Net income		**€290,501**	**€220,697**
Adjustments for non-cash items	24	161,855	132,304
Changes in operating assets and liabilities	24	(1,493)	55,357
Net cash provided by operating activities		**450,863**	**408,358**
Additions to property, equipment and intangibles	14,17	(71,358)	(37,290)
Purchases of short-term investments		(420,372)	(147,077)
Proceeds from sales and maturities of short-term investments		316,509	105,235
Payment for acquisition of businesses, net of cash acquired	16	(37,364)	(461,404)
Other		(2,294)	(913)
Net cash used in investing activities		**(214,879)**	**(541,449)**
Proceeds from exercise of stock options		233,369	97,363
Cash dividends paid	23	(65,777)	(54,496)
Repurchase of common stock	23	(226,697)	(7,172)
Proceeds from borrowings	21	–	115,042
Repayment of borrowings	21	(26,162)	(12,733)
Net cash (used in) provided by financing activities		**(85,267)**	**138,004**
Effect of exchange rate changes on cash		27,076	32,512
Increase in cash and cash equivalents		**177,793**	**37,425**
Cash and cash equivalents at beginning of period		**976,482**	**939,057**
Cash and cash equivalents at end of period		**€1,154,275**	**€976,482**
Supplemental disclosure			
Income taxes paid		€108,634	€47,624
Cash paid for interest, net		€7,247	€7,592

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statements of Shareholders' Equity

(in thousands)	Common stock	Share premium	Treasury stock	Retained earnings and other reserves	Other items	Parent shareholders' equity	Non-controlling interest	Total Equity
January 1, 2010	**€118,369**	**€125,438**	**€(5,629)**	**€1,350,506**	**€(141,034)**	**€1,447,650**	**€1,113**	**€1,448,763**
Comprehensive income, net of tax	–	–	–	220,544	58,078	278,622	153	278,775
Cash dividends paid	–	–	–	(54,246)	–	(54,246)	(250)	(54,496)
Exercise of stock options	2,964	104,427	–	–	–	107,391	–	107,391
Treasury stock transactions	–	–	(1,543)	(5,629)	–	(7,172)	–	(7,172)
Share-based payments	–	–	–	19,092	–	19,092	–	19,092
Other changes	–	–	–	(546)	–	(546)	–	(546)
December 31, 2010	**€121,333**	**€229,865**	**€(7,172)**	**€1,529,721**	**€(82,956)**	**€1,790,791**	**€1,016**	**€1,791,807**
Comprehensive income, net of tax	–	–	–	289,184	35,640	324,824	182	325,006
Cash dividends paid	–	–	–	(65,627)	–	(65,627)	(150)	(65,777)
Exercise of stock options	5,190	220,753	–	–	–	225,943	–	225,943
Treasury stock transactions	(3,430)	(186,743)	(29,352)	(7,172)	–	(226,697)	–	(226,697)
Share-based payments	–	–	–	17,290	–	17,290	–	17,290
Other changes	–	–	–	(331)	–	(331)	16,418	16,087
December 31, 2011	**€123,093**	**€263,875**	**€(36,524)**	**€1,763,065**	**€(47,316)**	**€2,066,193**	**€17,466**	**€2,083,659**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements for Years Ended December 31, 2011 and 2010

Note 1. Description of Business

The "Company" refers to Dassault Systèmes SA and its subsidiaries. The Company provides software solutions and consulting services which enable its customers to: innovate in the design and quality of products and services; reduce design-cycle time to accelerate time-to-market; collaborate with partners and suppliers in product development; create, manufacture and maintain products more cost effectively; simulate their end-customers' experiences; support product related business processes; and capture and leverage information intelligence, whether from internal sources and/or from the internet.

The Company's global customer base includes companies primarily in 11 industrial sectors: Aerospace & Defense; Transportation & Mobility; Marine & Offshore; Industrial Equipment; High-Tech; Architecture, Engineering & Construction; Consumer Goods – Retail; Consumer Packaged Goods – Retail; Life Sciences; Energy, Process & Utilities; and Financial & Business Services. To serve these industries, the Company has developed a broad software applications portfolio, organized in brands, in order to provide comprehensive solutions responding to the extensive requirements of product development: Design, Realistic Simulation, Virtual Manufacturing and Production, Collaborative Innovation, Lifelike Experiences and Information Intelligence.

The Company principally organizes its business and markets its products and services according to two types of applications: the Product Lifecycle Management ("PLM") market, to support product development, production, maintenance and lifecycle management, and the SolidWorks market (Mainstream 3D), which is primarily focused on product design.

Dassault Systèmes SA is a *société anonyme*, a form of limited liability company, incorporated under the laws of France. The Company's registered office is located at 10, rue Marcel Dassault, in Vélizy-Villacoublay, France. The Dassault Systèmes SA shares are listed in France on NYSE Euronext Paris. These consolidated financial statements were established under the responsibility of the Board of Directors on March 23, 2012.

Note 2. Summary of Significant Accounting Policies

Basis of Preparation and Consolidation

The accompanying consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union. The consolidated financial statements are presented in thousands of euros except where otherwise indicated.

The consolidated financial statements include the accounts of Dassault Systèmes SA and its subsidiaries. Companies over which the Company has control over operating and financial policies are fully consolidated. Companies over which the Company exercises significant influence over operating and financial policies are accounted for under the equity method. Intercompany transactions and balances are eliminated.

Impact of Recently Issued Accounting Standards

The standards, interpretations and amendments which became mandatory from January 1, 2011 and were published in the Official Journal of the European Union at December 31, 2011 had no material impact on the Company's consolidated financial statements.

The Company undertakes no early application of any standard or interpretation or associated amendments, including the following which was already published in the Official Journal of the European Union at December 31, 2011:

- Amendment to IFRS 7 "Financial instruments: Disclosures on transfers of financial assets", mandatory for financial years beginning on or after July 1, 2011.

The Company does not currently expect adoption of this amendment to have a material impact on the consolidated financial statements. In addition, the Company's consolidated financial statements do not take into account new standards, interpretations and amendments not yet approved by the European Union at December 31, 2011.

Summary of Significant Accounting Policies

USE OF ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statements. Examples include: estimating loss contingencies; assessing product life cycles; identifying the different elements comprising a software arrangement, including the distinction between upgrades/enhancements and new products; determining when technological feasibility is achieved for its products; estimating the fair value of goodwill; determining when a decline in value of the Company's investments is other-than-temporary; determining the nature, fair value and useful life of acquired intangible assets in a business combination; determining assumptions for share-based payments; and assessing the realizability of deferred tax assets. Actual results and outcomes could differ from management's estimates and assumptions.

FOREIGN CURRENCY ADJUSTMENTS

The functional currency of the Company's foreign subsidiaries is generally the applicable local currency. Assets and liabilities with functional currencies other than the euro are translated into euro equivalents at the rate of exchange in effect on the balance sheet date. Revenues, expenses and cash flows are translated at the average exchange rates for the year unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case revenues, expenses and cash flows are translated at the rate on the dates of the transactions. Translation gains or losses are recorded in Other items in shareholders' equity.

Exchange differences on the settlement or retranslation of monetary items in a currency other than the Company's and its subsidiaries' functional currency are recorded in the statement of income.

REVENUE RECOGNITION

The Company derives revenue from two primary sources: (1) new software licenses, periodic licenses, maintenance and product development, which includes software license updates, technical support and the development of additional functionalities of standard products requested by clients; (2) consulting and training services and other revenue.

Revenues are disclosed net of taxes collected from customers and remitted to governmental authorities.

Software License, Maintenance and Product Development Revenue – Software license revenue represents fees earned from granting customers licenses to use the Company's software. The Company's software license revenue consists of perpetual and periodic license sales of software products. Software license revenue is recognized (to the extent the Company has no remaining obligations to perform) when: evidence of an arrangement exists, delivery and acceptance has occurred, the amount of revenue and associated costs can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Company. In instances when any of the four criteria are not met, the Company defers recognition of software license revenue until all criteria are met. Revenue related to the licensing of software through value-added resellers (VARs) is generally recognized when evidence of a sale to an end-user customer is provided to the Company, assuming all other revenue recognition criteria have been met.

Periodic licenses generally have a one-year term and the corresponding fee is recognized ratably over the term of the license.

Maintenance revenue represents periodic fees associated with the sale of unspecified product updates on a when-and-if-available basis and technical support. Maintenance agreements are entered into in connection with the initial software license purchase. Maintenance support may be renewed by the customer at the conclusion of each term. Revenue from maintenance is recognized on a straight-line basis over the term of the maintenance agreement.

Product development revenue relates to the development of additional functionalities of standard products requested by clients and is recognized as the development work is performed.

Recurring fees for periodic license and maintenance and product development revenue are reported within software revenue.

Revenue under multiple-element arrangements, which typically include new software licenses and maintenance agreements sold together, is allocated to each element in the arrangement primarily using the residual method based upon the fair value of the undelivered elements. Discounts, if any, are applied to the delivered elements, usually software licenses, under the residual method. For maintenance, fair value is generally determined based upon the expected renewal rate.

Services and Other Revenue – Services and other revenue consists primarily of fees from consulting services and training. Services generally do not require significant modification or customization of software products and are accounted for separately to the extent they are not essential to the functionality of software products. Service revenues derived from time and material contracts are recognized as time is incurred.

Service revenues derived from fixed price contracts are generally recognized using a percentage of completion basis. For customer support contracts, when no performance pattern is discernible, revenue is recognized ratably over the term of the contract, generally one year, on a straight-line basis.

SHARE-BASED PAYMENT

The Company recognizes compensation expense for share-based payment awards expected to vest on a straight-line basis over the requisite service period of the entire award. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from initial estimates.

The Company estimates the fair value of share-based payment awards on the date of the grant using an option-pricing model based on assumptions made by management on expected volatility, expected life and distributed dividends.

COST OF SOFTWARE REVENUE

Cost of software revenue primarily includes software license expense for software products included in the Company's software, maintenance costs, CD duplication costs and delivery expense.

RESEARCH AND DEVELOPMENT

Costs incurred to develop computer software products include mainly payroll and other headcount-related costs associated with development of the Company's products. They also include amortization expense, lease and maintenance costs of computer equipment used for product development, software expenditures and costs of information technology and communication.

Research costs are expensed as incurred. Development expenditure on an individual project is recognized as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset;
- its intention to complete the intangible asset;
- its ability to use or sell the asset;
- how the asset will generate future economic benefits, notably demonstrating the existence of a market for the asset;
- the availability of technical, financial and other resources to complete and sell the asset; and
- the ability to measure reliably the expenditure during development.

Due to specificities in the software industry, the Company has determined that technological feasibility is the key criteria to capitalize development expenditure as it is generally the last criteria to be met. Currently the risks and uncertainties inherent in the software development process make it difficult to demonstrate technological feasibility before a working prototype has been completed, which generally occurs shortly before the commercial release of its software products. As a consequence, costs incurred after technological feasibility is established that could potentially be capitalized are not material.

GOVERNMENT GRANTS

The Company receives grants from various governmental authorities to finance certain research and development activities, including research and development tax credits in France that are treated as government grants because they are realizable in cash in the event the Company has insufficient income tax payable. Government grants are recognized as a reduction of research and development costs or cost of services and other revenue when the qualifying research and development activities have been performed and there is reasonable assurance that the grants will be received.

OTHER OPERATING INCOME AND EXPENSE, NET

The Company distinguishes income and expense that is unusual, infrequent or generally non-recurring in nature in the consolidated statement of income. Such income and expense includes the impact of restructuring activity and other generally non-recurring events, such as certain real estate transactions, gain or loss on sale of subsidiaries or operation, costs directly related to acquisitions and costs related to site closings or moving from one site to another.

OTHER FINANCIAL INCOME AND EXPENSE, NET

Other financial income and expense primarily includes the impact of remeasuring financial instruments at fair value, gains and losses on disposals and the impairment of investments in non-consolidated companies, exchange gains and losses on monetary items and change in fair value of derivative financial instruments not qualified for hedge accounting.

INCOME TAXES

Deferred income tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

ALLOWANCE FOR DOUBTFUL ACCOUNTS AND LOANS RECEIVABLE

The allowance for doubtful accounts and loans receivable reflects the Company's best estimate of probable losses inherent in the receivable balance. The Company determines the allowance based on known troubled accounts, historical experience and other currently available evidence.

FINANCIAL INSTRUMENTS

Fair Value – The carrying amounts of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued expenses approximate fair value, due to the short-term maturities of such instruments. Foreign exchange options, futures, and forward contracts, which are designated and serve as hedges, are recorded at their fair market value. Based on the three hierarchy levels defined by IFRS 7 (Revised) (level 1: quoted price in active markets; level 2: inputs observable directly or indirectly (other than quoted price included in level 1); level 3: inputs not based on observable market data), cash, cash equivalents and short-term investments are measured using the level 1 fair value. Derivative instruments are measured using the level 2 fair value. Other investments that are not equity method investments are measured using the level 3 fair value.

Cash and Cash Equivalents and Short-Term Investments – The Company considers marketable debt securities with short-term maturities, deposits with banks, and investments in money market mutual funds to be cash equivalents since they are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Other marketable debt securities and mutual funds that do not qualify as cash equivalents are considered to be short-term investments and are generally classified as trading securities with changes in fair value recorded in other financial income and expense, net.

Investments – Investments include, principally, available-for-sale equity securities at fair value, loans and deposits at amortized cost and equity method investments. For available-for-sale equity securities, any unrealized holding gains and losses are excluded from operating results and are recognized in consolidated statements of comprehensive income until realized. The Company assesses declines in the value of individual investments to determine whether such decline is other-than-temporary and thus the investment is impaired. This assessment is made by considering available evidence including changes in general market conditions, specific industry and individual company data, the length of time and the extent to which the market value has been less than cost, the financial condition and near-term prospects of the individual company, and the Company's intent and ability to hold the investment.

Derivative Instruments – The Company uses derivative instruments to manage exposures to foreign currency and interest rates. Derivative instruments are measured at their fair value and changes in the fair value affect the consolidated statements of income unless specific hedge accounting criteria are met. Changes in the fair value of derivatives designated as cash-flow hedges are reported as a component of shareholders' equity until the hedged item is recognized in earnings.

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to credit risk consist primarily of cash equivalents, short-term investments, accounts receivable and derivatives. The Company invests its cash equivalents and short-term investments with high credit-quality financial institutions. The Company invests its excess cash primarily in money market funds and bank certificates of deposit.

The Company has established guidelines relative to credit ratings and diversification of maturities that seek to maintain safety and liquidity. Management monitors the quality of its investments and the credit-worthiness of the aforementioned counter-parties and considers the credit risk exposure due to counter-party failure to be minimal.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives: computer equipment, 18 months to five years; office furniture and equipment, five to 10 years; buildings, 30 years; leasehold improvements are amortized over the shorter of the life of the assets or the remaining lease term. Repair and maintenance costs are expensed as incurred.

INTANGIBLE ASSETS

Intangible assets primarily include acquired technology, contractual customer relationships, computer software and trademarks. Costs related to intangible assets are capitalized and amortized using the straight-line method over their estimated useful lives, which range from two to 13 years. No intangible assets have been identified with an indefinite useful life.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed on the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition, irrespective of the extent of any non-controlling interest.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is tested annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of the impairment test, the Company relies upon projections of future cash flows and takes into account assumptions regarding the evolution of the market and its ability to successfully develop and commercialize its products. Changes in market conditions could have a major impact on the valuation of these assets and could result in additional impairment losses.

PROVISIONS

Provisions are recognized as liabilities to cover probable outflows of resources that can be estimated and that result from present obligations (legal, contractual or constructive) relating to past events. In cases where a potential obligation resulting from past events exists, but where occurrence of the outflow of resources is not probable or where the amount cannot be reliably estimated, a contingent liability is disclosed among the Company's commitments.

The amount of the provision provided is the best estimate of the outflow of resources required to extinguish this present obligation.

TREASURY SHARES

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Gains and losses on the purchase, sale, issue or cancellation of the Company's own equity instruments are credited or charged to shareholders' equity and are not recognized in the statement of income.

BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Any difference between the recorded amount and the redemption value is amortized into income over the period of the borrowing using the effective interest rate method.

POST-EMPLOYMENT BENEFITS

The Company's payments for defined contribution plans are recorded as expenses for the relevant period.

For defined benefit plans concerning post-employment benefits, the Company uses the Projected Unit Credit Method to determine the present value of its obligations. Under this method, benefits are attributed to periods of service according to the plan's benefit formula. However, if an employee's service in later years will earn a materially higher level of benefit than in earlier years, benefits are attributed to periods of service on a straight-line basis.

Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting period exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date (this is referred to as the corridor approach). These gains and losses are recognized over the expected average remaining working lives of the employees participating in the plans.

The future payments for employee benefits are measured on the basis of future salary increases, retirement age, mortality and length of employment with the company, and are discounted at a rate determined by reference to yields on long-term high quality corporate bonds of a duration corresponding to the estimated duration of the benefit plan concerned.

The net expense for the year, corresponding to the sum of the current period service costs, the discount cost less the expected return on fund assets and a portion of deferred past service costs, is charged in full to operating income.

Note 3. Segment and Geographic Information

Operating segments are components of the Company for which discrete financial information is available and whose operating results are regularly reviewed by management to assess performance and allocate resources. The Company operates in two reportable business segments: the PLM segment and the SolidWorks segment. The PLM market serves customers seeking to optimize their industrial processes from the design stage through to manufacturing and maintenance. The SolidWorks market serves companies seeking to support product design. The accounting policies of the reportable segments are the same as those described in Note 2. Summary of Significant Accounting Policies.

Data by reportable segment is as follows:

	Year ended December 31, 2011			
(in thousands)	**PLM**	**SolidWorks**	**Elim.**	**Total**
Software revenue	€1,276,167	€340,963	€(188)	€1,616,942
Services and other revenue	166,101	–	–	166,101
Total revenue	**1,442,268**	**340,963**	**(188)**	**1,783,043**
Operating income	**€283,540**	**€144,378**	**€ –**	**€427,918**

(in thousands)	Year ended December 31, 2010			
	PLM	SolidWorks	Elim.	Total
Software revenue	€1,099,633	€311,525	€(155)	€1,411,003
Services and other revenue	152,789	47	–	152,836
Total revenue	**1,252,422**	**311,572**	**(155)**	**1,563,839**
Operating income	**€201,344**	**€120,643**	**€ –**	**€321,987**

Information about certain non-cash and balance sheet items is as follows:

(in thousands)	Year ended December 31, 2011			
	PLM	SolidWorks	Elim.	Total
Depreciation of property and equipment and amortization of intangible assets	€107,565	€4,746	€–	€112,311
Non-cash share-based payment expense	17,290	–	–	17,290
Additions to property, equipment and intangibles	67,813	3,545	–	71,358
Goodwill	619,268	28,722	–	647,990

(in thousands)	Year ended December 31, 2010			
	PLM	SolidWorks	Elim.	Total
Depreciation of property and equipment and amortization of intangible assets	€94,220	€5,790	€–	€100,010
Non-cash share-based payment expense	19,092	–	–	19,092
Additions to property, equipment and intangibles	33,294	3,996	–	37,290
Goodwill	590,491	26,128	–	616,619

The data by geographic operations of the Company is established according to the geographical location of the consolidated companies and is as follows:

(in thousands)	Revenue	Total assets	Additions to property, equipment and intangibles
2011			
Europe	€687,841	€2,163,892	€31,411
of which France	*367,704*	*1,755,374*	*29,206*
of which Germany	*164,871*	*197,100*	*825*
Americas	678,001	1,000,603	32,530
of which the United States of America	*649,234*	*963,052*	*32,244*
Asia Pacific	417,201	352,289	7,417
of which Japan	*335,940*	*241,658*	*1,414*
Total	**€1,783,043**	**€3,516,784**	**€71,358**
2010			
Europe	€625,052	€1,479,976	€20,927
of which France	*380,394*	*1,077,882*	*16,420*
of which Germany	*129,269*	*186,825*	*1,228*
Americas	614,277	1,266,207	8,498
of which the United States of America	*592,237*	*1,235,244*	*7,740*
Asia Pacific	324,510	325,651	7,865
of which Japan	*281,951*	*247,501*	*5,415*
Total	**€1,563,839**	**€3,071,834**	**€37,290**

The Company also receives data that identifies the location of the Company's end-user customers. Using such information, revenue by geographic area would be as follows:

	Year ended December 31,	
(in thousands)	**2011**	**2010**
Europe	€827,134	€702,968
of which France	*212,977*	*173,429*
of which Germany	*291,084*	*238,193*
Americas	488,878	456,500
of which the United States of America	*466,350*	*432,292*
Asia Pacific	467,031	404,371
of which Japan	*289,937*	*258,752*
Total revenue	**€1,783,043**	**€1,563,839**

Note 4. Software Revenue

Software revenue is comprised of the following:

	Year ended December 31,	
(in thousands)	**2011**	**2010**
New licenses revenue	€465,009	€393,873
Periodic licenses and maintenance revenue	1,148,110	1,014,575
Product development revenue	3,823	2,555
Software revenue	**€1,616,942**	**€1,411,003**

Note 5. Personnel Costs

PERSONNEL COSTS

Personnel costs excluding share-based payments (see Note 6. Share-based Payments) are presented in the following table:

	Year ended December 31,	
(in thousands)	**2011**	**2010**
Personnel costs	€(642,224)	€(580,563)
Social security costs	(163,939)	(148,654)
Total personnel costs	**€(806,163)**	**€(729,217)**

INDIVIDUAL RIGHT TO TRAINING FOR EMPLOYEES IN FRANCE

French law provides employees employed under indefinite-term employment contracts by French entities within the Company with the right to receive individual training of at least 20 hours per year. Individual training rights can be accumulated over six years and the related costs are expensed as incurred.

As of December 31, 2011, accumulated Individual Training Rights were approximately 231,000 hours.

Note 6. Share-based Payments

Compensation expense related to share-based payments is recorded in the consolidated statements of income as follows:

	Year ended December 31,	
(in thousands)	**2011**	**2010**
Research and development	€(8,349)	€(12,067)
Marketing and sales	(4,445)	(5,629)
General and administrative	(3,981)	(5,531)
Cost of services and other revenue	(515)	(1,082)
Total compensation expense related to share-based payments	**€(17,290)**	**€(24,309)**

A reconciliation of changes during 2010 and 2011 of unvested options and free performance shares to which IFRS 2, "Share-based Payment" is applicable is as follows:

	Number of awards		
	Free performance shares	**Stock option plans**	**Total share-based payments**
Unvested at January 1, 2010	**300,000**	**4,420,317**	**4,720,317**
Granted	150,000	1,240,000	1,390,000
Vested	(150,000)	(2,079,471)	(2,229,471)
Forfeited	–	(129,882)	(129,882)
Unvested at December 31, 2010	**300,000**	**3,450,964**	**3,750,964**
Granted	556,400	–	556,400
Vested	(150,000)	(397,574)	(547,574)
Forfeited	–	(76,790)	(76,790)
Unvested at December 31, 2011	**706,400**	**2,976,600**	**3,683,000**

As of December 31, 2011, total compensation cost related to unvested awards expected to vest but not yet recognized was €43.3 million, and the Company expects to recognize this expense over a weighted average period of 2.1 years, no later than September 29, 2015.

FREE PERFORMANCE SHARES

Pursuant to an authorization granted by the shareholders at the shareholders' meetings held on May 27, 2010, the Board of Directors decided to grant 556,400 shares to the employees and executives in 2011 (406,400 shares of the 2010-02 plan and 150,000 shares of the 2010-03 plan) and 150,000 shares in 2010 to the Company's Chief Executive Officer ("CEO"). Such shares shall be vested at the end of an acquisition period of two to four years, subject to the condition that the beneficiary be an employee or a director of the Company at the acquisition date.

2010-02 Shares granted to the employees and executives are subject to non-market performance conditions based on actual non-IFRS earnings per share of the Group compared to the upper limit of the non-IFRS earnings per share objective for the years 2011, 2012 and 2013.

