Annual Report 2009

This document is comprised of the English language translation of Dassault Systèmes' *Document de référence* (registration document), which was filed with the AMF (French Financial Markets Authority) on April 1, 2010, in accordance with Articles 212-13 of the AMF General Regulation.

Only the French version of the *Document de référence* is legally binding.

General

This Annual Report also includes:

- **the annual financial report to be prepared and published by any listed company within four months following 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.

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 90 to 123 (inclusive), the parent company financial statements on pages 124 to 145 (inclusive), and the related audit reports on pages 146 to 151 (inclusive) of the registration document for the year 2008, filed with the AMF (French Financial Markets Authority) on April 2, 2009, under nº D.09-0184; and
- the financial information on pages 34 to 47 (inclusive) of the registration document for the year 2008 filed with the AMF on April 2, 2009, under nº D.09-0184;
- the consolidated financial statements and the related audit report on pages 96 to 133 (inclusive), as well as the parent company financial statements and the related audit report on pages 134 to 156 (inclusive) of the registration document for the year 2007, filed with the AMF on April 4, 2008, under nº D.08-0199;
- the financial information on pages 38 to 54 (inclusive) of the registration document for the year 2007 filed with the AMF on April 4, 2008, under nº D.08-0199.

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

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The table of contents below follows the nomenclature set forth in Annex I of the European Regulation nº 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**
1. PARENT COMPANY FINANCIAL STATEMENTS	Section 20.3
2. CONSOLIDATED FINANCIAL STATEMENTS	Section 20.1
3. MANAGEMENT REPORT	See "Annual Management Report" below
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ANNUAL MANAGEMENT REPORT – L. 225-100 *ET SEQ* OF THE FRENCH COMMERCIAL CODE	**REGISTRATION DOCUMENT**
1. GROUP BUSINESS REPORT	Chapters 6 and 9
2. BUSINESS AND RESULTS OF OPERATIONS OF THE PARENT COMPANY DASSAULT SYSTEMES SA	Chapter 7 and Section 20.3
3. EQUITY HOLDINGS – CONTROLLED COMPANIES – SUBSIDIARIES	Chapter 7
4. SOCIAL AND ENVIRONMENTAL INFORMATION	Sections 8.3 and 17.1
5. ADMINISTRATIVE AND MANAGEMENT BODIES	Chapters 14, 15 and 16 and Sections 17.2, 20.4.3 and 26.1
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Principal Companies and Brands of the Group

The Company organizes its business and markets its products and services according to two market segments: a segment focused on "Product Lifecycle Management" ("PLM") and a segment focused on design ("Mainstream 3D"), as described in Section 6.1.1.

The Dassault Systèmes companies listed below develop and market principally the brands shown. These brands are described in Section 6.2.1 "Brands".

Companies	Brands
Product Lifecycle Management (PLM) business	
Dassault Systèmes SA	CATIA
Dassault Systèmes Simulia Corp.	SIMULIA
Dassault Systèmes Delmia Corp.	DELMIA
Dassault Systèmes Americas Corp.	ENOVIA
Dassault Systèmes Enovia Corp.	ENOVIA
Dassault Systèmes SA	3DVIA
Mainstream 3D business	
Dassault Systèmes SolidWorks Corp.	SolidWorks

As used herein, "Dassault Systèmes", "DS", the "Company" or the "Group" refers to Dassault Systèmes SA and its direct and indirect subsidiaries. "Dassault Systèmes SA" refers only to the French parent company of the Group.

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, April 1, 2010

“I hereby certify, after taking every reasonable step for such purpose, that the information contained in this registration document is, to my knowledge, true and does not contain any misleading information. I hereby certify that, to the best of my knowledge, the accounts have been established in accordance with applicable accounting regulations and give a true and fair view of the assets, liabilities, financial position and results of Dassault Systèmes SA and of all the companies of the consolidated Group.

The “Management Report” set forth in this annual report, as indicated in the cross-reference index above, presents a true and fair view of the development of the business, results, and financial position of Dassault Systèmes SA and of all the companies of the consolidated Group, as well as a description of the major risks to which the Company is exposed.

I have received a letter from the statutory auditors confirming that they have completed the work they undertook to audit the information related to the financial situation and the financial statements included in this *Document de référence*, as well as a review of this document in its entirety.”

President and Chief Executive Officer

Bernard Charlès

CHAPTER 2 – STATUTORY AUDITORS

Principal Statutory Auditors

PricewaterhouseCoopers Audit, member of the Compagnie Régionale de Versailles, 63, rue de Villiers – 92208 Neuilly-sur-Seine, represented by Xavier Cauchois, whose mandate began on June 8, 2005, and will expire at the general shareholders' meeting approving the financial statements for the fiscal year ending on December 31, 2010.

Ernst & Young Audit, member of the Compagnie Régionale de Versailles, 11, allée de l'Arche, Faubourg de l'Arche – 92400 Courbevoie, represented by François Ginies, whose first mandate began on 2 June 1998, was renewed at the shareholders' meeting on June 2, 2004, for a period of six fiscal years and will expire at the general shareholders' meeting approving the financial statements for the fiscal year ending on December 31, 2009.

The General Meeting of shareholders scheduled for May 27, 2010, will be asked to appoint Ernst & Young et Autres 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, 2015. Ernst & Young et Autres belongs to the same network as Ernst & Young Audit.

Deputy Statutory Auditors

Pierre Coll, 63, rue de Villiers – 92208 Neuilly-sur-Seine, whose mandate began on June 8, 2005, and will expire at the general shareholders' meeting approving the financial statements for the fiscal year ending on December 31, 2010.

The company Auditex, 11, allée de l'Arche – Faubourg de l'Arche – 92400 Courbevoie, from the general shareholders'meeting on June 9, 2009, replaces François Carrega (the preceding deputy statutory auditor) for the period remaining in his mandate, that is, until the shareholders' meeting approving the financial statements for the year ending on December 31, 2009.

The General Meeting of Shareholders scheduled for May 27, 2010, will be asked to renew the mandate of Auditex 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, 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 2009 and 2008:

	PricewaterhouseCoopers				Ernst & Young			
	Amount		%		Amount		%	
(In thousands)	2009	2008	2009	2008	2009	2008	2009	2008
Audit								
Audit opinion, review of statutory and consolidated financial statements[1]:								
– Issuer	€890	€891	39.5%	37.1%	€183	€179	41.4%	31.1%
– Other consolidated subsidiaries	1,202	1,369	53.3%	57.1%	166	214	37.5%	37.2%
Other audit-related services[2]:								
– Issuer	43	85	1.9%	3.5%	43	–	9.7%	0.0%
– Other consolidated subsidiaries	48	6	2.1%	0.3%	–	21	0.0%	3.6%
Subtotal	***2,183***	***2,351***	***96.8%***	***98.0%***	***392***	***414***	***88.6%***	***71.9%***
Other services[3]								
Legal, tax, social	73	47	3.2%	2.0%	51	162	11.4%	28.1%
Subtotal	***73***	***47***	***3.2%***	***2.0%***	***51***	***162***	***11.4%***	***28.1%***
Total	**€2,256**	**€2,398**	**100.0%**