As provided for in the Code AFEP-MEDEF and on the basis of the recommendations of the Compensation and Nomination Committee, the Board of Directors made the vesting by the CEO of the 14,000 shares of the 2010-02 plan, of the 150,000 shares of the 2010-03 plan and of the 150,000 shares of the 2010 plan, subject to a performance condition related to variable compensation actually paid to the CEO over two financial years for the 2010-03 and 2010 plans, and three financial years for the 2010-02 plan. The level of such variable compensation is itself dependent on achieving performance criteria previously established by the Board. In no case, however, may the number of free performance shares received exceed the number of free performance shares initially granted by the Board.

All free performance shares are measured at fair value based on the quoted price of the Company's common stock on the date of grant.

STOCK OPTION PLANS

Since 1996, the shareholders' meeting has authorized the Board of Directors to implement several stock-option plans for eligible employees and executives. Options generally vest over various periods ranging from one to four years, subject to continued employment. Options generally expire seven to ten years from grant date or shortly after termination of employment, whichever is earlier. To date options have been granted at an exercise price equal to or greater than the grant-date market value of the Company's share.

A summary of the Company's stock option activity is as follows:

	2011		2010	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding as of January 1,	**12,738,712**	**€41.66**	**14,672,506**	**€40.05**
Granted	–	–	1,240,000	47.00
Exercised	(5,190,045)	43.53	(2,964,963)	36.23
Forfeited	(145,815)	38.75	(208,831)	41.31
Outstanding as of December 31,	***7,402,852***	***€40.38***	***12,738,712***	***€41.66***
Exercisable	4,426,252	€39.12	9,287,748	€41.63

A summary of the weighted average remaining contractual life and the weighted average exercise price of options outstanding as of December 31, 2011 is presented below:

	Outstanding options		
Range of exercise price	Number of shares	Weighted average remaining life (years)	Weighted average exercise price
€18 to €34	978,389	1.03	€23.11
€34 to €39	1,214,459	3.73	38.15
€39 to €44	1,868,371	5.61	39.03
€44 to €48	3,341,633	3.51	47.00
€18 to €48	***7,402,852***	***3.75***	***€40.38***

LONG TERM INCENTIVE PLANS ("LTIP")

The Company implemented a series of three-year long term incentive plans where participants are granted individual awards based on the Company's stock price and on achieving annual operating profit and revenue targets.

The portion of the LTIP attributable to the Company's stock is remeasured at each reporting period at fair value using a Black-Scholes model. Deferred compensation liability attributable to the Company's stock was nil and €7.4 million for the years ended December 31, 2011 and 2010 respectively.

Note 7. Government Grants

Government grants and other government assistance amounting to €26.9 and €28.9 million were recorded as a reduction to research and development expenses in 2011 and 2010, respectively. Government grants and other government assistance amounting to €2.8 and €1.6 million were recorded as a reduction to cost of services and other revenue expenses in 2011 and 2010, respectively.

Note 8. Other Operating Income and Expense, Net

Other operating income and expense, net are comprised of the following:

	Year ended December 31,	
(in thousands)	**2011**	**2010**
Restructuring costs[1]	€(8,496)	€(505)
Costs incurred in connection with relocation activities[2]	(1,768)	(6,696)
Acquisition costs[3]	(1,009)	(7,858)
Other, net[4]	1,418	(5,742)
Other operating income and expense, net	***€(9,855)***	***€(20,801)***

(1) In 2011, primarily composed of severance costs relating to the termination of employees following the Company's decision to rationalize its sales organization principally in Japan and in Europe and the reorganization of one of its R&D labs in France.
(2) Costs related to the relocation of certain of the Company's activities. In 2010, primarily comprised of rent and operating expenses for vacant premises in relation with the relocation of the Company's premises to a single Campus in the Boston area, United States (see Note 25. Commitments and Contingencies).
(3) In 2010, transaction costs primarily relating to the acquisition of IBM PLM (see Note 16. Business Combinations).
(4) In 2011, includes a €2.3 million curtailment gain recognized following the freeze of a defined benefits pension plan and a €1.8 million gain recognized following the sale of a consolidated entity, partially offset by IBM PLM integration costs. In 2010, integration costs relating to the acquisition of IBM PLM.

Note 9. Interest income (expense), net and other financial income and expense, net

Interest income (expense), net and other financial income and expense, net for the years ended December 31, 2011 and 2010 are as follows:

	Year ended December 31,	
(in thousands)	**2011**	**2010**
Interest income[1]	€13,720	€6,895
Interest expense[2]	(7,946)	(8,109)
Interest income (expense), net	**5,774**	**(1,214)**
Foreign exchange losses, net[3]	(7,945)	(2,712)
Other, net[4]	2,546	99
Other financial income and expense, net	**€(5,399)**	**€(2,613)**

(1) The increase in interest income is due primarily to the increase in interest rates on investments.
(2) In 2006, the Company borrowed €200 million under the loan facility entered into in December 2005 (see Note 21. Borrowings), which bears interest at Euribor plus 0.18% per annum, and entered into interest rate swap agreements to fix interest payable (see Note 20. Derivatives). The Company recorded interest expense of €5.9 million and €6.5 million for the years ended December 31, 2011 and 2010, respectively.
(3) Foreign exchange losses, net are primarily composed of realized and unrealized exchange gains and losses on receivables and loans denominated in U.S. dollars, Japanese yen and Korean won.
(4) In 2011 mainly includes gains of €5.0 million on previously held interest (see Note 16. Business Combinations) and a loss on investment of €2.6 million.

Note 10. Income Taxes

Deferred tax assets and liabilities are as follows:

	Year ended December 31,	
(in thousands)	**2011**	**2010**
Deferred tax assets:		
Accelerated depreciation and amortization for financial statement purposes	€64,572	€56,457
Profit sharing and pension accruals	6,661	6,030
Provisions and other expenses	58,553	55,078
Net tax loss and tax credit carryforward assets	44,127	56,079
Valuation reserves	(7,863)	(12,835)
Total deferred tax assets	**166,050**	**160,809**
Deferred tax liabilities:		
Accelerated depreciation and amortization for tax purposes	(41,129)	(35,102)
Amortization of acquired intangibles	(94,803)	(105,225)
Other	(6,473)	(4,938)
Total deferred tax liabilities	**(142,405)**	**(145,265)**
Net deferred tax asset	***€23,645***	***€15,544***

The schedule of deferred tax assets and liabilities is as follows:

	Year ended December 31,	
(in thousands)	**2011**	**2010**
Current deferred tax assets	€60,046	€42,526
Non-current deferred tax assets	22,949	30,240
Total deferred tax assets	**82,995**	**72,766**
Current deferred tax liabilities	(4,620)	(4,445)
Non-current deferred tax liabilities	(54,730)	(52,777)
Total deferred tax liabilities	**(59,350)**	**(57,222)**
Net deferred tax asset	***€23,645***	***€15,544***

Current deferred tax assets relate primarily to provisions and other expenses not currently deductible.

Non-current deferred tax liabilities mainly include the tax effect of intangible assets created through business combinations (primarily IBM PLM and Exalead).

The components of income before income taxes are as follows:

	Year ended December 31,	
(in thousands)	**2011**	**2010**
France	€191,392	€168,061
Foreign	237,624	151,937
Income before income taxes	***€429,016***	***€319,998***

The significant components of income tax expense are as follows:

	Year ended December 31,	
(in thousands)	**2011**	**2010**
France	€(90,017)	€(72,358)
Foreign	(51,527)	(30,071)
Current taxes	**(141,544)**	**(102,429)**
Change in deferred taxes	3,029	3,128
Income tax expense	***€(138,515)***	***€(99,301)***

Differences between the income tax provision and the provision computed using the statutory French income tax rate are as follows:

	Year ended December 31,	
(in thousands)	**2011**	**2010**
Taxes computed at the statutory rate of 36.10% for 2011 and 34.43% for 2010	€(154,875)	€(110,175)
Foreign tax rate differentials	2,164	(5,496)
R&D tax credit and other tax credits(1)	11,687	11,035
Tax exempt income(2)	10,407	10,959
Change in valuation allowance(3)	463	4,626
Share-based payments(4)	(2,266)	(2,248)
Other, net(5)	(6,095)	(8,002)
Income tax expense	**€(138,515)**	**€(99,301)**
Effective tax rate	***32.3%***	***31.0%***

(1) R&D tax credit and other tax credits derived mainly from tax research credits in France in 2011 and in 2010.
(2) Income received by the Company in connection with certain intercompany financing arrangements is taxed at a reduced rate.
(3) In 2010, the Company merged entities in the United States of America and utilized tax losses carried forward that were reserved for as of December 31, 2009.
(4) In certain tax jurisdictions, the Company will not receive tax deductions relating to share-based payments. Therefore, no deferred tax asset is recognized on the related compensation expense.
(5) Following the French Business Tax Reform effective January 1, 2010, the Company determined that the CVAE ("*Cotisation sur la Valeur Ajoutée des Entreprises*"), a component of the CET ("*Contribution Economique Territoriale*"), is a tax expense that is computed by applying the applicable tax rate to income less expenses.

At December 31, 2011, there were net tax operating losses and tax credit carryforwards of €110.0 and €4.5 million respectively, which are scheduled to expire after 2017.

The Company has provided deferred income taxes of €0.8 million on the undistributed profits of its foreign subsidiaries based upon its determination that such profits will be distributed in the foreseeable future.

Note 11. Earnings Per Share

Basic net income per share is determined by dividing net income attributable to the equity holders of the Company by the weighted average number of common shares outstanding during the period. Diluted net income per share is determined by dividing net income attributable to the equity holders of the Company by the combination of the weighted average number of common shares outstanding during the period and the dilutive effect of stock options.

The following table presents the calculation for both basic and diluted net income per share:

	Year ended December 31,	
(in thousands, except shares and per share data)	**2011**	**2010**
Net income attributable to Equity holders of the Company	€289,184	€220,544
Weighted average number of shares outstanding	121,435,518	119,070,703
Dilutive effect of stock options	2,544,088	2,164,509
Diluted weighted average number of shares outstanding	123,979,606	121,235,212
Basic net income per share	**€2.38**	**€1.85**
Diluted net income per share	**€2.33**	**€1.82**

Note 12. Cash and Cash Equivalents and Short-Term Investments

Cash and cash equivalents are maintained on deposit with large financial institutions, for which management monitors the credit-worthiness, principally in France, and are comprised of the following:

	Year ended December 31,	
(in thousands)	**2011**	**2010**
Bank accounts	€80,838	€115,229
Cash equivalents	1,073,437	861,253
Cash and cash equivalents	***€1,154,275***	***€976,482***

At December 31, 2011 and 2010, approximately 54% and 58% of cash and cash equivalents was denominated in U.S. dollars, respectively.

Short-term investments of €268.7 and €162.6 million in 2011 and 2010, respectively, were primarily comprised of mutual funds and bank certificates of deposit held with large financial institutions. At December 31, 2011 and 2010, short-term investments included approximately 13% and 20% of investments denominated in U.S. dollars, respectively.

Note 13. Trade Accounts Receivable, Net and Other Current Assets

Trade accounts receivable and other current assets are receivables measured at amortized cost.

TRADE ACCOUNTS RECEIVABLE

(in thousands)	Year ended December 31, 2011	Year ended December 31, 2010
Trade accounts receivable	€503,827	€421,830
Allowance for trade accounts receivable	(9,486)	(8,383)
Trade accounts receivable, net	***€494,341***	***€413,447***

The maturities of trade accounts receivable, net, were as follows as of December 31, 2011 and 2010:

(in thousands)	Year ended December 31, 2011	Year ended December 31, 2010
Less than 3 months past due	€65,074	€60,972
3 to 6 months past due	10,459	17,384
More than 6 months past due	6,910	5,528
Trade accounts receivable past due	**82,443**	**83,884**
Trade accounts receivable not yet due	411,898	329,563
Total trade accounts receivable, net	***€494,341***	***€413,447***

OTHER CURRENT ASSETS

Other current assets consist of the following:

(in thousands)	Year ended December 31, 2011	Year ended December 31, 2010
Value added tax	€31,460	€37,142
Prepaid expenses	27,187	20,086
Other current assets	15,737	27,045
Total other current assets	***€74,384***	***€84,273***

Note 14. Property and Equipment

Property and equipment consist of the following:

	Year ended December 31, 2011			Year ended December 31, 2010		
(in thousands)	Gross	Accumulated depreciation	Net	Gross	Accumulated depreciation	Net
Computer equipment	€122,186	€(92,164)	€30,022	€98,642	€(73,982)	€24,660
Office furniture and equipment	43,045	(22,210)	20,835	41,117	(27,204)	13,913
Leasehold improvements	67,233	(17,144)	50,089	48,250	(20,428)	27,822
Buildings	5,978	(323)	5,655	–	–	–
Total	***€238,442***	***€(131,841)***	***€106,601***	***€188,009***	***€(121,614)***	***€66,395***

The change in the carrying amount of property and equipment as of December 31, 2011 is as follows:

(in thousands)	Computer equipment	Office furniture and equipment	Leasehold improvements	Buildings	Total
Net property and equipment as of January 1, 2011	**€24,660**	**€13,913**	**€27,822**	**€ –**	**€66,395**
Additions	18,646	9,066	26,347	3,264	57,323
Acquisitions through business combinations	868	2,582	–	2,747	6,197
Disposals	(66)	(115)	(210)	–	(391)
Depreciation for the period	(14,488)	(4,858)	(5,617)	(92)	(25,055)
Exchange differences	402	247	1,747	(264)	2,132
Net property and equipment as of December 31, 2011	***€30,022***	***€20,835***	***€50,089***	***€5,655***	***€106,601***

The change in the carrying amount of property and equipment as of December 31, 2010 is as follows:

(in thousands)	Computer equipment	Office furniture and equipment	Leasehold improvements	Total
Net property and equipment as of January 1, 2010	**€19,176**	**€16,249**	**€24,134**	**€59,559**
Additions	17,508	3,429	8,194	29,131
Other changes	909	(1,513)	(90)	(694)
Depreciation for the period	(13,710)	(4,958)	(5,492)	(24,160)
Exchange differences	777	706	1,076	2,559
Net property and equipment as of December 31, 2010	***€24,660***	***€13,913***	***€27,822***	***€66,395***

Note 15. Investments and Other Non-Current Assets

Investments and other non-current assets consist of the following:

	Year ended December 31,	
(in thousands)	**2011**	**2010**
Investments	€4,130	€13,786
Loans receivable, deposits and other non-current assets	24,489	12,375
Investments and other non-current assets	***€28,619***	***€26,161***

Investments include investments in associates and available-for-sale equity securities.

Note 16. Business Combinations

INTERCIM

On March 17, 2011, the Company completed its acquisition of 82% of the outstanding common shares of Intercim LLC for cash consideration of approximately €24.7 million (including €2.5 million to be paid later). As a result of this transaction, the Company increased its percentage of interest from 18% to 100%. Intercim LLC, a U.S.-based company, provides manufacturing and production operations management software solutions for advanced and highly regulated industries.

As a result of this transaction, a gain of €3.3 million on the previously held interest was recorded in other financial income and expense, net. The allocation of the purchase price resulted in €5.7 million of goodwill, which has been assigned to the PLM segment.

In addition, intangible assets subject to amortization and included in the fair value of the net assets acquired are as follows:

(in thousands)	**Fair value**
Technology	€21,139
Customer relationships	1,786
Total amortizable intangible assets acquired	***€22,925***

Pro forma results of operations reflecting this acquisition are not presented because the results of operations of the acquired company are immaterial to the Company's results of operations.

ENGINUITY

On March 21, 2011, the Company acquired 100% of Enginuity PLM LLC for cash consideration of approximately €7.1 million. Enginuity PLM LLC provides lifecycle management of formula-based products. This transaction resulted in €3.5 million of goodwill, which has been assigned to the PLM segment.

3D PLM SOFTWARE SOLUTIONS LIMITED ("3D PLM")

Effective July 1, 2011, the Company obtained the regulatory approvals required for the merger of the activities of its Indian subsidiary Delmia Solutions Private Limited into 3D PLM, an important contributor to the Company's global research and development platform since 2002. As a result the Company increased its share in 3D PLM from 30% to 42% and fully consolidates identifiable assets and liabilities of 3D PLM.

As a consequence of this transaction, a gain of €1.7 million on the previously held interest was recorded in other financial income and expense, net. The allocation of the purchase price resulted in €5.5 million of goodwill, which has been assigned to the PLM segment.

ELSYS, SIMULAYT AND RIWEBB

In 2011 the Company completed the acquisitions of Elsys, Simulayt and RiWebb for cash consideration of approximately €10.4 million resulting in €3.5 million of goodwill, which has been assigned to the PLM and the SolidWorks segments for €1.8 and €1.7 million, respectively.

IBM PLM

On March 31, 2010, the Company acquired the IBM business unit dedicated exclusively to the marketing, sale and support of the Company's PLM software ("IBM PLM") for a purchase price of €361.1 million. This transaction enabled the Company to complete the transformation of its PLM go-to-market model and to integrate and strengthen its global sales force.

The allocation of the purchase price resulted in €100.9 million of goodwill, which has been assigned to the PLM segment. The primary items that generated goodwill include, but are not limited to, the value of the synergies between IBM PLM and the Company's activities and the acquired assembled workforce, neither of which qualifies as an amortizable intangible asset. None of the goodwill recognized is expected to be deductible for income tax purposes.

The purchase price was determined as follows:

(in thousands)

Cash	€325,600
Receivable from IBM	(23,100)
Prepayment of royalties	58,600
Total purchase price	***€361,100***

The purchase price of the acquisition has been allocated to identifiable acquired assets and liabilities on the basis of estimated fair values, as follows:

(in thousands)

Customer relationships	€304,176
Deferred tax assets	20,105
Other assets	2,225
Unearned revenue(1)	(36,280)
Liabilities	(29,991)
Goodwill	100,865
Total purchase price	***€361,100***

(1) The carrying value of IBM PLM unearned revenue was reduced to reflect the fair value of customer support obligations assumed. As a result, approximately €18 million of revenues that would have otherwise been recorded by IBM PLM had this organization not been acquired by the Company will not be recognized in the Company's consolidated results of operations.

EXALEAD

In June 2010, the Company completed its acquisition of 100% of the outstanding share capital of Exalead for cash consideration of €127.0 million and committed to acquire Exalead shares to be issued to Exalead employees under Exalead's employee benefit plans and arrangements for minimum cash consideration of €5.0 million (including €3.3 million paid into an escrow account). Exalead is a French global software provider dedicated to search engines. Its information access software programs are dedicated to application for both the enterprise and the Web. The allocation of the purchase price resulted in €53.8 million of goodwill, which has been assigned to the PLM segment. In addition, intangible assets subject to amortization and included in fair value of the net assets acquired are as follows:

(in thousands)	**Fair value**
Technology	€109,200
Non-compete agreements	2,400
Total amortizable intangible assets acquired	***€111,600***

GEENSOFT

In June 2010, the Company acquired Geensoft, a French company which provides embedded systems development tools, for cash consideration of approximately €6.1 million. As a result of this transaction, an amount of €1.7 million was recorded in goodwill which has been assigned to the PLM segment.

RAND NORTH AMERICA'S NON-CONTROLLING INTEREST

In April 2010, the Company increased its ownership in Rand North America from 70% to 100%, for cash consideration of approximately €1.2 million. This transaction was accounted for as an equity transaction. As a result, an amount of €1.2 million was recorded as a reduction to equity.

Note 17. Intangible assets

Intangible assets consist of the following:

	Year ended December 31, 2011			Year ended December 31, 2010		
(in thousands)	Gross	Accumulated amortization	Net	Gross	Accumulated amortization	Net
Software	€440,414	€(244,190)	€196,224	€390,776	€(209,559)	€181,217
Customer relationships	574,294	(181,750)	392,544	551,330	(123,432)	427,898
Other intangible assets	20,969	(15,871)	5,098	20,642	(13,060)	7,582
Total intangible assets	***€1,035,677***	***€(441,811)***	***€593,866***	***€962,748***	***€(346,051)***	***€616,697***

The change in the carrying amount of intangible assets as of December 31, 2011 is as follows:

(in thousands)	Software	Customer relationships	Other intangible assets	Total intangible assets
Net intangible assets as of January 1, 2011	**€181,217**	**€427,898**	**€7,582**	**€616,697**
Additions from business combinations	31,632	3,520	–	35,152
Other additions	13,884	–	151	14,035
Amortization for the period	(33,025)	(51,566)	(2,665)	(87,256)
Exchange differences	2,516	12,692	30	15,238
Net intangible assets as of December 31, 2011	***€196,224***	***€392,544***	***€5,098***	***€593,866***

The change in the carrying amount of intangible assets as of December 31, 2010 is as follows:

(in thousands)	Software	Customer relationships	Other intangible assets	Total intangible assets
Net intangible assets as of January 1, 2010	**€81,528**	**€141,361**	**€6,503**	**€229,392**
IBM PLM acquisition	–	304,176	1,335	305,511
Exalead acquisition	109,200	–	2,400	111,600
Geensoft acquisition	6,217	–	–	6,217
Other additions	8,014	–	145	8,159
Amortization for the period	(28,312)	(44,349)	(3,189)	(75,850)
Exchange differences	4,570	26,710	388	31,668
Net intangible assets as of December 31, 2010	***€181,217***	***€427,898***	***€7,582***	***€616,697***

Total intangible amortization expense was €87.3 and €75.8 million for the years ended December 31, 2011, and 2010, respectively. The future amortization expense relating to all intangible assets that are currently recorded on the consolidated balance sheet at December 31, 2011 is estimated to be the following:

(in thousands)	Estimated intangible assets' amortization expense
2012	€(90,189)
2013	(86,751)
2014	(84,263)
2015	(81,260)
2016 and thereafter	(251,403)

Note 18. Goodwill

The change in the carrying amount of goodwill as of December 31, 2011 and 2010 is as follows:

(in thousands)	2011	2010
Goodwill as of January 1,	**€616,619**	**€431,388**
Additions from business combinations	19,048	155,563
Exchange differences	12,323	29,668
Goodwill as of December 31,	***€647,990***	***€616,619***

The Company performed an annual impairment test in the fourth quarter of 2011 and 2010; no impairment of goodwill was identified as a result of these tests.

For the purpose of the impairment test, the Company identified 8 cash-generating units ("CGUs") or groups of CGUs as of December 31, 2011, generally corresponding to the Company's main software products. Each CGU represents the lowest level within the Company at which goodwill is monitored for internal management purposes. Goodwill tested for impairment purposes was allocated to each CGU, or groups of CGUs that were expected to benefit from the synergies of the combination. The CGUs are allocated to the Company's two operating segments, the PLM segment and the SolidWorks segment.

Goodwill allocated to each CGU or groups of CGUs is as follows:

	2010	Business Combinations	Exchange differences	2011
PLM	***€590,491***	***€17,363***	***€11,414***	***€619,268***
CATIA	189,774	1,765	3,987	195,526
SIMULIA	167,778	–	5,485	173,263
ENOVIA	127,921	9,036	2,965	139,922
DELMIA	25,000	5,699	(1,056)	29,643
3DVIA	20,917	–	–	20,917
Search-Based Applications	52,951	863	–	53,814
Services	6,150	–	33	6,183
SolidWorks	***26,128***	***1,685***	***909***	***28,722***
Total Goodwill	**€616,619**	**€19,048**	**€12,323**	**€647,990**

The recoverable amount of each CGU or groups of CGUs has been determined based on a value in use calculation. This calculation uses cash flow projections based on financial budgets covering a five- to ten-year period. The ten-year period projections are used for activities that have longer development cycles. Key assumptions used to determine the value in use of assets are derived from management objectives for revenue growth and operating margin of each CGU or groups of CGUs. The discount rates before taxes are between 12.1% and 14.6%. Cash flows beyond that five- to ten-year period have been extrapolated using a steady growth rate comprised between 2% and 3%, reflecting long-term growth rates in the software industry.

At December 31, 2011, based on management estimates, the Company concluded that the value in use of each CGU or groups of CGUs significantly exceeded its carrying value. Management believes that any reasonable possible change in key assumptions listed above on which recoverable amount is based would not cause each CGU or groups of CGUs' carrying amount to exceed significantly its recoverable amount.

Note 19. Other Liabilities

Other liabilities are comprised of the following:

	Year ended December 31,	
(in thousands)	**2011**	**2010**
Value added tax and other taxes	€61,884	€58,523
Derivatives, current[1]	19,865	4,448
Provisions, current[2]	9,490	516
Other current liabilities	22,687	12,074
Total other current liabilities	**€113,926**	**€75,561**
Provisions, non-current[2]	€50,992	€44,646
Post-employment benefits[3]	37,902	34,378
Employee profit sharing, non-current	33,055	29,225
Derivatives, non-current[1]	4,920	12,436
Other non-current liabilities	36,386	33,592
Total other non-current liabilities	**€163,255**	**€154,277**

(1) See Note 20. Derivatives
(2) See reconciliation of provisions below
(3) See Note 22. Post-Employment Benefits

The change in the carrying value of provisions as of December 31, 2011 is as follows:

(in thousands)	Restructuring	Tax risks	Claims and litigation	Total Provisions
Provisions as of January 1, 2011	**€5,278**	**€37,385**	**€2,499**	**€45,162**
Additions	8,200	9,500	4,758	22,458
Utilization	(3,832)	(2,413)	(245)	(6,490)
Reversal of unused amounts	(1,165)	(193)	(813)	(2,171)
Exchange differences	972	545	6	1,523
Provisions as of December 31, 2011	***€9,453***	***€44,824***	***€6,205***	***€60,482***

Note 20. Derivatives

FAIR VALUES

The fair market values of derivative instruments were determined by financial institutions using option pricing models.

All financial instruments that relate to the foreign currency hedging strategy of the Company usually have maturity dates of less than 24 months when the maturity of interest rate swap instruments is less than four years. Management believes counter-party risk on financial instruments is minimal since the Company deals with major banks and financial institutions.

The Company's policy with respect to market risks is described in Chapter 4, "Risk Factors".

FOREIGN CURRENCY RISK

The Company transacts in various foreign currencies, primarily U.S. dollars and Japanese yen. To manage currency exposure, the Company generally uses foreign exchange forward contracts, currency options and collars. Except as indicated in the table below, the derivative instruments held by the Company are designated as accounting hedges, have high correlation with the underlying exposure and are highly effective in offsetting underlying price movements.

The effectiveness of forward contracts and currency options is measured using forward rates and the forward value of the underlying hedged transaction. During 2011, the portion of gains or losses from hedging instruments excluded from the assessment of effectiveness and the ineffective portions of hedges amounted to €1.4 million (2010: €(2.0) million) and was recorded in Other financial income and expense, net in the statement of income.

At December 31, 2011 and 2010, the fair value of instruments used to manage the currency exposure was as follows:

	Year ended December 31,			
	2011		2010	
(in thousands)	Nominal amount	Fair value	Nominal amount	Fair value
Forward exchange contract Japanese yen/euros – sale[1]	€212,141	€(18,105)	€79,681	€(5,851)
Forward exchange contract Japanese yen/ U.S. dollars – sale[1]	16,099	(909)	30,124	(1,087)
Collars Japanese yen/euros[1]	14,909	(1,293)	78,650	(3,264)
Forward exchange contract U.S. dollars/Indian rupees – sale[1]	3,626	(439)	–	–
Forward exchange contract British pounds/euros – sale[1]	–	–	2,323	(102)
Forward exchange contract Japanese yen/euros – sale[2]	9,385	165	–	–
Forward exchange contract British pounds/euros – sale[2]	5,673	18	22,969	467
Forward exchange contract Japanese yen/ Chinese yuan – sale[2]	248	9	–	–
Forward exchange contract Japanese yen/ U.S. dollars – sale[2]	15	5	–	–
Forward exchange contract Japanese yen/euros – purchase[2]	–	–	1,987	11
Forward exchange contract British pounds/euros – purchase[2]	–	–	554	(6)

(1) Instruments entered into by the Company to hedge the foreign currency exchange risk of forecasted sales.

(2) Derivatives not designated as hedging instruments. Changes in the derivatives' fair value were recorded in Other financial income and expense, net in the statement of income.

INTEREST RATE RISK

In December 2005, the Company entered into a €200 million multicurrency revolving loan facility which bears interest at variable rates and which was extended for two additional years (see Note 21. Borrowings). The Company entered into interest rate swap agreements for a nominal amount of €200 million that have the economic effect of modifying a portion of forecasted interest obligations relating to this facility so that the interest payable effectively becomes fixed at 3.36% until September 15, 2010. In June 2009 and in July 2009, the Company entered into additional interest rate swap agreements for a nominal amount of €100 and €100 million, respectively that will fix the underlying interest payable at 3.18% and 2.98% starting September 15, 2010 and continuing through December 3, 2012. In April 2010, the Company entered into interest rate basis swap agreements for a nominal amount of €200 million converting variable rates at Euribor 3 months into Euribor 1 month.

No cash flow hedges were discontinued for the year ended December 31, 2011. Cash flow hedges related to the period from June 15, 2010 to September 15, 2010 were discontinued. Losses were recorded in Other financial income and expense, net in the statement of income for an amount of €1.3 million.

In June 2010, the Company entered into interest rate swap agreements for a total amount of JPY14,500 million that have the economic effect of modifying forecasted interest obligations relating to the term loan facility in Japan (see Note 21. Borrowings) so that the interest payable effectively becomes fixed at 0.41% until June 9, 2015.

At December 31, 2011 and 2010, the fair value of instruments used to manage the interest rate risk was as follows:

	Year ended December 31,			
	2011		2010	
(in thousands)	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps in euros	€200,000	€(3,405)	€200,000	€(6,152)
Interest rate basis swaps in euros	200,000	(188)	200,000	54
Interest rate swaps in Japanese yen	101,297	(446)	120,110	(476)

Note 21. Borrowings

In December 2005, the Company entered into a €200 million multicurrency revolving loan facility (the "Loan Facility"). This agreement provides for revolving credit for a period of five years, which could be extended twice by one additional year at the Company's option. Borrowings under the Loan Facility bear interest at Euribor plus 0.18% per annum.

In March 2006, the Company drew down €200 million under the Loan Facility. In 2006 and in 2007, the Company exercised its options to extend the revolving loan facility for the two additional years, with repayment due in December of 2012.

In April 2010, the Company used its option under the Loan Facility agreement to pay interest at Euribor 1 month instead of Euribor 3 months.

In April 2010, the Company entered into a term loan facility in Japan for JPY14,500 million (the equivalent of €115.0 million as of the draw date) in order to finance a portion of the IBM PLM acquisition. The facility bears interest at Japanese Yen Libor plus 0.60% per annum, and is scheduled to be repaid by the Company in ten equal semi-annual installments, with the last payment being due in June of 2015.

The table below provides a breakdown of total borrowings by contractual maturity date as of December 31, 2011:

		Payments due by period			
(in thousands)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Revolving loan facility in euro	€200,000	€200,000	€–	€–	€–
Term loan facility in Japanese yen	101,297	28,942	57,884	14,471	–
Total	**€301,297**	**€228,942**	**€57,884**	**€14,471**	**€ –**

Note 22. Post-employment Benefits

Contributions made to defined contribution plans were €10.6 million and €9.1 million in 2011 and 2010 respectively.

The Company provides defined benefit retirement indemnities to the employees of its French operations, and sponsors defined benefit pension plans for certain employees in the United States of America. The Company also has certain defined benefit plans in other countries, mainly in Germany and in Japan.

In France, defined employee benefits include certain gratifications paid upon anniversary of employment and retirement indemnities that are based upon an individual's years of credited service and annualized salary at retirement. Retirement indemnity benefits vest and are settled as a lump sum paid to the employee upon the employee's retirement.

In the United States, pension benefits are based upon years of credited service and the employee's average final earnings. Retirement benefits are funded by the Company's contributions to segregated pension plan assets, in an amount that is sufficient to meet or exceed the minimum annual funding requirements of the Employee Retirement Income Security Act. In 2011, the Company decided to freeze the American defined-benefit pension plan.

The projected benefit obligation was determined using the prospective method, based on the following assumptions:

ASSUMPTIONS

Assumptions used to determine the benefit obligation:

	Year ended December 31, 2011			Year ended December 31, 2010		
	Europe	U.S.	Asia	Europe	U.S.	Asia
Discount rate	5.25%	4.60%	1.40%	5.25%	5.50%	1.60%
Expected return on plan assets	4.00% – 5.25%	8.00%	–	4.00% – 5.25%	8.00%	–
Rate of compensation increase	2.50% – 3.00%	3.00%	2.50%	2.00% – 3.00%	3.00%	2.50%

Assumptions used to determine the net periodic benefit cost:

	Year ended December 31, 2011			Year ended December 31, 2010		
	Europe	U.S.	Asia	Europe	U.S.	Asia
Discount rate	5.25%	5.50%	1.60%	5.50%	6.00%	2.00%
Expected return on plan assets	4.00% – 5.25%	8.00%	–	5.00%	8.00%	–
Rate of compensation increase	2.00% – 3.00%	3.00%	2.50%	3.00%	3.00%	2.50%

To develop the expected long-term rate of return on pension plan assets assumption, the Company considers the current and expected asset allocations, as well as historical and expected returns on each category of plan assets.

COMPONENTS OF NET PERIODIC COSTS

The components of net periodic benefit cost were as follows:

	Year ended December 31,	
(in thousands)	2011	2010
Current service cost	€(5,774)	€(4,736)
Interest cost	(4,604)	(3,839)
Expected return on plan assets	2,981	2,711
Curtailments and settlements	2,077	–
Net amortization and deferral	(269)	(241)
Net periodic benefit cost	***€(5,589)***	***€(6,105)***

OBLIGATIONS AND FUNDED STATUS

Changes in benefit obligations and plan assets as of December 31, 2011 and 2010 are as follows:

	Year ended December 31,	
(in thousands)	**2011**	**2010**
Benefit obligations at beginning of year	€93,449	€53,909
Current service cost	5,774	4,736
Interest cost	4,604	3,839
Net actuarial loss	7,304	5,705
Curtailments and settlements	(4,147)	–
Benefits paid	(2,794)	(1,457)
Business combinations[1]	–	21,242
Plan amendment	–	2,440
Employee contributions	–	105
Exchange rate differences	2,032	2,930
Benefit obligations at end of year	**€106,222**	**€93,449**
Fair value of plan assets at beginning of year	50,371	28,127
Employer contribution	2,073	670
Actual return on plan assets	1,101	2,922
Benefits paid	(659)	(1,235)
Business combinations[1]	–	18,467
Employee contributions	–	105
Exchange rate differences	986	1,315
Fair value of plan assets at end of year	**€53,872**	**€50,371**
Funded status	(52,350)	(43,078)
Unrecognized actuarial losses	13,755	6,114
Unrecognized past service cost	2,607	2,586
Accrued benefit cost[2]	***€(35,988)***	***€(34,378)***

(1) In 2010 primarily comprised of German pension plans transferred to the Company as part of the IBM PLM acquisition. A separate trust arrangement has been created for the purpose of financing these retirement benefits.

(2) Composed in 2011 of an accrued benefit cost in the amount of €(37.9) million and a prepaid benefit cost of €1.9 million.

The benefit obligation by geographical location is as follows:

	Year ended December 31,	
	2011	**2010**
Europe	57%	59%
United States of America	34%	32%
Asia Pacific	9%	9%
Total benefit obligations	***100%***	***100%***

The fair value of plan assets by geographical location is as follows:

	Year ended December 31,	
	2011	**2010**
Europe	59%	61%
United States of America	41%	39%
Total fair value of plan assets	***100%***	***100%***

PLAN ASSETS

The weighted average asset allocations are as follows:

	Year ended December 31,	
	2011	2010
Debt instruments	70%	71%
Equity instruments	30%	29%
Total	***100%***	***100%***

CASH FLOWS

The Company does not expect to make any additional contributions to its pension plans in 2012.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

(in thousands)	Total
2012	€(2,293)
2013	(2,048)
2014	(2,919)
2015	(2,972)
2016	(3,522)
2017-2021	(29,924)

Note 23. Shareholders' Equity

SHAREHOLDERS' EQUITY ACTIVITY

As of December 31, 2011, Dassault Systèmes SA had 123,092,729 common shares issued with a nominal value of €1 per share.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and for the purpose of increasing the profitability of shareholders' equity and earnings per share. The Company manages its capital structure and adjusts it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2011 and 2010.

Shareholders' equity includes foreign currency translation adjustment of €(56.7) and €(96.0) million as of December 31, 2011 and 2010, respectively.

DIVIDEND RIGHTS

Dassault Systèmes SA is required to maintain a legal reserve equal to 10% of the aggregate nominal value of its issued share capital. The legal reserve balance was €12.1 and €11.9 million as of December 31, 2011 and 2010, respectively, and represents a component of retained earnings in the balance sheet. The legal reserve is distributable only upon the liquidation of the Company.

Profit of the year, consisting of net income of the year increased by retained earnings from prior years and after deduction for legal reserve when required, is available for distribution to shareholders of the Company as dividends. Allocation of this profit is subject to approval by the General Meeting of shareholders following recommendations by the Board of Directors.

A dividend on ordinary shares relating to the periods ended December 31, 2010 and December 31, 2009 was paid in the immediately subsequent year, amounting to €65.6 and €54.2 million, respectively.

Dividends per share were €0.54 and €0.46 as of December 31, 2010 and December 31, 2009, respectively.

A dividend of €0.2 and €0.3 million was paid to non-controlling interest in 2011 and 2010 respectively.

STOCK REPURCHASE PROGRAMS

The general meeting of shareholders authorized the Board to implement a share repurchase program limited to 10% of the Company's share capital. Under this authorization, the Company may not buy shares at a price exceeding €85 per share or above a maximum aggregate amount of €500 million. Under the Company's share repurchase program, the Company repurchased 4,079,920 shares in 2011 for an aggregate amount of €226.7 million out of which 3,429,920 were canceled and repurchased 150,000 shares in 2010 for an aggregate amount of €7.2 million.

COMPONENTS OF OTHER COMPREHENSIVE INCOME

	Year ended December 31,	
(in thousands)	**2011**	**2010**
Cash flow hedges:		
(Losses) arising during the year	€(13,363)	€(43,007)
Less: reclassification adjustments for losses included in the income statement	(5,629)	(9,230)
	€(7,734)	**€(33,777)**
Available-for-sale financial assets:		
Gains (losses) arising during the year	€35	€(11)
Less: reclassification adjustments for gains (losses) included in the income statement	–	–
	€35	**€(11)**

Note 24. Consolidated Statements of Cash Flows

Adjustments for non-cash items consist of the following:

		Year ended December 31,	
(in thousands)	**Notes**	**2011**	**2010**
Depreciation of property and equipment	14	€25,055	€24,160
Amortization of intangible assets	17	87,256	75,850
Non-cash share-based payment expense	6	17,290	19,092
Other		32,254	13,202
Adjustments for non-cash items		**€161,855**	**€132,304**

Changes in operating assets and liabilities consist of the following:

(in thousands)	Year ended December 31, 2011	2010
(Increase) in trade accounts receivable	€(71,372)	€(64,532)
Decrease (Increase) in other current assets	6,085	(1,358)
Increase in accounts payable and accrued compensation	3,836	61,331
(Decrease) Increase in income tax payable	(28,470)	13,878
Increase in unearned revenue	85,555	17,247
Increase in other liabilities	2,873	28,791
Changes in operating assets and liabilities	**€(1,493)**	**€55,357**

Note 25. Commitments and Contingencies

LEASES

The Company leases computer equipment, premises and office equipment under operating leases. Rent expense under operating leases was €48.4 million and €45.5 million, for the years ended December 31, 2011, and 2010, respectively.

At December 31, 2011, future minimum annual rental commitments under non-cancelable lease obligations were as follows:

(in thousands)	Operating leases
2012	€51,263
2013	44,905
2014	41,531
2015	39,774
2016	39,005
2017 and thereafter	168,838
Total future minimum lease payments	***€385,316***

Headquarters facilities in Vélizy

In 2006, the Company entered into a build-to-suit lease agreement for its new headquarters facilities located in Vélizy, outside Paris, France. Under this agreement, the Company committed to lease approximately 60,000 square meters of office space for a non-cancelable initial term of 12 years, with options to renew for additional periods. Future minimum rental payments over the initial term, which began on June 30, 2008, amount to approximately €165.1 million in the aggregate and have been included in the table presented above.

DS Boston Campus

In 2010, the Company entered into a long term lease for office, technology lab and data center space in Waltham, outside Boston, United States, forming the Boston Campus and regrouping the primary operating facilities of the Company's main American activities. Under this agreement, the Company committed to lease approximately 20,000 square meters of office space for a non-cancelable initial term of 12 years, with options to renew for additional periods. The total rented space will progressively increase, reaching 30,000 square meters after six years. Future minimum rental payments over the initial term, which began on June 1, 2011, amount to approximately €100.7 million in the aggregate and have been included in the table presented above.

LITIGATION AND OTHER PROCEEDINGS

The Company is involved in litigation and other proceedings, such as civil, commercial and tax proceedings, incidental to normal operations. It is not possible to determine the ultimate liability, if any, in these matters. In the opinion of management, after consultation with legal counsel, the resolution of such litigation and proceedings will not have a material effect on the consolidated financial statements of the Company.

Note 26. Related-party Transactions

COMPENSATION OF KEY MANAGEMENT PERSONNEL

The table below summarizes compensation granted to key management personnel composed of 12 executive officers as of December 31, 2011 and 2010:

	Year ended December 31,	
(in thousands)	**2011**	**2010**
Short-term benefits[1]	€8,349	€7,122
Share-based compensation[2]	10,455	11,285
Compensation of key management personnel	***€18,804***	***€18,407***

(1) Including gross salaries, bonus, incentives, profit-sharing, directors' fees and fringe benefits.

(2) Expense recorded in the income statement for share-based payments (stock options and free performance shares).

The Group Chief Executive Officer is entitled to an indemnity payment upon the termination of his functions as President and Chief Executive Officer. The amount of the indemnity due will be equivalent to a maximum of two years of compensation as Chief Executive Officer and will depend on satisfying the performance conditions established for calculating his variable compensation.

OTHER TRANSACTIONS WITH RELATED PARTIES

The Company licenses its products for internal use to Dassault Aviation, a sister company of the Company whose Chief Executive Officer is the Chairman of the Company. Dassault Aviation licenses the Company's products on commercial terms consistent with those granted to the Company's other customers of similar size. Software revenue amounted to €12.9 and €7.3 million for the years ended December 31, 2011 and 2010, respectively.

The Company also provides service and support to Dassault Aviation. Such activity generated service revenues of €15.2 and €12.8 million in the years ended December 31, 2011 and 2010, respectively.

The balances of trade accounts receivable with Dassault Aviation were €8.6 million, and €6.9 million at December 31, 2011 and 2010, respectively.

Most of the Company's development organizations subcontract software development work to 3D PLM Software Solutions Limited ("3D PLM"), a company located in India. On July 1, 2011, the Company increased its share in 3D PLM from 30% to 42% (see Note 16. Business Combinations). Prior to this transaction, 3D PLM was a related party to the Company. 3D PLM is now fully consolidated in the Company's financial statements. Services purchased from 3D PLM for the period from January 1 through June 30, 2011 amounted to €13.6 million. For the 12 month period ended December 31, 2010, services purchased from 3D PLM amounted to €24.7 million.

Note 27. Principal Dassault Systemes Companies

The principal Dassault Systèmes SA subsidiaries included in the scope of consolidation as at December 31, 2011 are as follows:

Country	Consolidated companies	% of Interest
France	Dassault Data Services SAS	95%
France	Dassault Systèmes Provence SAS	100%
France	Exalead SA	100%
Germany	Dassault Systèmes Deutschland GmbH	100%
Germany	TransCAT PLM GmbH	100%
Italy	Dassault Systèmes Italia Srl	100%
Netherlands	Dassault Systèmes B.V.	100%
Sweden	Dassault Systèmes AB	100%
United Kingdom	Dassault Systèmes United Kingdom Ltd.	100%
Canada	Dassault Systèmes Canada Inc.	100%
United States	Dassault Systèmes Americas Corp.	100%
United States	Dassault Systèmes Corp.	100%
United States	Dassault Systèmes Delmia Corp.	100%
United States	Dassault Systèmes Enovia Corp.	100%
United States	Dassault Systèmes Simulia Corp.	100%
United States	Dassault Systèmes Services, LLC	100%
United States	Dassault Systèmes SolidWorks Corp.	100%
United States	Spatial Corp.	100%
United States	Inceptra LLC	100%
India	3D PLM Software Solutions Ltd	42%
India	Dassault Systèmes India Private Ltd.	100%
Korea	Dassault Systèmes Korea Corp.	100%
Japan	Dassault Systèmes K.K.	100%
Japan	SolidWorks Japan K.K.	100%

Note 28. Events After the Reporting Period

In February 2012, the Company acquired 100% of Netvibes Ltd, an internet platform that delivers dashboard intelligence technologies, for cash consideration of approximately €20.0 million.

20.2 Pro forma Financial Information

Not applicable.

20.3 Parent Company Financial Statements

The financial statements presented in paragraph 20.3 "Parent Company Financial Statements" are the individual parent company financial statements of Dassault Systèmes SA.

Presentation of the parent company financial statements and valuation methods used

The parent company financial statements for the year ended December 31, 2011 have been prepared in accordance with the French General Chart of Accounts (*Plan Comptable Général*), the French Commercial Code and French regulatory requirements. They are presented in the same manner and prepared using the same valuation methods as the preceding year.

Results of operations of the parent company

In 2011, operating revenue increased 15.6% to €861.1 million from €744.9 million in 2010. Software revenue amounted to €716.3 million in 2011, compared to €617.3 million in 2010, an increase of 16.0%, primarily due to good performance by all of the Company's brands, particularly CATIA, and to the full year impact of the integration of the IBM PLM activities (April 1, 2010).

The portion of revenue earned from export sales increased to €679.7 million, or 80.0% of net sales.

Operating expenses increased 14.4% to €655.6 million in 2011 from €573.1 million in 2010. The main drivers of this increase are:

- Other purchases and external expenses (+ 10.4%), driven by an increase in:
    - marketing and communication expenses to develop sales;
    - distribution costs borne by CATIA and ENOVIA on a full-year basis following the acquisition of IBM PLM on April 1, 2010;
    - IT and R&D sub-contracting expenses;
- personnel expense (+ 8.0%), primarily due to an increase in headcount following the integration of employees from Geensoft SAS and Dassault Systèmes Simulia France SAS on July 1, and October 1, 2011, respectively, as well as an increase in other personnel;
- depreciation and amortization expense and reserves for risk (+ 53.1%) due to an increase in reserves on accounts receivable related to receivables in certain European countries and to accruals for loss on certain service projects;
- other expenses, and specifically intercompany licensing fees (+ 26.1% to €140.0 million in 2011) due to the good level of performance demonstrated by all products distributed by Dassault Systèmes SA and the centralization of certain royalties that are rebilled to other Group companies.

Operating income increased 19.5% to €205.5 million.

Financial revenue for 2011 amounted to €143.4 million, compared to €107.0 million for the preceding year, an increase of 34.0%. This change was principally caused by the net reversal of provisions for a decline in value of long term investments amounting to €28.2 million compared to an increase in provisions of €43.6 million in 2010, partially offset by a decrease in dividends received (€111.8 million in 2011 compared to €142.0 in 2010).

Net income amounted to €264.8 million in 2011, compared to €219.1 million in 2010.

At December 31, 2011, cash and short-term investments amounted to €1,224.0 million, compared to €604.9 million at December 31, 2010 primarily due to the inclusion of additional Group companies, notably American subsidiaries, to the centralized cash management arrangement, and to cash from operations.

20.3.1 Parent Company Financial Statements

Balance Sheet

		Year ended December 31,			
				2011	2010
(in thousands)	Notes	Gross	Amortization or provision for depreciation	Net	Net
ASSETS					
FIXED ASSETS	3, 4	**€2,053,767**	**€(212,189)**	**€1,841,578**	**€1,825,853**
Intangible assets		**191,851**	**(47,924)**	**143,927**	**118,841**
Goodwill		111,871	–	111,871	97,881
Concessions, patents, licenses, trademarks		63,383	(47,924)	20,459	19,949
Assets in progress, advances and on-account payments		11,597	–	11,597	1,011
Property, plant & equipment		**92,004**	**(54,779)**	**37,225**	**33,254**
Machinery & equipment		50,831	(38,473)	12,358	24,616
Other property, plant & equipment		39,963	(16,306)	23,657	6,823
Property, plant & equipment in progress		1,210	–	1,210	1,815
Financial assets		**1,769,912**	**(109,486)**	**1,660,426**	**1,673,758**
Investments in subsidiaries		1,661,327	(109,437)	1,551,890	1,471,136
Loans and advances to subsidiaries		107,530	(49)	107,481	200,683
Loans		685	–	685	976
Deposits and guarantees		370	–	370	963
CURRENT ASSETS		**€1,539,171**	**€(11,823)**	**€1,527,348**	**€897,104**
Inventories		**–**	**–**	**–**	**227**
Advances and on-account payments		**61**	**–**	**61**	**16**
Receivables		**278,579**	**(11,823)**	**266,756**	**284,781**
Trade receivables	5	194,863	(11,823)	183,040	226,268
Other operating receivables	6	83,716	–	83,716	58,513
Marketable securities	7.1	**1,212,102**	**–**	**1,212,102**	**600,517**
Treasury shares	7.2	**36,524**	**–**	**36,524**	**7,172**
Cash and cash equivalents		**11,905**	**–**	**11,905**	**4,391**
Prepaid expenses	8	**8,226**	**–**	**8,226**	**6,309**
Unrealized exchange losses		**854**	**–**	**854**	**2,476**
TOTAL ASSETS		**€3,602,018**	**€(224,012)**	**€3,378,006**	**€2,731,742**

(in thousands)	Notes	Years ended December 31, 2011 Before AGM's resolutions	2010 Before AGM's resolutions
LIABILITIES			
SHAREHOLDERS' EQUITY	9	**€2,168,738**	**€1,932,912**
Common stock		123,093	121,333
Share premium		263,875	229,866
Contribution premiums		269,978	269,978
Legal reserve		12,133	11,886
Retained earnings		1,217,238	1,063,985
Earnings for the financial year		264,795	219,127
Regulated provisions		16,836	16,279
Accelerated depreciation		790	458
Provisions for contingencies and losses	10	**30,383**	**25,160**
LIABILITIES		**1,122,460**	**764,654**
Financial liabilities	11	**221,380**	**225,942**
Borrowings		200,710	206,281
Miscellaneous loans and borrowings		20,670	19,661
Payables	13	**901,080**	**538,712**
Trade payables		110,760	132,639
Tax and social security payables		101,282	89,841
Other payables		689,038	316,232
Unearned revenue	14	**53,696**	**6,669**
Unrealized exchange gains		**2,729**	**2,347**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**€3,378,006**	**€2,731,742**

Income Statement

(in thousands)	Notes	Years ended December 31, 2011	2010
Operating revenue (I)		**€861,105**	**€744,933**
Sales of equipment		–	17
Royalties and services		850,023	742,242
Net sales	16	**850,023**	**742,259**
Of which exports		*679,705*	*505,661*
Capitalized production		7,206	213
Reversals of provisions, amortization and transfers of expenses		3,564	2,350
Other revenue		312	111
Operating expenses (II)		**€(655,579)**	**€(573,051)**
Purchases of materials		(227)	–
Other purchases and external expenses		(250,443)	(226,776)
Taxes, duties and similar payments		(14,301)	(12,367)
Salaries and wages		(140,056)	(125,260)
Social security contributions		(70,506)	(69,681)
Depreciation and amortization of fixed assets		(16,661)	(15,731)
Appropriations to provisions for depreciation of current assets		(9,036)	(2,701)
Appropriations to provisions for contingencies and liabilities		(4,396)	(1,236)
Other expenses		(149,953)	(119,299)
OPERATING INCOME (III = I – II)		**€205,526**	**€171,882**
Financial income (IV)		**€205,471**	**€214,124**
Other interest and similar revenue		122,178	145,050
Reversals of provisions and transfers of expenses		61,142	15,881
Exchange gains		14,088	49,404
Net revenue from disposals of investment securities		8,063	3,789
Financial expenses (V)		**€(62,064)**	**€(107,139)**
Appropriations to provisions		(32,960)	(59,513)
Interest and similar expenses		(11,332)	(8,203)
Exchange losses		(17,624)	(39,423)
Net loss from disposals of investment securities		(148)	–
FINANCIAL INCOME (VI = IV – V)	18	**€143,407**	**€106,985**
CURRENT INCOME (III + VI)		**€348,933**	**€278,867**
Extraordinary revenue (VII)		**€36,606**	**€13,328**
From management transactions		12,935	13,317
From capital transactions		23,671	11
Extraordinary expenses (VIII)		**€(46,573)**	**€(18,501)**
On management transactions		(8)	–
On capital transactions		(32,803)	(5,426)
Appropriations to amortization and provisions		(13,762)	(13,075)
EXTRAORDINARY LOSS (IX = VII – VIII)		**€(9,967)**	**€(5,173)**
Obligatory and optional employee profit-sharing (X)		**€(27,358)**	**€(21,560)**
Optional employee profit-sharing		(14,165)	(10,502)
Obligatory employee profit-sharing		(13,193)	(11,058)
Corporate income tax (XI)	19	**€(46,813)**	**€(33,007)**
NET INCOME (III + VI + IX – X – XI)		**€264,795**	**€219,127**

Notes to the Parent Company Financial Statements

Note 1 – Description of Business and Key Events of the Year

Description of business

Dassault Systèmes SA ("the Company") is the parent company of the Dassault Systèmes Group, world leader of Product Lifecycle Management ("PLM") software solutions powered by three-dimensional (3D) representation.

The Company provides software solutions and consulting services which enable its customers to: innovate in the design and quality of products and services; reduce design-cycle time to accelerate time-to-market; collaborate with partners and suppliers in product development; create, manufacture and maintain products more cost effectively; simulate their end-customers' experiences; and capture and leverage information intelligence, whether from internal sources and/or from the internet. The Company also provides consulting services and trainings to its customers.

Significant operations on long term financial investments

On March 21, 2011, the Company acquired Dassault Systèmes Simulia France SAS, a French company, from a Dassault Systèmes Group company, for a total amount of €6.0 million. Dassault Systèmes Simulia France SAS sells solutions focused on realistic simulations to improve product performance and free up innovation. It was merged into Dassault Systèmes SA on October 1, 2011.

On July 29, 2011, the Company acquired Intercim SAS, a French company providing virtual production platform for DELMIA products for a total of €12.1 million.

On April 1, and July 1, 2011, respectively, the French companies Dassault Systèmes SAS, the European platform of DS products indirect sales, and Geensoft SAS, specialized in embedded systems development and marketing, were also merged into Dassault Systèmes SA.

During 2011, the Company contributed to the recapitalization of some of its subsidiaries through incorporation of receivables held on these entities.

Dividend payment

The Combined General Meeting of Shareholders held on May 26, 2011 approved a dividend of €70.5 million, of which €65.6 million was distributed to the shareholders; €0.9 million represents the dividend on treasury shares. The €4.0 million difference represents the gap between potential shares and actual shares as at May 26, 2011.

Performance Shares

The Shareholders' Meeting of May 27, 2010 authorized the Board of Directors, which met on September 29, 2011, to grant options to subscribe to shares of Dassault Systèmes SA to certain employees of Dassault Systèmes SA or its French or foreign subsidiaries. Pursuant to this authorization, the maximum number of options that may be granted by the Board may not provide the right to subscribe for a number of shares exceeding 1.5% of the share capital of Dassault Systèmes SA.

Pursuant to this authorization, during the year ended December 31, 2011, the Board of Directors allocated 150,000 performance shares to the Company's Chief Executive Officer ("CEO") (called "Actions 2010-03"), and 406,400 performance shares to employees and social representatives of the Company (and the Group) (called "Actions 2010-02"), of which 14,000 were granted to the CEO.

Such shares shall vest subject to the following conditions:

- For the Chief Executive Officer, at the end of an acquisition period of 2 years (for the 150,000 "Actions 2010-03"), subject to the condition that the CEO be a director of the Company at the acquisition date, and subject to the fulfillment of performance conditions established by the Board of Directors. In addition, the CEO is required to hold the vested shares until the end of a 2-year lock-up period and may not sell

or transfer them during that period. The CEO will be required to hold at least 15% of the "Actions 2010-03" until he has left his current functions.

- For employees and social representatives, for the French Performance Share Plan "Actions 2010-02", at the end of an acquisition period of 3 years, subject to the condition that they are still part of the Company at the acquisition date, and subject to the fulfillment of performance conditions established by the Board of Directors. In addition, they are required to hold the vested shares until the end of a 2-year lock-up period and may not sell or transfer them during that period.
- For employees and social representatives of the Company, for the Performance Share Plan outside France "Actions 2010-02", at the end of an acquisition period of 4 years, subject to the condition that the they are still part of the Group at the acquisition date, and subject to the fulfillment of performance conditions established by the Board of Directors.

Stock repurchase program

The General Shareholders Meetings of May 27, 2010 and May 26, 2011 authorized the Board of Directors to implement a share repurchase program not to exceed 10% of Dassault Systèmes SA's share capital. In addition, this program specifies that the Company may not purchase shares at a price exceeding €60 and €85 per share and that the aggregate amount may not exceed €500 million.

During 2011, 4,079,920 shares were repurchased for a total amount of €226.7 million.

Shareholder base

On December 31, the share capital of Dassault Systèmes SA was held by:

(In %)	2011	2010
Public	49.9	49.9
Groupe Industriel Marcel Dassault	42.2	42.8
Charles Edelstenne and beneficiaries(1)	6.2	6.3
Bernard Charlès	1.0	0.7
SW Securities LLC	0.2	0.2
Treasury shares	0.5	0.1
Other directors and executive officers	–	–
Total	**100.0**	**100.0**

On December 31, the voting rights in Dassault Systèmes SA were held by:

(In % of exercisable voting rights)	2011	2010
Groupe Industriel Marcel Dassault	51.7	50.8
Public	37.9	38.8
Charles Edelstenne and beneficiaries(1)	9.4	9.7
Bernard Charlès	1.0	0.7
Other directors and executive officers	–	–
Total	**100.0**	**100.0**

(1) At December 31, 2011, Mr. Edelstenne held 1,919,047 shares with all ownership rights and 1,542 shares through two family companies which he manages, representing in the aggregate 1.58% of the outstanding capital and 2.35% of the exercisable voting rights, as well as 5,763,600 shares, representing 7.05% of the outstanding share capital, with "beneficial" rights (*usufruit*). For the beneficial rights with respect to these shares, Mr. Edelstenne can only exercise the right to vote on decisions of the General Shareholders' Meeting concerning the allocation of profit; the holders of the bare property rights (*nue-propriété*) exercise the right to vote for other resolutions in compliance with Article 11 of the by-laws.

Post balance sheet events

The Company was not impacted by any post balance sheet events after December 31, 2011.

Note 2 – Summary of Significant Accounting Policies

The financial year lasts for 12 months from January 1 through December 31.

The annual financial statements for the year ending December 31, 2011, have been prepared and are presented in accordance with CRC Regulation 99-03. General accounting conventions have been applied in keeping with the principle of prudence, the principle of continuity of accounting methods from one year to the next, the independence of financial years, and the assumption that the business is a going concern. Assets and liabilities are recorded initially at historical cost.

Dassault Systèmes SA applies accounting rules on the definition, valuation, amortization and depreciation of assets defined, in particular, in Regulation 2002-10 of December 12, 2002 and 2004-6 of November 23, 2004, by the *Comité de la Réglementation Comptable* (French Accounting Regulation Committee).

Significant accounting policies applied in the preparation of the accounts are as follows:

2.1 Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are recognized at their acquisition cost when they are purchased, at their production cost when they are produced internally, and at their integration value when they are transferred.

Technical deficits are recorded as goodwill in connection with merger operations. The Company reviews the net realizable value of such assets periodically to ensure that net realizable value is not less than carrying value.

Acquisition cost includes the purchase price and any additional expenses directly relating to the acquisition. The amortizable amount depends on the acquisition costs less any market value net of disposal costs at the end of term of use.

Intangible assets are amortized using the straight-line method over their expected useful life (3 to 5 years for software and 7 to 8 years for intellectual property).

The useful life and amortization methods applied to property, plant and equipment are presented below:

1) Declining balance method:

New IT equipment	3 to 7 years
New office equipment	3 to 7 years

2) Straight-line method:

Secondhand IT equipment	3 years
Laptop computers	2 years
Transportation equipment	4 years
Office equipment	7 years
Fixtures and fittings	over the term of the lease
Office furniture	over the term of the lease

2.2 Financial assets

Investments in subsidiaries are initially valued at their historical acquisition cost. Since 2007, expenses directly related to the acquisition of equity securities have been included in the acquisition cost of these securities and depreciated, for tax and accounting purposes, over 5 years. Loans and advances to subsidiaries are valued at their net realizable value.

Periodically and at least at the annual closing period, Dassault Systèmes SA reviews the net realizable value of its investments and loans and advances to subsidiaries. In particular, the net realizable value of securities takes into account the amount of shareholders' equity, long-term profitability and strategic factors. An impairment is recognized if the net realizable value is less than acquired book value.

2.3 Marketable securities

Marketable securities are recorded at their acquisition price and are depreciated, when applicable, by referring to their market value at the end of the year. Marketable securities acquired in foreign currencies are converted at the closing exchange rate.

2.4 Receivables and payables

Trade receivables and payables are carried at their nominal value. An impairment is recorded when the net realizable value is lower than the historical value taking into account, in particular, their age and the probability of collectibility.

2.5 Foreign currency transactions

Transactions in foreign currencies are recorded in Euros in the income statement at the monthly average exchange rate. Receivables, debts and cash in foreign currencies are converted to Euros in the balance sheet at the closing exchange rate or at the hedged rate when they are subject to exchange rate hedging. The conversion differences are recorded on the balance sheet in "Unrealized Exchange Losses/ Gains". In the event of unrealized losses, a provision for contingencies (exchange loss) is recorded.

2.6 Net sales

Dassault Systèmes SA derives revenue from the following sources: (i) new software licenses and periodic licenses, (ii) maintenance, which includes software license updates and technical support (iii) development of additional functionalities of standard products requested by clients and (iv) royalties coming from distribution agreements signed primarily with Dassault Systèmes Group subsidiaries.

Software license revenue represents fees earned from granting customers licenses to use the Company's software. Software license revenue consists of perpetual and periodic license sales of software products and is recognized when: (i) Dassault Systèmes SA can demonstrate that an arrangement exists, (ii) delivery and acceptance of the software has occurred, (iii) the software license fee and associated costs are fixed or determinable, and (iv) it is probable that the economic benefits associated with the transaction will flow to the Company. In instances when any of the four criteria are not met, the Company defers revenue recognition of software licenses until all criteria are met.

Maintenance revenue represents periodic fees associated with the sale of unspecified product updates on a when-and-if-available basis and technical support. Maintenance agreements are entered into in connection with the initial software license purchase. Maintenance support may be renewed at the conclusion of each term. Revenue from maintenance is deferred and recognized as revenue on a straight-line basis over the term of the maintenance agreement.

Software development revenue related to the development of additional functionalities of standard products requested by clients is recognized as the development work is performed.

Revenue under multiple-element arrangements, which typically include new software licenses and maintenance agreements sold together, is allocated to each element in the arrangement primarily using the residual method based upon the fair value of the undelivered elements. Discounts, if any, are applied to the delivered elements, usually software licenses, under the residual method. For maintenance, fair value is generally determined based upon the expected renewal rate.

Royalties under these distribution arrangements were earned as revenue was recognized by distributors from its sublicensing of products and services. In general, this results in recognition of license royalties when the distributors sublicense software to end-users and maintenance royalties over the period during which they are required to provide support to end-users. Royalties are recognized in software revenue when earned from distributors and reported to us.

Services and other revenue consists primarily of fees from consulting services and training. Services revenue is recognized separately to the extent the services are not essential to the functionality of software products when the services have been performed for time and material contracts and using a percentage of completion basis for fixed price contracts.

2.7 Research & Development ("R&D") expenses

Research costs are expensed as incurred. Since it is difficult to demonstrate technological feasibility before a working prototype has been completed, such costs are expensed. Technological feasibility is generally demonstrated shortly before the commercial release of software products. As a consequence, costs incurred after technological feasibility is established that could potentially be capitalized are not material.

2.8 Provisions for contingencies and losses

The Company applies "Regulation 2002-06" issued by the *Comité de la Réglementation Comptable* (French Accounting Regulation Committee) when accounting for liabilities. Based on these rules, the Company accrues for provisions for contingencies and losses in order to account for a probable outflow of resources to third parties without any economic benefits for the Company. These provisions are estimated taking into account the most probable hypotheses at the balance sheet date.

2.9 Derivatives

Dassault Systèmes SA generally manages foreign currency exposure to revenue and cost generated by its ongoing and predictable activity. The Company also manages identified foreign currency exposure linked to operations realized, for instance, when it undertakes an acquisition in foreign currency. Dassault Systèmes SA, in order to manage foreign currency exposure, uses only foreign exchange contracts or financial instruments for which total maximum losses are known from the outset.

Interest rate derivatives

Financial income and expense resulting from the use of derivatives is recorded in the income statement in the same manner as income and expense from covered transactions when the derivatives are considered to be hedging transactions from an accounting perspective. If the instruments do not qualify as hedging, they are evaluated as follows:

- unrealized losses on negotiated financial instruments are fully reserved;
- unrealized gains on negotiated financial instruments are recognized in the income statement upon settlement.

Exchange rate derivatives

Exchange rate derivatives are included in Dassault Systèmes SA's currency position. Unrealized losses on these derivatives are taken into account in determining the provision for unrealized exchange losses.

Notes to the Balance Sheet

Note 3 – Changes in Fixed Assets

(in thousands)	Gross 12/31/2010	Contributions from merged companies	Additions 2011	Disposals and decreases 2011	Gross 12/31/2011
Intangible assets	**€162,127**	**€11,033**	**€19,702**	**€(1,011)**	**€191,851**
Goodwill	97,881	11,033	2,957	–	111,871
Patents, licenses and trademarks	63,235	–	5,148		68,383
Intangible assets in progress	1,011	–	11,597	(1,011)	11,597
Tangible assets	**€76,379**	**€77**	**€17,831**	**€(2,283)**	**€92,004**
Machinery and equipment	40,554	30	10,704	(457)	50,831
Other property, plant & equipment	34,010	47	5,917	(11)	39,963
Fixtures and fittings	20,584	45	4,854	–	25,483
Vehicles	269	–	–	–	269
Office furniture	6,506	2	1,030	–	7,538
Office equipment	6,651	–	33	(11)	6,673
PP&E in progress	1,815	–	1,210	(1,815)	1,210
Financial assets	**€1,806,972**	**€32,398**	**€168,108**	**€(237,566)**	**€1,769,912**
Investments in subsidiaries	1,548,573	30,529	150,762	(68,537)	1,661,327
Loans and advances to subsidiaries	256,460	1,869	17,290	(168,089)	107,530
Loans	976	–	12	(303)	685
Deposits and guarantees	963	–	44	(637)	370
Total gross fixed assets	**€2,045,478**	**€43,508**	**€205,641**	**€(240,860)**	**€2,053,767**

Fixed assets in progress and advances and on-account payments on fixed assets are recorded under the fixed asset caption to which they relate.

The increase in intangible assets in 2011 was mainly due to the inclusion of goodwill relative to the mergers completed during the year for €11.0 million, to the capitalization of software product costs for €7.2 million corresponding mainly to the upgrade of the finance information system (in assets in progress), and to the acquisition of intellectual property for €5.1 million.

The increase in the tangible assets is mainly explained by recurring investments in office IT equipment and servers for €10.7 million and by the acquisition of fixtures end fittings related to newly rented office space for €4.8 million.

Financial assets are mainly composed of investments in subsidiaries and loans and advances to subsidiaries, details of which are presented in the information concerning subsidiaries and shareholdings (see Note 25), as well as loans and advances granted to employees and deposits and guarantees.

The main variations on investments in subsidiaries are explained in Note 1 "Description of Business and Key Events of the Year".

The increase of loans and advances to subsidiaries reflects new loans granted to subsidiaries for €16.2 million, including €9.3 million granted to Dassault Systèmes UK and €5.6 million granted to Dassault Systèmes AB.

The decrease in loans and advances to subsidiaries is mainly explained by the effect of recapitalization through the incorporation of receivables for €100.8 million, particularly towards DS International SAS for €62.7 million, Dassault Systèmes Deutschland GmbH for €25.0 million and Dassault Systèmes UK Ltd for €12.0 million. The aforementioned loans were granted in the context of the IBM PLM acquisition. Furthermore, the decrease also reflects reimbursements of loans for €64.5 million.

Note 4 – Changes in Amortization, Depreciation and Impairment

(in thousands)	Amortization and impairment at 12/31/2010	Contributions from merged companies	Additions in 2011	Reversals and transfers 2011	Amortization and impairment at 12/31/2011
Intangible assets	**€43,286**	**€ –**	**€4,638**	**€ –**	**€47,924**
Patents, licenses and trademarks	43,286	–	4,638	–	47,924
Tangible assets	**€43,125**	**€271**	**€11,751**	**€(368)**	**€54,779**
Machinery and equipment	31,094	246	7,503	(368)	38,475
Other property, plant & equipment	12,031	25	4,248	–	16,305
Fixtures and fittings	5,428	18	2,349	–	7,795
Vehicles	227	–	30	–	257
Office furniture	1,254	5	625	–	1,884
Office equipment	5,122	2	1,244	–	6,368
Financial assets	**€133,214**	**€2,538**	**€32,000**	**€(58,266)**	**€109,486**
Investments in subsidiaries	77,437	2,300	32,000	(2,300)	109,437
Loans and advances to subsidiaries	55,777	238	–	(55,966)	49
Loans	–	–	–	–	–
Deposits and guarantees	–	–	–	–	–
Total Amortization and impairment	**€219,625**	**€2,809**	**€48,389**	**€(56,634)**	**€212,189**

Following the recapitalization Dassault Systèmes International SAS in 2011 through the incorporation of a loan granted by the Company, the previously recorded impairment on this loan was reversed for €53.5 million. An impairment of €32.0 million was recorded on the Company's investment in Dassault Systèmes International SAS at the end of the year in order to reflect the carrying value of this investment.

Note 5 – Trade Receivables

Trade receivables are broken down as follows:

(In thousands)	12/31/11	12/31/10
Trade accounts receivable	€158,395	€117,788
Accrued revenue	36,468	111,192
Allowance for trade accounts receivable	(11,823)	(2,712)
Total trade receivables, net	**€183,040**	**€226,268**

The due date of all trade receivables and related items is less than one year.

The increase in trade accounts receivable of €40.6 million is mainly due to the increase in activity and to the merger of Dassault Systèmes SAS on April 1, 2011. In addition, billing for the last quarter, particularly intercompany billing, was done before the end of the year, explaining the decrease of accrued revenue. A large portion of receivables due by other members of the Group was settled.

The increase in the allowance for trade accounts receivable is principally due to the merger of Dassault Systèmes SAS and to the increase of customer risks in certain European countries.

Note 6 – Other Receivables

Other receivables consist of the following elements:

(In thousands)	12/31/11	12/31/10
Income tax receivable	€21,637	€6,254
Value added tax	15,755	12,265
Debtor current accounts	33,179	19,314
Accrued credit notes	9,524	8,776
Derivatives	184	–
Receivable related to the exercise of stock options	2,863	10,286
Other	574	1,618
Total other receivables	**€83,716**	**€58,513**

The due date of other receivables is less than one year.

The change in income tax receivable between December 31, 2010, and December 31, 2011, was primarily due to:

– an increase in French tax Group income tax expense from €63.8 million in 2010 to €70.7 million in 2011,

– an increase in tax installments from €37.0 million in 2010 to €63.8 million in 2011,

– a decrease in research tax credit from €27.9 million in 2010 to €23.8 million in 2011.

The change in debtor current accounts is due to an increase in receivables from certain of the Company's European subsidiaries.

Note 7 – Cash and Cash Equivalents

7.1 Marketable Securities

(In thousands)	12/31/11	12/31/10
Marketable securities	**€1,212,102**	**€600,517**

On December 31, 2011, marketable securities were denominated in euros.

The increase in marketable securities is mainly due to the centralized cash management arrangement (cash pooling), which generated approximately €400 million of additional cash. The remainder of the increase was generated by the Company's business.

€1,204.0 million of marketable securities are held in monetary investments, and €8.1 million are held in diversified investment structures.

7.2 Treasury Shares

	Number of shares	Average price *(in Euros)*	Total shares *(in thousands)*
Treasury shares as of January 1, 2011	**150,000**	**€47.81**	**€7,172**
Delivery of performance shares	(150,000)	47.81	(7,172)
Acquisition of treasury shares	650,000	56.19	36,524
Treasury shares as of December 31, 2011	**650,000**	**€56.19**	**€36,524**

Note 8 – Prepaid Expenses

Prepaid expenses are comprised of the following:

(In thousands)	12/31/11	12/31/10
Equipment rental	€19	€–
Insurance	74	214
License and patent fees	–	431
IT maintenance	4,289	4,799
Other	3,844	865
Total prepaid expenses	**€8,226**	**€6,309**

The material change in other prepaid expenses results primarily from the receipt of supplier invoices related to 2012 before year end.

Note 9 – Shareholders' Equity

9.1 Share Capital

Movements in share capital during the year ended December 31, 2011 were as follows:

	Number of shares	Par value *(in Euros)*	Capital *(in Euros)*
Shares as of January 1, 2011	**121,332,604**	**€1**	**€121,332,604**
Shares issued pursuant to stock option plans (refer to Note 9.2)	5,190,045	1	5,190,045
Reduction of capital by cancellation of treasury shares	(3,429,920)	1	(3,429,920)
Shares as of December 31, 2011	**123,092,729**	**€1**	**€123,092,729**

9.2 Stock Option Plans

The table below summarizes the options exercised since each plan was introduced:

	Plan March 29, 2001		Plan June 29, 2001	Plan October 5, 2001		Plan May 28, 2002		Plan January 20, 2003		Plan March 29, 2005		SUB TOTAL CARRY-FORWARD
	1998-08	1998-09	1998-10	1998-11	1998-12	2002-01	2002-02	2002-03	2002-04	2002-05	2002-06	
Number of options allocated	2,909,600	553,300	138,000	1,387,400	328,650	1,363,563	355,300	3,325,000	675,000	967,150	232,850	12,235,813
Option exercise price (in euros)	52.00	52.00	49.00	35.00	35.00	45.50	45.50	23.00	23.00	39.50	39.50	
Exercise dates	From 03/29/03 to 03/28/11	From 03/29/01 to 03/28/11	From 06/29/01 to 06/28/11	From 10/5/02 to 10/4/11	From 10/5/02 to 10/4/11	From 05/28/03 to 05/27/12	From 05/28/03 to 05/27/12	From 01/20/04 to 01/19/13	From 12/31/04 to 01/19/13	From 03/30/07 to 03/28/12	From 03/30/06 to 03/28/12	
Number of options exercised through 2006	–	110,825	46,177	58,324	131,837	–	66,305	71,725	385,120	5,700	4,300	880,313
Number of options exercised in 2007	–	104,565	24,985	16,297	55,786	440	96,481	504,841	107,245	–	61,600	972,240
Number of options exercised in 2008	–	53,650	15,915	23,718	25,809	–	37,609	205,592	17,900	2,800	28,550	411,543
Number of options exercised in 2009	–	7,450	5,610	5,539	10,550	–	6,113	158,798	11,930	950	14,700	221,640
Number of options exercised in 2010	538,842	70,925	32,625	694,020	15,745	217,400	21,933	856,569	19,655	326,135	16,150	2,809,999
Number of options exercised in 2011	2,210,868	45,005	4,480	548,753	24,581	743,790	20,563	641,931	12,300	436,694	27,800	4,716,765
Number of options canceled	159,890	160,880	8,208	40,749	64,342	88,750	64,876	19,025	50,400	133,500	42,750	833,370
Number of options in circulation on December 31, 2011	–	–	–	–	–	313,183	41,420	866,519	70,450	61,371	37,000	1,389,943

	SUB TOTAL CARRY-FORWARD	Plan October 9, 2006 2006-01	Plan June 6, 2007 2006-02	Plan Sept 25, 2008 2008-01[2]	Plan Nov 27, 2009 2008-02	Plan May 27, 2010 2010-01	TOTAL
Number of options allocated	12,235,813	1,405,700	1,325,900	1,436,600	1,851,500	1,240,000	19,495,513
Option exercise price (in euros)		47.00	47.50	38.15	39.00	47.00	
Exercise dates		From 10/10/09 to 10/08/13	From 06/07/10 to 06/05/14	From 09/25/09 to 09/24/15	From 11/27/13 to 11/26/17	From 05/27/14 to 05/26/18	
Number of options exercised through 2006	880,313	–	–	–	–	–	880,313
Number of options exercised in 2007	972,240	–	–	–	–	–	972,240
Number of options exercised in 2008	411,543	–	–	–	–	–	411,543
Number of options exercised in 2009	221,640	–	–	–	–	–	221,640
Number of options exercised in 2010	2,809,999	98,768	28,721	25,275	1,300[1]	900[1]	2,964,963
Number of options exercised in 2011	4,716,765	219,242	192,640	61,398	–	–	5,190,045
Number of options canceled	833,370	220,900	149,479	135,468	80,200	32,500	1,451,917
Number of options in circulation on December 31, 2011	1,389,943	866,790	955,060	1,214,459	1,770,000	1,206,600	7,402,852

(1) Options exercised under specific provisions.
(2) 33% per annum exercisable beginning September 25, 2009, 2010 and 2011 respectively.

9.3 Movements in Shareholders' Equity

Movements in shareholders' equity for the year ended December 31, 2011 were as follows:

(in thousands)	2010 Before AGM's resolutions	Appropriation of 2010 earnings by AGM	Effect of exercising options and canceling shares	Net income for 2011 fiscal year	Other	2011 Before AGM's resolutions
Common stock	**€121,333**	€–	€1,760	€–	€–	**€123,093**
Share premium	**229,866**	–	34,009	–	–	**263,875**
Contribution premium	**269,978**	–	–	–	–	**269,978**
Legal reserve	**11,886**	247	–	–	–	**12,133**
Retained earnings	**1,063,985**	153,253	–	–	–	**1,217,238**
Income for the fiscal year	**219,127**	(219,127)	–	264,795	–	**264,795**
Regulated provisions[1]	**16,737**	–	–	–	889	**17,626**
Shareholders' equity	**€1,932,912**	**€(65,627)**	**€35,769**	**€264,795**	**€889**	**€2,168,738**

(1) The regulated provisions mainly originate from the obligatory Company profit sharing scheme set up for the benefit of Dassault Systèmes SA employees.

Note 10 – Provisions for Contingencies and Losses

Movements of provisions for contingencies and losses were as follows:

(in thousands)	Opening balance on 01/01/11	Appropriation for 2011 fiscal year	Reversals for 2011 fiscal year	Closing balance on 12/31/11
Provisions for retirement payments	€9,348	€1,202	€–	€10,550
Provisions for jubilee awards	2,387	403	(44)	2,746
Provisions for exchange losses	2,476	1,254	(2,875)	855
Other provisions for contingencies and losses	10,949	15,493	(10,210)	16,232
Total provisions	**€25,160**	**€18,352**	**€(13,129)**	**€30,383**

The projected benefit obligation for post-employment benefits was determined using the future rights pro-rata method.

This method, which is based on an actuarial valuation of rights, takes into account rights acquired by employees on the date of their retirement, calculated on the basis of the employees' seniority and annual salary at the time of retirement. These rights are acquired and paid to the employee when he/she retires as a fixed amount. Provisions are made for rights to retirement payments acquired by employees during their career on the basis of actuarial assumptions and calculations.

The projected benefit obligation as of December 31, 2011 was calculated using the prospective method using the following assumptions: retirement between 60 and 65 years of age, discount rate of 5.25%, average increase in salaries of 3% and a 4% expected return on plan assets. In 1998, Dassault Systèmes SA took out an insurance policy with Sogecap, a life insurance company affiliated with the Société Générale, intended to cover retirement payment commitments. Pursuant to this policy, Dassault Systèmes SA has invested a total of €8.2 million.

Change in other provisions for contingencies and liabilities between December 31, 2010 and December 31, 2011 corresponds primarily to:

– a provision for an obligation for €10.1 million as a result of the attribution of performance shares in 2011,

– a reversal of a provision of €7.2 million following the delivery of shares in November 2011,

– a net provision of €0.8 million related to reserve for termination loss on services contracts.

Reversals related to unused provisions for contingencies and losses were recorded for an immaterial amount.

Note 11 – Financial Liabilities

At December 31, 2011, financial liabilities were as follows:

(In thousands)	Gross	Due dates less than one year	Due dates over one year
Borrowings	€200,037	€200,00	€37
Other debts, reimbursable advances	685	–	685
Bank overdrafts	673	673	–
Obligatory employee profit-sharing scheme	19,985	2,925	17,060
Total financial liabilities	**€221,380**	**€203,598**	**€17,782**

Financial liabilities with due dates less than one year relate to the €200 million multi-currency credit facility and obligatory employee profit sharing.

Dassault Systèmes SA entered into a multi-currency credit facility in December 2005 for €200 million. This agreement has provided for revolving credit for a period of five years, which was extended by two additional years at the option of Dassault Systèmes SA. In March 2006, the Company drew down €200 million under the loan facility, with the full amount being repayable in December 2012.

This credit facility is subject to interest at Euribor plus 0.18% per annum (See Note 15.1).

Note 12 – Elements Concerning Related Companies

(In thousands)	12/31/11	12/31/10
Loans granted (balance at year end)	€106,639	€255,173
Loans contracted (balance at year end)	–	1,000
Interest received or accrued during the year on loans granted	4,114	2,087
Cash advances granted	1,000	2,000
Dividends received during the year	111,768	141,967
Current accounts with debit balances (at year end)	33,179	19,314
Interest received or accrued during the year on current accounts	384	702
Current accounts with credit balances (at year end)	681,962	310,490
Interest paid or accrued during the year on current accounts obtained	1,627	562
Trade accounts receivable and related items	75,364	194,245
Accounts payable and related items	38,124	55,268

The decrease in loans is driven by the recapitalization of certain subsidiaries through the incorporation of receivables (Dassault Systèmes International SAS, Dassault Systèmes Deutschland GmbH and Dassault Systèmes UK Ltd) and the reimbursement of loans at year end.

The increase in current accounts is due to the extension of the Dassault Systèmes Group's centralized treasury management (cash pooling) to the worldwide level, and primarily to its American subsidiaries.

Loans granted to subsidiaries and intercompany current accounts bear interest according to market conditions.

The decrease in trade accounts receivable and accounts payable and related items is the result of the implementation of a new Group payment terms policy which results in earlier settlement of Group payables and receivables.

€111.8 million in dividends was received during the 2011 fiscal year, composed as follows:

– €72.8 million received from Dassault Systèmes Corp.,

– €19.2 million received from Dassault Systèmes Americas Corp.,

– €14.3 million received from Dassault Systèmes Simulia Corp.,

– €2.9 million received from Dassault Data Service SAS,

– €2.0 million received from Transcat GmbH,

– €0.5 million received from 3D PLM Software Solutions Ltd.

Note 13 – Trade Payables

Trade payables were as follows:

(in thousands)	**12/31/11**	**12/31/10**
Suppliers	€46,080	€51,215
Invoices not received	64,680	81,424
Total trade payables	**€110,760**	**€132,639**

All trade payables are due in less than one year.

In accordance with L. 441-6 and D. 441-4 of the French Commercial Code *(Code de Commerce)* related to information regarding payment due dates, at December 31, 2011, the balance of Dassault Systèmes SA's trade accounts payable to its suppliers amounted to €46,080,013 euros (2010: €51,214,747). Due dates are as follows:

– 37.3% payable within 30 days (2010: 26.9%)

– 62.7% payable within 60 days (2010: 73.1%)

Tax and social security payables were as follows:

(in thousands)	**12/31/11**	**12/31/10**
Value added tax	€12,839	€15,175
Other taxes and duties	1,983	2,440
Obligatory and optional profit-sharing	22,198	17,886
Accrued vacation	29,224	26,827
Other employee expenses	35,038	27,513
Total tax and social security payables	**€101,282**	**€89,841**

Other payables were as follows:

(in thousands)	12/31/11	12/31/10
Current accounts with credit balances	€681,962	€310,490
Discounts to be granted and credit notes to be established	1,789	1,056
Other	5,287	4,686
Total other payables	**€689,038**	**€316,232**

The substantial increase in current accounts with credit balances is due to the implementation of a centralized Group cash management program by Dassault Systèmes SA at the worldwide level in 2011.

Note 14 – Unearned Revenue

Unearned revenue is comprised of the following elements:

(in thousands)	12/31/11	12/31/10
Software	€53,083	€6,389
Other revenue	613	280
Total unearned revenue	**€53,696**	**€6,669**

Unearned revenue is mainly related to deferred revenue on software, maintenance and support billing for periods post December 31, 2011.

The high increase versus 2010 is driven by high activity in the last quarter of 2011, by the advance invoicing in 2011 of 2012 maintenance contracts, and by the spreading or deferring of software revenue signed during 2011, in application of revenue recognition rules.

Note 15 – Financial Commitments

15.1 Financial Instruments

At December 31, 2011 and 2010, the fair value of instruments used to manage currency exposure was as follows:

	Year ended December 31,			
	2011		2010	
(in thousands)	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps in euros (from 2010 to 2012)[1]	200,000	(3,405)	200,000	(6,152)
Interest rate basis swaps in euros (from 2010 to 2012)[1]	200,000	(188)	200,000	54
Interest rate swaps in Japanese yen (from 2010 to 2015)[2]	101,297	(446)	120,110	(476)
Interest rate swaps in Japanese yen (from 2010 to 2015)[2]	101,297	446	120,110	476
Forward exchange contract Japanese yen/Euros – sale[1]	212,141	(18,105)	79,681	(5,851)
Forward exchange contract Japanese yen/U.S. dollars – sale[2]	16,099	(909)	30,124	(1,087)
Forward exchange contract Japanese yen/U.S. dollars – purchase[2]	16,099	909	30,124	1,087
Forward swap Japanese yen/Euros[3]	14,909	(1,293)	78,650	(3,264)
Forward exchange contract Japanese yen/Euros – sale[4]	9,385	165	–	–
Forward exchange contract British pounds/Euros – sale[4]	5,673	18	25,292	365
Forward exchange contract Japanese yen/euros – purchase[4]	–	–	1,987	11
Forward exchange contract British pounds/euros – purchase[4]	–	–	554	(6)

(1) Dassault Systèmes SA entered into a multicurrency revolving loan facility which bears interest at variable rates Euribor 1 month (see Note 11). In April 2010, the Company entered into interest rate swap basis agreement for a nominal amount of €200 million, modifying variable interest flows from Euribor 3 month rate to Euribor 1 month rate. In June and July 2009, the Company entered into additional interest rate swap agreements for a nominal amount of €100 and €100 million, respectively that fixed the underlying interest payable at 3.18% and 2.98% starting September 15, 2010 and continuing through December 3, 2012.

(2) The Company entered into interest swap agreements on behalf of its subsidiaries. These operations had no impact on the net profit of the Company.

(3) Instruments entered into by the Company to hedge the foreign currency exchange risk of forecasted sales.

(4) Derivatives not designated as hedging instruments.

The fair value of derivatives has been calculated by financial institutions on the basis of the market price and option valuation models.

All these instruments have been concluded within the framework of Dassault Systèmes SA's hedging strategy and mature in less than 24 months for the exchange rate hedging instruments and in approximately four years for the interest rate swaps. The Company's management believes that the counterparty risk relating to these instruments is minimal as counterparties are first-rate financial institutions.

15.2 Increases and Reductions in Future Income Tax Payable

Increases and reductions in future income tax payable have been evaluated on the basis of the standard corporate tax rate, plus extraordinary contributions when applicable. They originate from time lags between the tax regime and the accounting recognition of revenue and expenses.

(in thousands)	12/31/11	12/31/10
Nature of temporary differences		
Short term *(36.10% tax rate)*	**€32,862**	**€18,880**
Provision for obligatory profit-sharing	€13,174	€11,098
Unrealized exchange gains	2,729	2,347
Depreciation of receivables	11,822	3,652
Other	5,137	1,783
Long term *(34.43% tax rate)*	**11,715**	**10,514**
Provision for retirement payments	10,549	9,348
Provision for contingencies	1,166	1,166
Total temporary differences	**€44,577**	**€29,394**
Net reduction of the future corporate tax debt		
(36.10% tax rate)	11,863	–
(34.43% tax rate)	4,033	10,120

15.3 Other Commitments

On December 31, 2011, commitments stood at €187.6 million for real estate and equipment rentals, and included commitments in the amount of €165.1 million relating to the lease of Company headquarters in Vélizy-Villacoublay, effective as from June 30, 2008 for 12 years (compared to €192.0 million on December 31, 2010), as well as €16.7 million related to the lease of a new building "Terre Rouge", close to the headquarters, effective as from July 2011.

15.4 Individual Training Rights

French law provides employees employed under indefinite-term employment contracts by French entities with the right to receive individual training of at least twenty hours per year ("Individual Training Rights"). Individual Training Rights can be accumulated over six years and the related costs are expensed as incurred.

As of December 31, 2011, accumulated Individual Training Rights amounted to 196,072 hours and total unused accumulated Individual Training Rights amounted to 194,137 hours.

Notes on the Income Statement

Note 16 – Breakdown of Net Sales

(in thousands)	12/31/11	12/31/10
Software (royalties and other product developments)	€716,331	€617,344
Services	16,190	20,702
Other revenue	117,502	104,213
Total net sales	**€850,023**	**€742,259**

The breakdown of net software sales by geographic zone is as follows:

(in thousands)	12/31/11	12/31/10
Europe	€402,958	€341,149
Asia	185,794	164,852
Americas	126,192	111,066
Other	1,387	277
Total net software sales	**€716,331**	**€617,344**

Note 17 – Statutory Auditors' Fees

The amount of statutory auditors' fees recorded in the income statement for the year is as follows:

(in thousands)	12/31/11	12/31/10
Certification of the individual and consolidated financial statements	€1,245	€1,305
Incidental assignments	115	1,036
Total statutory auditors' fees	**€1,360**	**€2,341**

Note 18 – Research and Development Expenses

In 2011, the Company recorded a total of €167.1 million of research and development expenses.

Note 19 – Financial Income

Financial income for the year 2011 was €143.4 million compared to €107.0 million for the year 2010. The change in financial income is due to:

– dividend payments received from Dassault Systèmes Corp. amounting to €72.8 million versus €103.7 million in 2010, bringing the total amount of dividends received in 2011 to €111.8 million compared to €142.0 million in 2010 (see Note 12),

– net foreign exchange losses of €3.5 million versus to gains of €10.0 million in 2010,

– net gains of €8.1 million in 2011 as compared to net gains of €3.8 million in 2010, on marketable securities disposals,

– a net depreciation of €29.7 million of the impairment of investments in subsidiaries as compared to a net reversal of €9.8 million in 2010,

– a net reversal for risk of €57.9 million concerning the receivable related to Dassault Systèmes International SAS, compared to a net depreciation expense of €53.4 million in 2010.

Note 20 – Extraordinary Income/Loss

Extraordinary loss for the year 2011 was €(10.0) million compared to €(5.2) million for the year 2010. The primary components of this loss are as follows:

– a net loss of €1.9 million on the sale of investments in 2011,

– a net provision for exceptional contingencies and losses of €3.4 million,

– a net regulated provision of €0.9 million,

– other extraordinary losses related to the attribution of performance shares for €7.2 million,

– offset in part by a government grant received for an amount of €3.2 million.

Note 21 – Breakdown of Income Tax

The breakdown of income tax between current income and extraordinary income for the year ended December 31, 2011 is as follows:

(in thousands)	Income before tax	Tax (expense) profit	Income after tax
Current income	€348,932	€(59,874)	€289,058
Extraordinary income[1]	(37,324)	13,061	(24,263)
Breakdown of income tax	**€311,608**	**€(46,813)**	**€264,795**

(1) Including obligatory and optional employee profit sharing.

The effective income tax rate for the year ended December 31, 2011 was 15.02% (2010: 13.09%). The increase in the effective tax rate was mainly due to the additional extraordinary contribution of 5% and to a decrease of the research and development tax credit.

The tax group consisted of 6 entities at the end of December 2011.

Under the tax integration agreement, it is agreed that the tax charge of tax-integrated companies will be the same as it would have been if each subsidiary had not been a member of the group.

Without the tax integration agreements, Dassault Systèmes SA's income tax expense would have been €49.4 million in 2011.

Additional Information

Note 22 – Compensation of Managing Directors

The total gross compensation in euro paid by Dassault Systèmes SA to managing directors during 2011 was as follows:

Salaries	€2,938,800
Benefits in kind	€11,463
Directors' fees	€59,400[1]
Total	€3,009,663

(1) 2010 directors' fees paid in 2011. 2011 directors' fees to be paid in 2012 will represent €57,000.

Following the authorizations granted to the Board of Directors by the General Meeting of Shareholders, the Board granted to the Chief Executive Officer ("CEO") 150,000 shares on June 8, 2005, 150,000 shares on June 14, 2006, 150,000 shares on June 6, 2007, 150,000 shares on September 25, 2008, 150,000 shares on November 27, 2009, 150,000 shares on May 27, 2010 and 164,000 shares (150,000 "2010-03 Shares" and 14,000 "2010-02 Shares") on September 29, 2011. Such shares shall be vested at the end of an acquisition period of two or three years subject to the condition that the CEO be a managing director of Dassault Systèmes SA at the acquisition date. For shares granted on November 27, 2009, May 27, 2010 and September 29, 2011, a performance condition was also added.

At the end of the acquisition period, the Chief Executive Officer must hold the free shares acquired for a period of two years. In addition, the CEO must maintain in registered form at least 15% of the total amount of shares he acquires until he has left his current functions at the Company.

Note 23 – Average Headcount by Category

Employees by category	**12/31/11**	**12/31/10**
Managers	1,908	1,811
Supervisors and technicians	72	67
Employees	161	144
Total average headcount	**2,141**	**2,022**

Note 24 – Identity of the Consolidating Company

The Company's business is included in the consolidated financial statements of Groupe Industriel Marcel Dassault SAS, whose registered office is located at 9 Rond-Point des Champs-Elysées – Marcel Dassault, 75008 Paris.

Note 25 – Information Relating to Subsidiaries and Shareholdings

(in thousands of euros)	Gross book value of shares	Net book value of shares	% of interest	Share capital and share premiums	Reserves and retained earnings	Net profit or (loss) for last fiscal year	Revenue	Dividends collected	Loans and advances	Guarantees and sureties[5]
Dassault Systemes Corp.[1]	643,059	643,059	100	1,273,898	79,059	77,442	–	72,839	–	–
Dassault Systemes Americas Corp.	278,106	278,106	10	391,091	(23,911)	26,831	263,565	19,233	–	–
Dassault Systemes Simulia Corp.	242,977	242,977	10	145	161,281	31,086	129,092	14,287	–	–
Exalead SA	132,562	132,006	97.44	30,240	(31,753)	(9,773)	10,867			
Dassault Systèmes Deutschland GmbH	76,354	63,801	100	39,282	2,831	(3,688)	145,608	–	70,025	–
Dassault Systèmes Israel Ltd	64,883	–	100	27,135	(40,133)	5,135	21,251	–	6,894	–
Dassault Systèmes International SAS	62,753	30,753	100	8,654	–	(3,642)	–	–	–	–
Dassault Systemes K.K.	43,742	43,742	100	54,812	13,276	23,582	271,404	–	–	(5)
Dassault Systèmes Provence SAS	32,248	32,248	100	32,394	19,534	12,569	30,556	–	–	–
Transcat PLM GmbH	25,300	25,300	100	1,400	286	1,218	34,907	2,000	–	–
Dassault Systèmes Canada Inc.[2]	20,892	20,892	100	22,169	7,830	2,733	36,412	–	–	–
Dassault Systémes UK Ltd	12,012	12,012	100	12,118	2,148	7,274	34,910	–	20,199	–
Dassault Systèmes AB	9,540	9,540	100	2,446	903	5,459	31,695	–	–	–
Intercim SAS[3]	8,456	8,456	100	309	(562)	(1,246)	913	–	–	–
Dassault Systemes India Pvt Ltd	4,965	4,965	100	4,734	751	2,684	26,852	–	–	–
Allegorithmic[4]	1,257	1,257	16		Information not available			–	–	–
Dassault Data Services SAS	892	892	95	3,000	14,965	3,926	60,084	2,850	–	–
Dassault Systemes Belgium SA	392	392	99	392	545	(351)	4,351	–	213	–
Dassault Systemes Italia Srl	381	381	100	423	(740)	1,644	24,754	–	810	–
Nsided	358	358	100		Information not available					
3D PLM Software Solutions Ltd	90	90	25	226	16,572	2,050	101,499	560	–	–
Dassault Systemes (Switzerland) Ltd	68	68	100	82	144	4,977	7,847	–	129	–
Dassault Systèmes Centrale Numérique SAS	37	37	100	37	(16)	(3)	–	–	–	–
Dassault Systemes Espana S.L.	3	3	100	3	195	604	9,867	–	1,574	–
	1,661,327	***1,551,335***						***111,769***	***99,844***	

(1) U.S. holding company owning 100% of Dassault Systèmes SolidWorks Corp., 100% of Dassault Systèmes Russia Corp. and Dassault Systèmes Holding LLC, the latter itself holding 90% of Dassault Systèmes Americas Corp. and Dassault Systèmes Simulia Corp. and 100% of Dassault Systèmes Delmia Corp. and Spatial Corp.

(2) Company created following the amalgamation in 2011 of Safework Inc., Dassault Systèmes Holding Canada, and Dassault Systèmes Canada Innovation Technologies Inc.

(3) Entity merged into Dassault Systèmes SA on January 3, 2012.

(4) Equity interests

(5) As regards the Japanese subsidiary Dassault Systèmes K.K., the Company is the guarantor for up to 14.5 billion Japanese yen through July 31, 2015 for the benefit of the Bank of Tokyo-Mitsubishi and the Société Générale, for the credit line granted by these banks. The Company has not granted any other significant guarantees or endorsements to its subsidiaries. The loans granted to subsidiaries are detailed in Note 12.

The earnings of foreign subsidiaries have been converted using the average annual exchange rates for the relevant currencies. The shareholders' equity of foreign subsidiaries have been converted using the rates in effect at year-end.

20.3.2 Selected financial and other information for Dassault Systèmes SA over the last five years

(in euros except headcount)	2007	2008	2009	2010	2011
Share capital					
Share capital	117,604,553	118,862,326	118,367,641	121,332,605	123,092,729
Number of shares authorized and issued	117,604,553	118,862,326	118,367,641	121,332,605	123,092,729
Statement of income data					
Revenue	550,223,231	554,651,006	547,060,093	742,259,080	850,023,294
Result before income tax, profit sharing, amortization and provisions	221,238,407	210,541,064	228,213,442	365,948,323	415,780,289
Result before income tax, profit sharing, amortization and provisions and reversals of provisions	218,039,395	202,315,635	198,578,445	339,981,856	341,652,678
Income tax	40,856,300	12,489,386	6,492,806	33,005,838	46,812,886
Obligatory employee profit-sharing	9,720,962	9,202,886	10,683,300	11,058,164	13,192,985
Optional employee profit-sharing	8,195,662	8,140,149	7,208,561	10,501,560	14,165,501
Net income	135,676,022	115,307,017	108,874,103	219,126,831	264,795,422
Data per share					
Result after income tax and profit sharing and before amortization and provisions	1.35	1.45	1.47	2.35	2.17
Basic net income per share	1.15	0.97	0.92	1.81	2.15
Dividend per share	0.46	0.46	0.46	0.54	
Personnel					
Average headcount	1,719	1,794	1,887	2,022	2,141
Personnel costs paid during the year	94,626,307	102,594,289	106,372,002	120,640,263	140,056,445
Social security contributions paid during the year	46,070,049	53,986,160	58,556,427	69,681,295	70,506,943

20.4 Reports of the Statutory Auditors for 2011

20.4.1 Report of the Statutory Auditors on the parent company financial statements

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meetings, we hereby report to you, for the year ended 31 December 2011, on:

- the audit of the accompanying financial statements of Dassault Systèmes;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2011 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Note 2.1 to the financial statements summarizes the methods of recognition and valuation of intangible assets. We verified that the values in use of the business assets ("*fonds de commerce*") were consistent with their carrying value.
- Note 2.2 to the financial statements summarizes the methods of recognition and valuation of financial fixed assets. We verified that the values in use of the long-term equity interests were consistent with their carrying values.
- Note 2.6 to the financial statements sets out the accounting principles and methods used to account for revenue including firstly new software licenses along with related maintenance, and secondly services and other revenue. We verified the appropriateness of the retained accounting principles and methods, their application and the relative information disclosed in the notes.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, 26 March 2012

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT	ERNST & YOUNG ET AUTRES
French original signed by:	*French original signed by:*
Pierre Marty	Jean-François Ginies

20.4.2 Report of the Statutory Auditors on the consolidated financial statements

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders

In compliance with the assignment entrusted to us by your General meetings, we hereby report to you, for the year ended 31 December 2011, on:

- the audit of the accompanying consolidated financial statements of Dassault Systèmes;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I – Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II – Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- Note 2 to the consolidated financial statements sets out the accounting principles and methods used to account for revenue including firstly new software licenses along with related maintenance, and secondly services and other revenue.

- Notes 2, 16 and 17 to the consolidated financial statements set out the accounting principles and methods used to determine the value of the assets and liabilities acquired through business combinations, which are based on significant assumptions and estimates made by management.
- Notes 2 and 6 to the consolidated financial statements set out the accounting principles and methods used to determine the fair value of the share-based payment awards granted to the Directors, Senior Management and employees, which is based on significant assumptions and estimates made by management.

As part of our work, we verified the above-mentioned accounting principles and methods, examined the assumptions used and their application, and verified that the information provided in the notes above was appropriate.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III – Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly Sur Seine and Paris-La Défense, on 26 March 2012

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT	ERNST & YOUNG ET AUTRES
French original signed by:	*French original signed by:*
Pierre Marty	Jean-François Ginies

20.4.3 Special report of the Statutory Auditors on regulated agreements and commitments

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*) concerning the implementation, during the last financial year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and commitments submitted for approval by the General Meeting of Shareholders

We hereby inform you that we have not been advised of any agreements or commitments authorized in the course of the year to be submitted to the General Meeting of Shareholders for approval in accordance with Article L. 225-38 of the French Commercial code (*Code de commerce*).

Agreements and commitments already approved by the General Meeting of Shareholders

Agreements and commitments approved in prior years

a) the implementation of which continued during the year

In accordance with Article R. 225-30 of the French Commercial Code (*Code de commerce*), we have been advised that the implementation of the following agreements and commitments, which were approved in prior years, continued during the year.

1. With Mr Bernard Charlès

Indemnity in the event of the removal of Mr Bernard Charlès from corporate office

Nature, purpose and conditions

At its meeting on 27 May 2011, on the occasion of the renewal of Mr Bernard Charlès' term of office as *directeur général*, the Board of Directors authorized, upon the proposal of the Remuneration and Selection Committee, the renewal of the agreement granting Mr Bernard Charlès an indemnity in the event of the termination of his functions as *directeur general* according to the terms adopted by the Board of Directors at its meetings on 28 March 2008 and 27 March 2009.

At its meeting on 27 May 2011, the Board of Directors decided to make no change to the conditions, as defined by the Board of Directors at its meeting on 27 March 2009, in which this indemnity would be due in view of the recommendations of the Remuneration and Selection Committee and in accordance with the recommendations integrated into the AFEP/MEDEF Consolidated Corporate Governance Code (*Code de gouvernement d'entreprise consolidé*) of December 2008.

The amount of the indemnity due would be equivalent to a maximum of two years of remuneration of the *directeur général* and would depend on meeting performance targets established for the calculation of his variable remuneration. The amount paid would be calculated as a prorated percentage of the variable remuneration paid during the three years prior to the departure in relation to the target variable remuneration for these same years.

Thus, the amount due would be calculated according to the following formula:

- total gross remuneration (including variable remuneration but excluding benefits in kind and directors' fees) due in respect of his corporate office for the two fiscal years ended prior to the date of departure,
- multiplied by the figure resulting from the division i) of the amount of the variable remuneration paid to the *directeur général* during the three fiscal years ended prior to the date of the departure (numerator), by ii) the amount of the target variable remuneration decided for each of these same years by the Board of Directors according to the achievement of the targets fixed for the company (denominator).

The indemnity may only be paid in the event of a change of control or strategy duly established by the Board of Directors that results in a forced departure within the following twelve months. It could also be paid in a scenario of a forced departure without this departure being related to poor results of the company or to mismanagement by the *directeur général*; the Board of Directors can then decide to grant all or part of the termination indemnity.

The indemnity will not be due in a situation where the directeur général leaves the company on his own initiative to take up a new position, or changes position within the group, or if he is able to claim a pension within a short time period.

Besides, in the event of exceptional events that could seriously damage the company's image or income and have a significant negative impact on the stock market share price of your company, according to the assessment of the Board of Directors, or in the event of misconduct independent of his functions and incompatible with the normal performance of his office as *directeur général*, the Board of Directors may establish that the indemnity will not be due.

2. With Dassault Systemes Americas Corp.

Nature and purpose

Agreement on brand license granted free of charge.

Conditions

A non-exclusive, free-of-charge license for the Enovia brand has been granted to Dassault Systemes Americas Corp. This agreement was authorized by the Board of Directors at its meeting on 11 March 1998. It was entered into on 28 December 1998 for an indefinite period, it being specified that Enovia Corp. changed its name on 1 January 2006 to become Dassault Systemes Americas Corp.

3. With Chartis Insurance

Nature and purpose

"Senior executive liability" insurance policy.

Conditions

A "senior executive liability" insurance policy was taken out with Chartis Europe and authorized by the Board of Directors at its meeting on 24 July 1996.

This insurance policy allows coverage of all senior executives, past, present and future, of your company and of all of its subsidiaries, for an annual premium of €125,000 exclusive of taxes.

b) which were not implemented during the year

In addition, we have been advised that the implementation of the following agreements and commitments, which were approved in prior years, did not continue during the year.

4. Payment of the legal defense expenses of Board Members

Nature, purpose and conditions

In its meeting on 23 September 2003, the Board of Directors authorized the decision to have your company pay the fees and travel expenses that board members of the company and of its subsidiaries might have to meet to prepare their personal defense before a civil, criminal or administrative jurisdiction of the United States if this defense were to be exercised within the scope of an inquiry or investigations being carried out against your company.

Payment of these expenses is ensured on the three-part condition that the board members and senior executives concerned are assisted by lawyers selected by the company, that the company remains in control of its strategic choices in terms of procedure and methods of defense and that the expenses incurred be reasonable.

Neuilly-sur-Seine and Paris-La Défense, 26 March 2012

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT	ERNST & YOUNG ET AUTRES
French original signed by:	*French original signed by:*
Pierre Marty	Jean-François Ginies

20.5 Date of the Last Financial Statements

December 31, 2011.

20.6 Interim and Other Financial Information

Dassault Systèmes has not published any quarterly or half-year financial information since the date of its last audited financial statements.

20.7 Dividend Policy

See paragraph 26.1 "Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting of June 7, 2012" below for a description of the Company's dividend distribution policy for the past four financial years.

20.8 Legal and Arbitration Proceedings

From time to time in the ordinary course of business, the Company is involved in litigation, tax audits or regulaory inquiries. To the Company's knowledge, there is no outstanding, suspended or threatened government proceeding, litigation or arbitration, which has had during the last twelve months preceding the publication of this 2011 Annual Report, or is likely to have, a significant impact on the Company's financial condition or results of operations.

For information purposes only, the Company notes that MatrixOne, Inc., a U.S. company that the Company acquired in May 2006 (subsequently renamed Dassault Systèmes Enovia Corp.), is one of more than 300 companies named as defendants in coordinated class action litigation pending in federal court in New York. The consolidated amended complaint in the coordinated action, filed in April 2002, alleged, among other matters, that MatrixOne, Inc., and the other defendants violated U.S. securities laws by misrepresenting how their shares would be allocated to investors by banks underwriting initial public offerings of the issuer defendants' shares. On October 6, 2009, the federal court issued an order approving a global settlement of these coordinated cases. Multiple appeals were filed objecting to the approval of the settlement. In January, 2012, the final outstanding appeal was dismissed with prejudice, as a result of which the settlement became final, by its terms, with only administrative procedures regarding distribution of settlement proceeds to the class members remaining. The Company has no financial liability in connection with the settlement.

20.9 Significant Change in the Issuer's Financial or Trading Position since December 31, 2011

There has been no significant change in the financial or trading position of the Company since December 31, 2011. Dassault Systèmes further enriched its social business applications with the intelligent dashboarding technologies of Netvibes in early 2012 (see paragraph 5.1.5 "History of the Company").

CHAPTER 21 – ADDITIONAL INFORMATION

21.1 Share Capital

21.1.1 Share capital at February 29, 2012

At February 29, 2012, the Company's share capital was €123,846,961, divided into 123,846,961 fully paid-up shares with a nominal value of €1.00 per share. The Company's share capital was €123,092,729 on December 31, 2011.

At February 29, 2012, outstanding share options, whether or not exercisable, would, if all were exercised, result in the issuance of 6,625,220 new shares, representing approximately 5.35% of the Company's share capital at that date.

At the same date, on the basis of the closing price of the Company's shares on Monday, February 29, 2012 (€62.32 per share), the exercise of all issued options which could be exercised and whose exercise price was less than that closing price, would have resulted in the issuance of 3,671,820 new shares, representing approximately 2.96% of the Company's share capital at that date. The dilutive effect per share at December 31, 2011, is set forth in Note 11 to the consolidated financial statements.

In connection with the acquisition of SolidWorks in 1997, Dassault Systèmes SA issued shares for the purpose of distribution to the holders of stock options and warrants previously issued by SolidWorks. These Dassault Systèmes shares have historically been held by a U.S. subsidiary 100% owned by the Company, SW Securities LLC. No further stock options or warrants for Dassault Systèmes shares issued by SolidWorks remain outstanding at this time. At December 31, 2011, as at February 29, 2012, SW Securities LLC held 251,807 shares, or approximately 0.2%, of the Company's share capital. Similar to treasury shares, the shares held by SW Securities LLC do not have voting rights, and they are not eligible for dividends.

Other than the share subscription options granted in connection with stock option plans and share grants as described in Chapter 15 "Remuneration and Benefits" and paragraph 17.2 "Shareholdings and Stock Options", there are no other securities giving a right to subscribe shares of Dassault Systèmes, and there is no agreement which could result in a capital increase. Dassault Systèmes SA has not issued any securities which do not represent an interest in its share capital.

Pledges of assets

At December 31, 2011, to the Company's knowledge, there was no pledge of the assets of Dassault Systèmes except for amounts recorded by financing institutions in connection with operating lease agreements. To the Company's knowledge, 371,150 shares of Dassault Systèmes SA in registered form were pledged as of March 15, 2012. Shares held by Dassault Systèmes SA in its subsidiaries and the on-going business of its subsidiaries are not subject to any lien. To the Company's knowledge, no share of its subsidiaries which is not held by Dassault Systèmes SA is subject to any lien.

21.1.2 Changes in Dassault Systèmes share capital over the past three years

Date	Operation	Nominal value (in euros)	Amount of share capital (in euros)	Total number of shares	Change in share capital (in euros)
February 28, 2009	Exercise of share subscription options	1	118,866,151	118,866,151	3,825
March 27, 2009	Share capital reduction through cancellation of treasury shares	1	117,866,151	117,866,151	(1,000,000)
December 31, 2009	Exercise of share subscription options	1	118,367,641	118,367,641	501,490
February 28, 2010	Exercise of share subscription options	1	118,426,012	118,426,012	58,371
December 31, 2010	Exercise of share subscription options	1	121,332,604	121,332,604	2,906,592
February 28, 2011	Exercise of share subscription options	1	122,718,122	122,718,122	1,385,518
March 25, 2011	Share capital reduction through cancellation of treasury shares	1	120,868,122	120,868,122	1,850,000
August 31, 2011	Exercise of share subscription options	1	123,689,828	123,689,828	2,821,706
September 29, 2011	Share capital reduction through cancellation of treasury shares	1	122,109,908	122,109,908	1,579,920
December 31, 2011	Exercise of share subscription options	1	123,092,729	123,092,729	982,821
February 29, 2012	Exercise of share subscription options	1	123,846,961	123,846,961	754,232

The changes in share capital resulting from the operations through December 31, 2011, set forth above are included in “Changes in Shareholders’ Equity” in the consolidated financial statements.

21.1.3 Summary of pending delegations to the Board of Directors

The following table summarizes the delegations and authorizations granted by the general meeting of shareholders to the Board of Directors and with effect during the 2011 financial year and as of the date of this Annual Report. It includes authorizations to increase share capital and to repurchase and cancel the Company's own shares.

Summary of delegations	General Meeting	Expiry Date	Use
Authorization to repurchase Dassault Systèmes SA shares	May 26, 2011	June 7, 2012 (Annual Shareholders meeting ruling on 2011 financial statements)	The use of this authorization is described in paragraph 21.1.4 "Company Shares"
Authorization to cancel previously repurchased shares in the framework of the share buy-back program	May 26, 2011	June 7, 2012 (General Shareholders meeting ruling on 2011 financial statements)	The use of this authorization is described in paragraph 21.1.4 "Company Shares"
Delegations to increase share capital, with or without preemptive rights, or through the incorporation reserves, profit or premiums, by a maximum nominal amount of €15 million, and to issue debt securities up to a maximum nominal amount of €750 million	May 26, 2011	26 months (until July 26,2013)	Not used
Delegation to increase share capital and to issue debt securities, without cancellation of the shareholders' preemptive right, in the framework of the above mentioned delegation by a private investment, under section II of the article L. 411-2 of the Code Monétaire et Financier	Mai 26, 2011	26 months (until July 26,2013)	Not used
Delegations to increase the number of securities to be issued in connection with a capital increase, with or without preemptive rights, up to 15% of the initial issuance, not exceeding the maximum nominal amount of €15 million referred to in the two above paragraphs	May 26, 2011	26 months (until July 26,2013)	Not used
Delegation to increase share capital for the purpose of compensating contributions in kind within the limit of 10% of share capital	May 26, 2011	26 months (until July 26,2013)	Not used
Delegation to increase share capital for the benefit of members of a corporate saving plan of Dassault Systèmes SA and its related companies, up to a limit of €10 million nominal amount	May 26, 2011	26 months (until July 26,2013)	Not used
Authorization to grant free shares, within the limit of 1.5% of the share capital	May 27, 2010	38 months (until July 27,2013)	The use of this authorization is described in paragraphs 15.1 "Compensation of the Company's Executive Directors *("Mandataires Sociaux")* and 17.2 "Shareholdings and Stock Options"
Authorization to grant stock subscription or purchase options, within the limit of 15% of the share capital	May 27, 2010	38 months (until July 27,2013)	The use of this authorization is described in paragraphs 15.1 "Compensation of the Company's Executive Directors *("Mandataires Sociaux")* and 17.2 "Shareholdings and Stock Options"

The authorizations to repurchase the Company's shares and to cancel these repurchased shares expire at the end of the General Shareholders' meeting of June 7, 2012; it is thus proposed to the Shareholders meeting to renew these authorizations (see paragraph 21.1.4.2 "Description of the share repurchase program proposed to the General Meeting of Shareholders on June 7, 2012").

21.1.4 Company shares

21.1.4.1 Use of the share repurchase authorizations granted by the shareholders in May 2010 and May 2011

In connection with the terms of article L. 225-209 of the French Code of Commerce, the General Meeting of Shareholders of Mai 27, 2010 authorized the Board of Directors to put in place a share repurchase program for a maximum amount of 10% of the Company's share capital on the date of the shareholders' meeting, and for a maximum purchase price per share of €60.

This authorization was replaced by a new authorization granted by the General Meeting of Shareholders on May 26, 2011, to the Board of Directors, to repurchase the Company's shares within the same limit of 10% of the Company's share capital and for a maximum purchase price per share of €85. This authorization will expire at the end of the shareholders meeting approving the financial statements for the year ended December 31, 2011, on June 7, 2012.

The new share repurchase program to be proposed to the general meeting of shareholders on Jun 7, 2012, is described in paragraph 21.1.4.2 "Description of the share repurchase program proposed to the General Meeting of Shareholders on June 7, 2012".

During the financial year 2011, in connection with the above authorizations, the Company repurchased 4,079,920 of its own shares at an average price of €55.56 per share, for a total cost of €226,697,112.66, among which 1,020,815 by over-the-counter market block sale at an average price per share of €55.76, for a total cost of €56,924,667.06. The transaction costs paid by the Company in connection with these share repurchases amounted to €126,306.11 (all taxes included).

These repurchased shares were allocated as follows:

– 3,429,920 shares to be cancelled in order to increase the return on capital and net income per share;

– 650,000 shares to cover the Company's obligations resulting from performance share grants.

The Company undertook the following actions with respect to these shares:

– in March 2011 and September 2011, respectively 1,850,000 and 1,579,920 shares, allocated to this purpose, were cancelled through a reduction of the share capital.

The Company undertook the following actions with respect to shares repurchased before 2011:

– in November 2011, 150,000 shares, which had been allocated to cover the Company's obligations resulting from share grants decided in 2008, were transferred to the beneficiary (see paragraph 15.1 "Compensation of the Company's Executive Directors *("Mandataires Sociaux")*").

Following these transactions, on December 31, 2011, the Company held directly 650,000 of its own shares, nominal value €1, which had been repurchased at an average price of €56.19, representing 0.53% of share capital at that date, and which were allocated to cover the Company's obligations resulting from performance share grants.

During the financial year 2011 and the period from January 1 to March 23, 2012, the Company has not performed any transactions on derivative securities linked to its shares and has not purchase or sold any of its shares by exercising or through the maturity of such derivative securities.

21.1.4.2 Description of the share repurchase program proposed to the General Meeting of Shareholders on June 7, 2012

In accordance with article 241-2 of the General Regulation of the AMF (Autorité des Marchés Financiers), this paragraph provides a description of the share repurchase program that will be proposed for the approval of the shareholders at the General Meeting on June 7, 2012.

In connection with the terms of article L. 225-209 of the French Code of Commerce, the Board of Directors will propose to the General Meeting of Shareholders scheduled for June 7, 2012, to authorize the Board to implement a new share repurchase program. Such authorization will terminate the current share repurchase program.

On March 23, 2012, the Company holds 650,000 of its own shares directly and 251,807 indirectly.

At that same date, the 650,000 shares held following share repurchases carried out by Dassault Systèmes SA were allocated to cover the Company's obligations resulting from share grants decided in 2010 and 2011.

The purposes of the new share repurchase program would be as follows:

1° To cancel shares in order to increase the return on equity capital and net income per share;

2° To provide for securities (representing no more than 5% of the share capital of the Company) for payment, or for exchange, particularly in connection with external growth transactions;

3° To ensure that there is a market or liquidity for the shares of Dassault Systèmes SA through the activities of an investment services provider acting under a liquidity contract, in accordance with the ethical code recognized by the AMF;

4° To meet obligations related to share option programs or other share grants to employees or executive directors (*mandataires sociaux*) of Dassault Systèmes SA or of an affiliated company;

5° To meet the Company's obligations in cash based on an increase in the market price of Dassault Systèmes shares, as made to employees and executive directors (*mandataires sociaux*) of the Company or of an affiliated company;

6° To provide for shares in connection with the exercise of rights attached to securities providing access to the capital of Dassault Systèmes SA; and

7° To carry out any market practice which may be recognized by the law or by the AMF.

The purposes 1-4 and 6 above correspond to the terms of European regulation nº 2273/2003 of December 22, 2003, in application of directive 2003/6/CE of January 28, 2003, and to market practices accepted by the AMF.

The General Meeting of Shareholders of June 7, 2012, will also be asked to authorize the Board of Directors to cancel, as the case may be, all or part of the shares which it may repurchase in connection with the share repurchase program and to carry out the corresponding reduction in share capital.

In connection with the proposed new authorization, the Board of Directors may repurchase Dassault Systèmes SA shares representing up to 10% of the Company's share capital at the date of the shareholders' meeting authorizing the program. At February 29, 2012, the most recent date for determining the corporate capital, this 10% limit would correspond to a limit of 12,384,696 shares shares.

The Board of Directors could repurchase shares for a maximum price of €85 per share, and within the limits set by applicable regulations. The maximum amount which could be paid for the repurchase of the Company shares would be €500 million.

The authorization granted would be valid until the general meeting of shareholders approving the financial statements for the financial year ended December 31, 2012.

21.2 Memorandum and By-laws

The by-laws of Dassault Systèmes SA were amended at the General Shareholders' Meetings held on May 26, 2011.

21.2.1 Corporate purposes of Dassault Systèmes SA

As set forth in Article 2 of the Company's by-laws, the purposes of Dassault Systèmes SA, in France and abroad, are:

- to develop, produce, market, purchase, sell, rent and provide after-sale service of computer hardware and/or software;
- to supply and provide services to users specifically in the area of training, demonstration, methodology, display and utilization;

- to supply and provide services of data centers, including to supply services dedicated to Software as a Service and to exploit and supply the corresponding infrastructures; and
- to supply and sell computer resources, together or separate from software or services;

in the areas of computer-aided manufacturing and design, management of the lifecycle of products, collaborative work, technical databases, management of manufacturing processes, and software development tools, as well as in any extension of these areas.

21.2.2 Terms in the Company's by-laws and internal rules of the Board of Directors of Dassault Systèmes SA concerning the members of its management bodies

See Chapter 16 "Board Practices".

21.2.3 Rights, privileges and restrictions attached to each class of issued shares

All the shares are of the same class and benefit under the Company's by-laws from the same rights, in connection with the distribution of benefits and amounts distributed in the event of liquidation (Articles 13, 36 and 39 of the Company's by-laws; see also paragraph 21.2.9 "Other general information"). However, a double voting right is attributed to any fully paid-up share held in registered form for at least two consecutive years in the name of the same holder (Article 29 of the Company's by-laws; see also paragraph 21.2.5 "Shareholder meetings" below).

The new shares created by exercise of subscription options between the 1st of January and the date of the annual General Shareholders' Meeting deciding on the allocation of profit related to the preceding financial year are entitled to receive the dividend distributed with respect to that financial year. As a result, the new shares are quoted on the same line as the previously existing shares.

However, the new shares created as from the day after this annual General Meeting do not have a right to receive this dividend. Those shares continue to be temporarily quoted on the second trading line until the date the shares trade ex-dividend (i.e., without the right to receive the dividend to be distributed on Dassault Systèmes shares), in accordance with the NYSE Euronext rules.

The commitments by the executive directors (*dirigeants mandataires sociaux*) to hold their shares are described in Chapter 15 "Remuneration and Benefits".

21.2.4 Actions needed to change shareholder rights

Shareholder rights can only be modified by an extraordinary Meeting of Shareholders, and in compliance with legal and regulatory requirements.

Except as may be otherwise provided for under applicable law, no majority may impose on shareholders an increase in their commitments, with the exception of reverse share splits carried out in accordance with the law (Articles 13 and 31 of the Company's by-laws). If new classes of shares are created, no modification may be made to the rights of shares of one of the classes without the approval of an extraordinary meeting of shareholders and of a special meeting of shareholders open only to holder of the class concerned (Article 32 of the Company's by-laws).

21.2.5 Shareholder meetings

Notice (Article 25 of the Company's by-laws)

Shareholder meetings are convened either by the Board of Directors or, if the Board of Directors fails to convene a shareholder meeting, by the statutory auditor(s) or by a representative designated by the President of the Commercial Court acting on the demand of one or several shareholders holding together at least one-twentieth of the corporate share capital.

Notice of the meeting is made through an announcement placed in a journal of legal notices in the department of the corporate headquarters, and in the Bulletin of required legal notices (*Bulletin des annonces légales obligatoires (BALO)*). Shareholders holding registered shares for at least one month from the date of the announcement are also notified of all shareholder meetings by letter sent by ordinary mail or, at their request and expense, by registered letter. The shareholder meeting cannot be held less than 15 days after the announcement is published or the letter is sent to registered holders.

Article 26 of the Company by-laws ("Agenda") was amended by the General Meeting held on May 26, 2011 to permit them to include certain items in agenda for the shareholders meetings.

Admission to shareholder meetings (Article 27 of the Company's by-laws)

Every shareholder has the right to participate in shareholder meetings personally or by proxy, provided his shares are fully paid-up and:

- for holders of registered shares, that they are held in a registered account (directly or through a financial intermediary) at 0h00 (Paris time) on the third business day preceding the meeting;
- for holders of shares in bearer form, that they are registered at 0h00 (Paris time) on the third business day preceding the meeting.

The registration of the shares in bearer accounts by the accredited intermediary must be demonstrated by a certificate (*attestation de participation*) issued by the accredited intermediary to the holder of the shares. This certificate must be attached to the voting form (*formulaire de vote à distance*) or the proxy or the request for an admission card (*carte d'admission*) issued under the name of the shareholder. A certificate can also be issued to a shareholder who wishes to participate physically at the shareholder meeting and who has not received an admission card on the third business day preceding the meeting.

Every shareholder may vote by mail using a form available as indicated in the notice of the shareholder meeting. The form, duly completed and accompanied, as the case may be, by a certificate (*attestation de participation*), must be received by Dassault Systèmes SA at least three days before the date of the shareholder meeting, or it will not be taken into consideration.

A shareholder may be represented by his spouse or by any other physical or legal person holding a mandate, under conditions provided by the law. The shareholders who are legal persons are represented by the physical persons duly authorized to represent them towards third parties or by any person to whom the representation powers have been transferred, without being necessary for the representative to be a shareholder.

The General Shareholders' Meeting of May 26, 2011 amended the Article 27 of the Company's by-laws in order to authorize the designation of any physical or legal person as representative of a shareholder, under the conditions provided by the law.

A shareholder who is not domiciled on French territory, as defined in article 102 of the French Civil Code, may have himself represented at shareholder meetings by an accredited intermediary registered according to the conditions set forth in the applicable legal and regulatory provisions.

Any shareholder may also, if the Board of Directors so decides when convening the shareholder meeting, participate and vote at shareholder meetings by video-conference or by any other means of telecommunications permitting him to be identified and to participate effectively. Such participation must comply with the conditions and means set forth in the applicable legal and regulatory provisions. Such shareholder will be considered in calculating the quorum and the results of voting.

Voting (Articles 11 and 29 of the Company's by-laws)

The right to vote carried by shares, or by beneficial interests therein, is proportional to the portion of capital they represent.

Voting is carried out by show of hands, by roll call or secret ballot, by optical or electronic means, as decided by the secretariat of the meeting subject to the approval of the meeting. Shareholders may also vote by mail, by video-conference or by any other means of communication, as indicated in the preceding paragraph. In case of vote by mail, the voting forms not indicating the nature of the vote or expressing an abstention are considered as "No" votes.

Article 11 of the Company's by-laws relating to the indivisibility of the shares specifies that, in case of stripping of the ownership of the shares, the voting right attached to the share belongs to the bare owner (*nu-propriétaire*), except for the decisions relating to the allocation of profits for which it belongs to the beneficial owner (*usufruitier*).

Double voting rights (Article 29 of the Company's by-laws)

Each share gives the right to one vote. Nevertheless, based on a resolution voted by the shareholders at the meeting dated on May 28, 2002, a double vote will be awarded to all fully paid-up shares held in registered form for at least two consecutive years in the name of the same holder. In the case of a capital increase by incorporation of reserves, profits or premiums, this double voting right will be attached on the date of their issuance to registered new shares allotted to a shareholder in consideration for the old shares giving rise to such right.

Under the law, any share converted into a bearer share or changing hands shall lose the right to the double voting right unless in case of transfer from a registered account to a registered account on succession or in case of partition of property jointly owned within a family, or in case of a gift inter vivos to a spouse or a relative entitled to succeed to the donor's estate. The double voting right may also be cancelled by a resolution of the shareholders at an extraordinary meeting approved by the special meeting of shareholders having a double voting right.

Limitations on voting rights

There are no provisions in the Company's by-laws restricting the right to vote its shares.

21.2.6 Terms in the Company's by-laws, charter or regulation which could slow, postpone or prevent a change in control

Other than the double voting right attached to certain shares (see paragraph 21.2.3 "Rights, privileges and restrictions attached to each class of issued shares" and 21.2.5 "Shareholder meetings") and the obligation to declare when holdings exceed 2.5% (see paragraph 21.2.7 "Terms in the Company's by-laws requiring disclosure of shareholdings above a certain level (article 13 of the Company's by-laws), Article 10 of the Company's by-laws provides that Dassault Systèmes may, at any time, in compliance with legal and regulatory provisions, request that a central depositary maintaining records of shares issued by the Company, communicate to it the name or the denomination, the nationality, the year of birth or the year of creation and the address of holders of Dassault Systèmes shares in bearer form which grant, immediately or over time, the right to vote at shareholder meetings, as well as the number of shares held by each of such shareholders and, as the case may be, any restrictions applicable to such shares.

21.2.7 Terms in the Company's by-laws requiring disclosure of shareholdings above a certain level (Article 13 of the Company's by-laws)

In addition to the legal obligation to inform Dassault Systèmes SA and the AMF in the event a shareholder's interest passes the thresholds set out in article L. 233-7 of the French Code of Commerce, any physical or legal person, acting alone or in concert with others, who acquires directly or indirectly shares representing at least 2.5% of Dassault Systèmes' share capital or voting rights must inform Dassault Systèmes SA, by registered letter with return receipt requested, of the total number of shares or voting rights which it holds, within four trading days following the date of acquisition.

This declaration must be made, in the same conditions, each time another threshold of 2.5% of the total number of Dassault Systèmes shares or voting rights is crossed, until 50% (inclusive). The declaration mentioned above must also be made when the equity interest or voting rights fall below the thresholds mentioned above. In each declaration, the shareholder must certify that the declaration includes all shares or voting rights held or owned, in accordance with article L. 233-7 *et seq.* of the French Code of Commerce. The declaration must also indicate the date or dates on which the acquisitions or divestitures occurred.

In the event this requirement is not respected, the shares exceeding the fraction of 2.5% which should have been declared will lose their voting rights, upon the request recorded in the minutes of the shareholder meeting, of one or more shareholders holding a portion of Dassault Systèmes SA share capital or voting rights equal to at least 2.5% of the capital or voting rights. The voting rights will be lost for all shareholder meetings held until the expiration of two years following the date on which the required declaration is made.

21.2.8 Provisions in the Company's by-laws concerning modifications in share capital which are more restrictive than the law

The by-laws of Dassault Systèmes SA do not contain any provisions concerning modifications of share capital which are more restrictive than those provided under the law.

21.2.9 Other general information

Fiscal year (Article 34 of the Company's by-laws)

The 12-month fiscal year covers the period from January 1 to December 31 of each year.

Allocation of profits (Article 36 of the Company's by-laws)

The profits for each year, less, as the case may be, losses from prior periods, are first allocated to the reserves required by law. Thus, 5% of profits are allocated to the legal reserve fund. This allocation is no longer required when the legal reserve fund reaches one-tenth of the share capital. The allocation becomes once again obligatory in the event the legal reserve fund falls below one-tenth of the share capital for any reason.

The distributable profit is composed of the profit from the year less losses from prior periods and the amounts allocated to reserves in accordance with the law or the Company's by-laws, and increased by retained profits.

From this distributable profit, the general meeting of shareholders then allocates the amounts judged appropriate for any reserve funds, ordinary or extraordinary, established voluntarily by the Company, or to be retained.

The balance, if any, is distributed to all shares proportionately to the amount paid-up and not amortized.

However, except in the case of a reduction in capital, no distribution may be made to shareholders if the share capital is or would be, following the capital reduction, less than the capital taken together with the reserves which the law or the Company's by-laws do not allow to be distributed.

The shareholder meeting may decide to distribute amounts taken from available reserves, either to pay or increase a dividend, or as an exceptional distribution. In this case, the decision explicitly identifies which reserves are to be distributed. Nevertheless, the dividends are distributed in order of priority starting with the distributable profit of the year.

Losses, if any, after approval of the financial statements by the shareholder meeting, are recorded in a special account to be applied against the profits of future years, until they have been eliminated.

Article 11 of the Company's by-laws limits the voting right of the beneficial owner to the decisions relating to the allocation of profits (see paragraph 21.2.5 "Shareholder meetings").

21.3 Market Information

Shares of Dassault Systèmes have been listed on Compartiment A of NYSE Euronext Paris (ISIN Code FR0000130650) since June 28, 1996. Its shares were also listed on the NASDAQ in the form of American Depositary Shares ("ADSs") under the symbol DASTY until October 16, 2008. Since then the ADS may be traded on the US Over-The-Counter ("OTC") market ("DASTY"). One ADS represents one ordinary share (see paragraph 18.1 "Shareholder Base").

New shares created by exercise of subscription options between the 1st of January and the date of the annual General Shareholders' Meeting deciding on the allocation of profit related to the preceding year are entitled to receive the dividend distributed with respect to that year. As a result, the new shares are quoted on the same line as the previously existing shares.

However, the new shares created as from the day after this General Meeting do not have a right to receive this dividend. Those shares are temporarily quoted on the second trading line until the date the shares trade ex-dividend (i.e., without the right to receive the dividend to be distributed on Dassault Systèmes shares), in accordance with the NYSE Euronext rules.

MARKET PRICE (IN EUROS) AND TRADING VOLUMES OF DASSAULT SYSTÈMES SHARES FROM JANUARY 1, 2011

	Number of shares traded	Last trading price of the month	Highest market price during the month	Lowest market price during the month
January 2011	4,153,281	57.36	58.88	53.46
February 2011	6,152,408	55.49	58.94	54.07
March 2011	7,312,378	54.23	56.28	51.00
April 2011	4,925,066	54.92	59.00	52.96
May 2011	5,875,974	59.11	59.11	54.58
June 2011	4,983,212	58.71	59.04	55.79
July 2011	4,875,259	61.53	61.83	56.80
August 2011	8,640,978	56.50	62.86	49.07
September 2011	5,216,280	53.23	56.48	50.75
October 2011	4,568,103	60.97	63.84	50.22
November 2011	5,153,227	60.70	61.70	56.37
December 2011	3,589,410	61.93	61.99	57.87
January 2012	4,596,556	63.38	64.29	59.86
February 2012	5,656,493	62.32	65.10	61.26

(Source: NYSE Euronext)

CHAPTER 22 – MATERIAL CONTRACTS

Other than contracts entered into in the ordinary course of business, the Company's material contracts are principally the distribution agreements with its value-added resellers, as described in paragraph 6.2.4 "Sales and marketing" of this Annual Report, and the strategic partnership contracts described in paragraph 6.1.4 "Technology" (see "Cloud Initiatives" and "Technology and Software Partners"). The Company's distribution agreement with IBM was modified to take account of the acquisition of IBM PLM. See paragraph 5.1.5 "History of the Company" and paragraph 6.2.4 "Sales and marketing".

Dassault Systèmes has also entered into related party agreements described in Chapter 19 "Related Party Transactions".

The Company established a credit agreement in 2005, which terminates at the end of 2012, for a total amount of €200 million. In addition, in April 2010, the Company contracted a term loan facility in Japan for JPY14,500 million (the equivalent of €115.0 million at the subscription date), with the last payment being due in June of 2015. See Chapter 10 "Capital Resources" and Note 21 to the Company's consolidated financial statements.

In 2008, the Company signed a long-term lease (for 12 full, consecutive years) for its corporate headquarters in Vélizy-Villacoublay, France, as described under paragraph 9.6 "Tabular Disclosure of Contractual Obligations".

In 2010, the Company signed a long-term lease (for 12 full, consecutive years) for its new offices, R&D laboratories and data center in Waltham, outside Boston, United States, as described under paragraph 9.6 "Tabular Disclosure of Contractual Obligations".

CHAPTER 23 – THIRD-PARTY INFORMATION AND STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Not applicable.

CHAPTER 24 – DOCUMENTS AVAILABLE TO THE PUBLIC

Dassault Systèmes SA's by-laws, minutes of the shareholders' meetings and reports to shareholders' meetings from the Board of Directors, reports of the independent statutory auditors, financial statements for the last three fiscal years and, more generally, all documents provided or made available to shareholders pursuant to the law may be viewed at the headquarters of Dassault Systèmes.

A certain number of documents relating to the Company are also available on the website of the Company (www.3ds.com).

24.1 Person Responsible for Financial Communications

François-José Bordonado, Vice President Investor Relations, is responsible for Investor Relations.

To obtain documents published by the Company, and for all financial information, please contact:

Investor Relations Service
10 rue Marcel Dassault – CS 40501
78946 Vélizy-Villacoublay – France
Telephone: +33 (0)1 61 62 69 24 – Facsimile: + 33 (0)1 70 73 43 59
e-mail: investors@3ds.com

24.2 Indicative Timetable for the Publication of Financial Information

The indicative timetable for the publication of financial information in 2012 is set forth below. The timetable is based on information known as of the date hereof.

- First quarter results: April 26, 2012
- Second quarter results: July 26, 2012
- Third quarter results: October 25, 2012
- Fourth quarter results: February 2013

Quarterly financial information for the first and third quarters of the fiscal year, as well as a half-year financial report for the first six months of the year, must be published by Dassault Systèmes and posted on its website within the legal timeframe pursuant to article L. 451-1-2 of the Monetary and Financial Code and the rules of the AMF General Regulation.

24.3 Annual Information Document 2011

The annual information document below has been prepared pursuant to article L. 451-1-1 of the Monetary and Financial Code and article 222-7 of the AMF General Regulation. It lists the information published or made public by Dassault Systèmes SA over the last 12 months, in accordance with rules and regulations in effect.

24.3.1 Financial Communications

The following information is available on the websites of the AMF (www.amf-france.org), on the official French site for the centralized archiving of regulated information (www.info-financiere.fr) and/or on the website of the Company (www.3ds.com).

01/10/2011	Declaration of the number of outstanding shares and voting rights as of December 31, 2010
02/09/2011	Declaration of the number of outstanding shares and voting rights as of January 31, 2011
02/10/2011	Dassault Systèmes Reports Strong Growth in Revenue, Earnings and Operating Margin for 2010
02/18/2011	Disclosure of trading in own shares
02/28/2011	Disclosure of trading in own shares
03/07/2011	Disclosure of trading in own shares
03/09/2011	Declaration of the number of outstanding shares and voting rights as of February 28, 2011
03/14/2011	Disclosure of trading in own shares
03/17/2011	Dassault Systèmes Acquires Intercim
03/18/2011	Disclosure of trading in own shares
04/04/2011	Filing of the Annual Report 2010 – Document de reference
04/11/2011	Declaration of the number of outstanding shares and voting rights as of March 31, 2011
04/27/2011	Dassault Systèmes Acquires Enginuity PLM to Accelerate Innovation for Formulated Products
04/27/2011	Dassault Systèmes Reports Record First Quarter Earnings and Reconfirms 2011 Financial Growth Objectives (*Quarterly Financial Information*)
05/09/2011	Disclosure of trading in own shares
05/09/2011	Declaration of the number of outstanding shares and voting rights as of April 30, 2011
05/16/2011	Disclosure of trading in own shares
05/23/2011	Disclosure of trading in own shares
05/27/2011	Dassault Systèmes – General Meeting of Shareholders of May 26, 2011 (*Dividend distribution*)
06/10/2011	Declaration of the number of outstanding shares and voting rights as of May 31, 2011
07/01/2011	Joint Lock-up Agreements on Dassault Systèmes shares
07/06/2011	Declaration of the number of outstanding shares and voting rights as of June 30, 2011
07/18/2011	Joint Lock-up Agreements on Dassault Systèmes shares
07/28/2011	Dassault Systèmes Reports New Licenses Revenue Growth of 36% in the Second Quarter in Constant Currencies
07/29/2011	Dassault Systèmes – Half-Year Financial Report as of June 30, 2011
07/29/2011	Availability of Dassault Systèmes' Half-Year Financial Report as of June 30, 2011(*Half-Year IFRS consolidated financial statements*)
08/05/2011	Declaration of the number of outstanding shares and voting rights as of July 31, 2011
08/17/2011	Disclosure of trading in own shares
08/22/2011	Disclosure of trading in own shares
08/29/2011	Disclosure of trading in own shares
09/09/2011	Declaration of the number of outstanding shares and voting rights as of August 31, 2011
10/05/2011	Elements relating to Executive Officers' Compensation
10/10/2011	Declaration of the number of outstanding shares and voting rights as of September 30, 2011
10/27/2011	Dassault Systèmes Reports Strong EPS Growth and Operating Margin Expansion in Third Quarter (*Quarterly Financial Information*)
11/09/2011	Declaration of the number of outstanding shares and voting rights as of October 31, 2011
12/09/2011	Declaration of the number of outstanding shares and voting rights as of November 30, 2011
01/06/2012	Declaration of the number of outstanding shares and voting rights as of December 31, 2011
02/09/2012	Dassault Systèmes Appoints Brand Equity Expert Monica Menghini to Drive Industry Solutions and Reveal New Strategic Horizons: 3DExperience
02/09/2012	Dassault Systèmes Acquires Netvibes
02/09/2012	Dassault Systèmes Posts Record Revenue and Earnings in 2011 as PLM Adoption Drives License Revenue Growth of 20% in Constant Currencies
02/10/2012	Declaration of the number of outstanding shares and voting rights as of January 31, 2012
03/07/2012	Declaration of the number of outstanding shares and voting rights as of February 29, 2012

NB: Transactions in the Company's shares by the directors and executive officers of the Company are set forth in paragraph 15.2 "Transactions in the Company's Shares by the Management of the Company".

24.3.2 Documents filed with the Clerk's Office

The following information is available on the web site of Infogreffe (www.infogreffe.fr).

Filing date	Documents
01/13/2011	By-laws updated further to the Extraordinary Shareholders' Meeting as of December 15, 2010
01/13/2011	Extract from the Minutes of the Extraordinary Shareholders' Meeting as of December 15, 2010 regarding modifications of the by-laws
05/23/2011	By-laws updated further to the Board of Directors' Meeting as of March 25, 2011
05/23/2011	Extract from the Minutes of the Board of Directors' Meeting as of March 25, 2011 relating to the increase of the share capital and to the modifications of the by-laws
12/13/2011	Extract from the Minutes of the Board of Directors' Meeting as of March 25, 2011 relating to two Directors' end of mandate
12/13/2011	Extract from the Minutes of the General Shareholders ' Meeting as of May 26, 2011 regarding Directors' appointment
12/13/2011	By-laws updated further to the General Shareholders' Meeting as of May 26, 2011
12/13/2011	Extract from the Minutes of the General Shareholders' Meeting of May 26, 2011 relating to a new Deputy Statutory auditor's appointment
12/13/2011	By-laws updated further to the General Shareholders' Meeting as of May 26, 2011
12/13/2011	Extract from the Minutes of the Board of Directors as of September 29, 2011 relating to an increase followed by a decrease of the share capital
12/13/2011	By-laws updated further to the Board of Directors' Meeting as of September 29, 2011

24.3.3 Publications in the "Bulletin des Annonces Légales Obligatoires" (BALO) and other journals for legal announcements

The following information is available on the web site of the BALO (www.journal-officiel.gouv.fr).

04/06/2011	Preliminary notification to the Shareholders' Meeting as of May 26, 2011
05/11/2011	Convening notice to the shareholders' meeting as of May 26, 2011
07/08/2011	Announcement regarding the definitive annual accounts 2010 (including the statutory auditors certificate and the proposed allocation results approved by the Shareholders' Meeting as of May 26, 2011 without any change) filed with the AMF on April 1, 2011, in the Annual Report 2010 under nº 11-0213

The following information was published in journals for legal announcements.

04/06/2011	Announcement of a Shareholders' Meeting on May 26, 2011 in La Tribune
05/10/2011	Convening notice to the Shareholders' Meeting as of May 26, 2011, in *Les Petites Affiches de Seine et Oise*

24.3.4. Miscellaneous Announcements

The announcements below are available on the web sites of the AMF (www.amf-france.org), the Company (www.3ds.com) and/or the official French archives for regulated information (www.info-financiere.fr).

01/05/2011	Dassault Systèmes Reinforces its Field Operations – Jeff Ray Promoted to Executive Vice President, Geographic Operations, Bertrand Sicot named SolidWorks CEO
02/10/2011	Premium German Automaker Implements Dassault Systèmes' V6 PLM Solutions as New Platform for Embedded Systems Architecture, Integration and Design
02/23/2011	Jaguar Land Rover and Dassault Systèmes Agree New Strategic Partnership
03/15/2011	CLAAS Boosts Innovation with V6 Solutions from Dassault Systèmes
04/27/2011	Embraer and Dassault Systèmes to Raise Digital Manufacturing Excellence to New Levels
05/10/2011	Global Fashion Brand Benetton Group Selects Dassault Systèmes to Increase Efficiency of Product Development and Sourcing
06/07/2011	Alstom Unites Business Processes with ENOVIA Version 6 Collaborative Platform
06/29/2011	Dassault Systèmes Goes Cloud with Version 6
06/29/2011	Dassault Systèmes Goes Cloud with Amazon Web Services
09/08/2011	s.Oliver Finds the Perfect Fit with Dassault Systèmes' Version 6
11/09/2011	Cessna Selects Dassault Systèmes' Version 6 to Enhance Product Lifecycle Management Processes
11/22/2011	Pierre Fabre Laboratories Selects Dassault Systèmes' Version 6 Platform to Deploy Next Generation PLM for Life Sciences
02/09/2012	Dassault Systèmes Opens New Horizons with 3D Experience

CHAPTER 25 – INFORMATION ON HOLDINGS

See paragraph 7.2 "Principal Subsidiaries of the Company" for other information on the Company's main subsidiaries and affiliates.

See also the table of subsidiaries and equity interests in Note 23 to the parent company financial statements, and Note 25 to the consolidated financial statements.

26.1 Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting of June 7, 2012

Parent company financial statements and allocation of the results

We invite you to approve the financial statements of Dassault Systèmes SA (or the "Company" for the purposes of the present Chapter 26) for the financial year ended December 31, 2011, prepared on the basis of French accounting principles, as they have been presented in paragraph 20.3 "Parent Company Financial Statements".

Dassault Systèmes SA has paid dividends every year since 1986. The decision to distribute dividends and their amount depend on the profits and the financial situation of Dassault Systèmes SA as well as other factors. Dividends which have been distributed but are not collected by a shareholder escheat to the French State at the end of the 5-year period following the date of their payment.

Based on the financial statements and the management report of the Board of Directors included in this Annual Report, a profit of €264,795,422.25[1] has been realized for the financial year ended December 31, 2011, which we propose that you allocate as follows:

- to the legal reserve (to bring it to at least 10% of the capital as legally required) €176,012.49
- for distribution of a dividend of €86,692,872.70
  (€0.70 × 123,846,961 shares)[2]
- to retained earnings €177,926,537.06
  which, increased by the retained earnings from the prior financial years (€1,217,238,340.63) brings the amount of retained earnings to €1,395,164 877.69

(1) This profit, increased by the retained earnings from the prior financial years (€1,217,238,340.63), results, after allocation to the legal reserve, in a distributable profit amounting to €1,481,857,750.39.

(2) The aggregate amount of dividend will be increased, based on the number of new shares created between March 1, 2012 and the date of the General Shareholders' Meeting of June 7, 2012, consecutively to the exercise of subscription options, it being specified that the maximum number of shares which could be issued upon the exercise of subscription options is 3,671,820, i.e. a maximum amount of supplementary dividend of €2,570,274.00.

Further new shares created by exercise of options between January 1 and the date of the annual General Shareholders' Meeting deciding on the allocation of profit related to the preceding year will be entitled to receive the dividend distributed with respect to that year (see paragraphs 17.2.1 "Options to subscribe Dassault Systèmes shares" and 21.3 "Market Information").

Therefore we propose to the General Shareholders' Meeting of June 7, 2012, to approve (i) to distribute for the year 2011 a dividend of seventy cents (€0.70) per share of corporate capital as of the date of this General Meeting, resulting – on the basis of the number of shares making up the corporate capital as of February 29, 2012 – in an aggregate amount of €86,692,872.70, and (ii) to distribute where applicable, a supplementary aggregate maximum amount of €2,570,274 which corresponds to the maximum number of new shares which could be issued between March 1, 2012 and the date of the General Shareholders' Meeting of June 7, 2012 (i.e. 3,671,820 shares).

In accordance with the provisions of Article L. 225-210 of the French Code of Commerce, the amount of dividends corresponding to the treasury shares of Dassault Systèmes SA or held by SW Securities LLC, a company which is controlled by the Dassault Systèmes group, as of the date of payment, shall be allocated to "retained earnings".

In addition, prior to distribution of the dividend, the Board of Directors, or if so delegated, the Chief Executive Officer, will determine the number of additional shares issued as a result of the exercise of subscription options between March 1 and the date of the General Shareholders' Meeting of June 7, 2012; the amount required for payment of dividends for shares issued during this period will be taken from "retained earnings".

The amount distributed may be taken into account for determining shareholders' total revenue subject to the progressive rate of income tax for the year during which it was received (after application of an uncapped deduction of 40% (as provided by Article 158 3 2° of the French Tax Code)) or may be subject, on option, to a flat tax withdrawn payment at a 21% tax rate, discharging the payment of income tax (article 117 quater of the General Tax Code).

Pursuant to Article 243 bis of the French Tax Code, it is noted that dividends per share paid over the last three financial years have been as follows:

	2010	2009	2008
Dividend	€0.54	€0.46	€0.46
Number of shares eligible to dividends	123,162,687	118,367,641	118,862,326

Sumptuary expenses and general charges set forth in Article 223 of the French Tax Code

In accordance with the provisions of Articles 223 quater and quinquies of the French Tax Code, we inform you that the total amount of non-deductible tax charges for 2011 is €177,650, which resulted in a corporate tax of €64,108.

Approval of the consolidated financial statements

In addition to the 2011 parent company annual financial statements, we invite you to approve the Company's consolidated financial statements for the financial year ended December 31, 2011, prepared in accordance with IFRS methods as set forth in paragraph 20.1 "Historical Financial Information".

Regulated agreements

The following agreements, which have been approved in accordance with Article L. 225-38 *et seq.* of the French Code of Commerce, have continued during the financial year ended December 31, 2011:

1) Insurance policy "directors and officers liability" entered into with insurance company AIG Europe, now known as Chartis Insurance (decided at the Board meeting on June 28, 1996);

2) Free and non-exclusive license of the ENOVIA trademark granted to Dassault Systèmes Americas Corp. (decided at the Board meeting on March 11, 1998);

3) Payment, under certain conditions, of legal defense expenses of directors of the Company and its subsidiaries if they are required to prepare their personal defense before a civil, criminal or administrative court in the United States in connection with an inquiry or investigation conducted against Dassault Systèmes (decided at the Board meeting on September 23, 2003);

4) Agreement regarding the Company's undertakings to Bernard Charlès, relating to indemnities which would be due upon the termination of his functions as Chief Excecutive Officer. The amount of the indemnity shall be equal to 24 months of the last annual gross remuneration that he will have received for his mandate as Chief Executive Officer and will depend on the satisfaction of the performance conditions for the payment of his variable compensation (see paragraph 16.1 "Report on Corporate Governance and Internal Control" and Table 10 of paragraph 15.1 "Compensation of the Company's Executive Directors") (decided at the Board meeting on May 27, 2010).

The Statutory Auditors have prepared a special report pursuant to Article L. 225-40 of the French Code of Commerce as set forth in paragraph 20.4.3 "Special report of the Statutory Auditors on regulated agreements and commitments".

Appointment of a new director

We also propose you to appoint a new Director, Mr. Serge Dassault.

If these proposals are adopted at the General Shareholders' Meeting, the Board of Directors of Dassault Systèmes SA will be composed 20% by women, in compliance with the recommendation of the AFEP-MEDEF Code and with the temporary provisions anticipated by Article 5 of the Law 2011-103 of January 27, 2011, and half of the Board would be composed of independent directors, thus beyond the threshold of a third recommended by the AFEP-MEDEF Code.

See below for the information required by Article R. 225-83 of the French Commercial Code regarding the proposed new director.

Names and first names	Current position within the Group	Other occupations and directorships	Company shares owned at December 31, 2011
Serge Dassault Age: 86	Candidate for Board member	French companies: – Honorary President *(Président d'honneur)* of Dassault Aviation (listed company), GIFAS – Chairman of the Board and Chief Executive Officer *(Président Directeur Général)* of Dassault Media SA – President and member of Supervisory Board of Groupe Industriel Marcel Dassault SAS, – President of Groupe Figaro SAS, Société du Figaro SAS, Rond-Point Immobilier SAS, Rond-Point Holding SAS – Chief Executive Officer *(Directeur Général)* of Château Dassault SAS – Member of the Strategic Committee of Dassault Développement SAS – Director *(administrateur)* of Dassault Aviation SA – Manager *(Gérant)* of Société Civile Immobilière de Maison Rouge, Rond-Point Investissement SARL and SCI des Hautes Bruyères Foreign companies: Director *(administrateur)* of Dassault Falcon Jet Corporation, Dassault International Inc., Dow Kokam LLC (United States)	96

Determination of the amount of directors' fees

It is proposed to the General Shareholders' Meeting to increase the maximum annual amount of directors' fees from €275,000 to €320,000 for 2012 and subsequent years.

Authorization to repurchase shares of the Company

The authorization to repurchase shares of the Company granted to the Board of Directors at the General Shareholders' Meeting on May 26, 2011, will expire at the General Shareholders' Meeting of June 7, 2012, approving the financial statements for the financial year ended December 31, 2011. Pursuant to this authorization, share repurchases have been made in August 2011, as described in paragraph 21.1.4 "Company shares". Additional share repurchases may be made until the date of the General Shareholders' Meeting, and will be described in the Annual Report including the management report of the Board of Directors for the financial year ending December 31, 2012.

We invite you to renew the authorization to the Board of Directors to repurchase shares of the Company according to the conditions set forth in Articles L. 225-209 *et seq.* of the French Code of Commerce, within the limit of 10% of the share capital of the Company at the date of the General Shareholders' Meeting.

Should you approve this proposal, the authorization will be valid until the annual General Shareholders' Meeting approving the financial statements for the financial year ended December 31, 2012, for a maximum purchase price of €85 per share and within the limits provided by the applicable rules. The maximum amount of funds dedicated to repurchase shares of the Company may not exceed €500 million.

This authorization to repurchase shares may be used for the following purposes:

1° To cancel shares for the purpose of increasing the profitability of shareholders' equity and income per share, subject to adoption by the Extraordinary Shareholders' Meeting of the resolution permitting shares to be cancelled,

2° To provide securities representing no more than 5% of the share capital of the Company in payment or in exchange, including external growth transactions,

3° To animate the market or provide liquidity for the Company's shares through the intermediary of an investment services provider by means of a liquidity contract complying with an ethical code accepted by the Autorité des Marchés Financiers,

4° To perform all obligations related to stock options plans or other grants of shares to employees or executive directors of the Company and its affiliates,

5° To ensure coverage of the Company's commitments resulting from rights granted to the employees and executive directors of the Company and its affiliates to payment in cash based on increases in the market price of the shares of the Company,

6° To provide shares upon exercise of rights to the Company's share capital which are attached to issued securities,

7° To implement any stock exchange market practice which may be recognized by law or by the Autorité des Marchés Financiers.

The share repurchase program is described in paragraph 21.1.4 "Company shares", where all relevant information is presented.

In light of the possible cancellation of the repurchased shares, we propose that you also authorize the Board of Directors to cancel, as the case may be, for the same period, all or a portion of the shares which it has repurchased and to reduce in a corresponding amount the share capital, within a limit of 10% of its amount.

Amendment of the By-laws

We propose to you to align the Company's by-laws with law nº 2011-525 of May 17, 2011, known as the simplification of the law, which eliminated the requirement that the Chairman of the Board of Directors communicate to the directors and the auditors the list and purpose of regulated agreements (*conventions reglémentées*) concerning ordinary transactions, completed under normal market conditions. We propose to you to modify article 15.2 of the by-laws as a result.

You will find hereafter all complementary information on the proposed resolutions in the draft resolutions submitted to the General Meeting.

26.2 Draft Resolutions Proposed by the Board of Directors to the General Meeting of Shareholders on June 7, 2012

ORDINARY GENERAL MEETING

FIRST RESOLUTION

Approval of the parent company annual financial statements

The General Meeting, after the reading of the management report of the Board of Directors and the report of the Statutory Auditors, in addition to complementary explanations made orally, hereby approves in all respects the report of the Board and the parent company annual financial statements for the financial year ended December 31, 2011, as they have been presented.

The General Meeting consequently approves any transactions disclosed by such financial statements or summarized in such reports and in particular, in accordance with the provisions of Articles 223 quater and quinquies of the French Tax code, the total amount of non-deductible tax charges, which amounts to €177,650 and results in a corporate income tax of €64,108.

SECOND RESOLUTION

Approval of the consolidated financial statements

The General Meeting, after the reading of the report of the Board of Directors with respect to management of the Company included in the management report and the report related to consolidated financial statements of the Statutory Auditors, in addition to complementary explanations made orally, hereby approves in all respects the report of the Board and the consolidated financial statements for the financial year ended December 31, 2011, as they have been presented.

The General Meeting consequently approves any transactions disclosed by such consolidated financial statements or summarized in such reports.

THIRD RESOLUTION

Allocation of the results

The General Meeting, upon the proposal of the Board of Directors, hereby resolves to allocate the profit of the financial year amounting to €264,795,422.25[1] as follows:

- to the legal reserve (to bring it to at least 10% of the capital as legally required) €176,012.49
- for distribution to the 123,846,961 shares making up the corporate capital as of February 29, 2012, of a dividend of €86,692,872.70
  (€0.70 × 123,846,961 shares)[2]
- to retained earnings €177,926,537.06
  which, increased by the retained earnings from the prior financial years (€1,217,238,340.63) brings the amount of retained earnings to €1,395,164,877.69

(1) This profit, increased by the retained earnings from the prior financial years (€1,217,238,340.63), results, after allocation to the legal reserve, in a distributable profit amounting to €1,481,857,750.39.

(2) The aggregate amount of dividend will be increased, based on the number of new shares created between March 1, 2012 and the date of the General Shareholders' Meeting of June 7, 2012, consecutively to the exercise of subscription options, it being specified that the maximum number of shares which could be issued upon the exercise of subscription options is 3,671,820, i.e. a maximum amount of supplementary dividend of €2,570,274.00.

In accordance with the provisions of Article L. 225-210 of the French Code of commerce, the amount of dividend corresponding to the treasury shares of Dassault Systèmes SA or held by SW Securities LLC, a company which is controlled by the Dassault Systèmes group, as of the date of payment, shall be allocated to "retained earnings".

In addition, prior to distribution of the dividend, the Board of Directors, or if so delegated, the Chief Executive Officer will determine the number of additional shares issued as a result of the exercise of subscription options between March 1 and the date of this General Meeting; the amount required for payment of dividends for shares issued during this period shall be taken from "retained earnings".

The amount distributed may be taken into account for determining shareholders' total revenue subject to the progressive rate of income tax for the year during which it was received (after application of an uncapped deduction of 40% (as provided by Article 158-3-2° of the French Tax Code), or may be subject, on option, to a flat tax withdrawn payment at a 21% tax rate, discharging the payment of income tax (article 117 quater of the General Tax Code). Pursuant to Article 243 bis of the French Tax Code, it is noted that dividends per share paid over the last three financial years have been as follows:

	2010	2009	2008
Dividend	€0.54	€0.46	€0.46
Number of shares eligible to dividends	123,162,687	118,367,641	118,862,326

FOURTH RESOLUTION

Regulated agreements (conventions réglementées)

The General Meeting, after the reading of the special report of the Statutory Auditors on the agreements governed by articles L. 225-38 *et seq.* of the French Code of Commerce, hereby acknowledges that no such non-authorized agreement was entered into during the financial year ended December 31, 2011, and approves the continuation of the agreements previously approved and which continued during the financial year ended December 31, 2011.

FIFTH RESOLUTION

Appointment of a new director

The General Meeting decides to appoint Mr. Serge Dassault as a member of the Board of Directors for a period of four years. This mandate will expire at the General Meeting of Shareholders approving the financial statements for the financial year ending December 31, 2015.

SIXTH RESOLUTION

Determination of the amount of directors' fees

The General Meeting sets the amount of directors' fees to be distributed among the directors at €320,000 for the current year and the following years until a new decision of the General Meeting. The General Meeting grants full power to the Board of Directors to allocate the directors fees, in all or in part, in such manner as it may determine.

SEVENTH RESOLUTION

Authorization to repurchase shares of Dassault Systèmes SA

The General Meeting, after the reading of the report of the Board of Directors, authorizes the Board of Directors to repurchase a number of shares representing up to 10% of the share capital of Dassault Systèmes SA at the date of the General Meeting, in accordance with the terms and conditions provided by Articles L. 225-209 *et seq.* of the French Code of Commerce.

This authorization may be used by the Board of directors for the following purposes:

1° To cancel shares for the purpose of increasing the profitability of shareholders' equity and income per share, subject to adoption by the Extraordinary Shareholders' Meeting of the eighth resolution,

2° To provide securities (representing no more than 5% of the share capital of the Company) in payment or in exchange, particularly in connection with external growth transactions,

3° To animate the market and provide liquidity of the Company's shares through the intermediary of an investment services provider by means of a liquidity contract complying with an ethical code accepted by the Autorité des Marchés Financiers,

4° To perform all obligations related to stock options plans or other grants of shares to employees or executive officers of the Company and its affiliates,

5° To ensure coverage of the Company's commitments resulting from rights granted to the employees and executive officers to payment in cash based on increases in the market price of the shares of the Company,

6° To provide shares upon exercise of rights to the Company's share capital which are attached to issued securities,

7° To implement any stock exchange market practice which may be recognized by law or by the Autorité des Marchés Financiers.

The acquisition, sale, transfer or exchange of such shares may be effected by any means allowed on the market (whether or not the market is regulated), multilateral trade facilities (MTF) or through a systematic internaliser or over the counter, in particular acquisition of blocks, and at the times deemed appropriate by the Board of Directors or any person acting pursuant to a sub-delegation and according to the law.

Such means shall include use of available cash flow, the use of any derivative financial instrument negotiated on a market (whether or not the market is regulated), multilateral trade facilities (MTF) or through a systematic internaliser or over the counter, and the implementation of optional transactions (purchase and sale of put options, provided however that the use of these means does not create a significant increase of the volatility of the stock exchange price).

The maximum amount of funds dedicated to repurchase of shares of the Company may not exceed €500 million, this condition being cumulative with the cap of 10% of the capital of the Company.

Dassault Systèmes SA may not purchase shares at a price per share which exceeds €85 (excluding acquisition costs), and in any case the price per share shall not exceed the maximum price provided by the applicable legal rules, subject to adjustments in connection with transactions on its share capital, in particular by capitalization of reserves and free allocation of shares and/or regrouping or split of shares.

This authorization can be used by the Board of Directors for all the treasury shares held by Dassault Systèmes.

This authorization shall be valid commencing on the date of this General Meeting until the Ordinary General Meeting ruling on the financial statements for the financial year ending December 31, 2012. The General Meeting hereby grants any and all powers to the Board of Directors with option of delegation when legally authorized, to place any stock orders or orders outside the market, enter into any agreements, prepare any documents including information documents, determine terms and conditions of Company transactions on the market, as well as terms and conditions for purchase and sale of shares, file any declarations, including those required by the Autorité des Marchés Financiers, accomplish any formalities, and more generally, carry out any necessary measures to complete such transactions.

The General Meeting also grants any and all powers to the Board of Directors, in case that the law or the Autorité des Marchés Financiers appear to extend or to complete the authorized objectives concerning the share repurchase program, in order to inform the public, pursuant to applicable regulations and laws, about the potential changes of the program concerning the modified objectives.

In compliance with the provisions of articles L. 225-211 and R. 225-160 of the French Code of Commerce, the Company or the intermediary in charge of securities administration for the Company shall keep registers which record purchases and sales of shares pursuant to this program.

This authorization shall replace and supersede the previous share repurchase program authorized by the Combined General Meeting of shareholders of May 26, 2011, in its twelfth resolution.

EXTRAORDINARY GENERAL MEETING

EIGHTH RESOLUTION

Authorization granted to the Board of Directors to reduce the share capital by cancellation of previously repurchased shares in the framework of the share repurchase program

The General Meeting, after the reading of the report of the Board of Directors and the special report of the Statutory Auditors, hereby authorizes the Board of Directors, pursuant to the provisions of Article L. 225-209 of the French Code of Commerce to:

- reduce the share capital by cancellation, in one or several transactions, of all or part of the shares repurchased by the Company pursuant to its share repurchase program, up to a limit of 10% of the share capital over periods of twenty-four months;
- deduct the difference between the repurchase value of the cancelled shares and their nominal value from available premiums and reserves.

The General Meeting hereby gives, more generally, all powers to the Board of Directors to set the terms and conditions of such share capital reduction(s), record the completion of the share capital reduction(s) made pursuant to the cancellation transactions authorized by this resolution, amend the by-laws of the Company as may be necessary, file any declaration with the Autorité des Marchés Financiers or other institutions, accomplish any formalities and more generally take any necessary measures for the purposes of completing this transaction.

This authorization is granted to the Board of Directors for a period ending at the end of the General Meeting called to approve the financial statements for the financial year ending December 31, 2012.

NINTH RESOLUTION

Amendment of Article 15.2 of the By-laws

After hearing the report of the Board of Directors, the General Meeting decides to modify Article 15.2 of the Company's By-laws, which shall henceforth state as follows:

"The Chairman of the Board of Directors organizes and directs the work of the Board of Directors and reports to the General Meeting of Shareholders. He oversees the proper functioning of the Board and its Committees and ensures, in particular, that the Directors are able to carry out their functions."

ORDINARY AND EXTRAORDINARY GENERAL MEETING

TENTH RESOLUTION

Powers for formalities

The General Meeting hereby grants any and all powers to the bearer of an original, a copy or an excerpt of the minutes of these deliberations for the purpose of carrying out any legal formalities for publication.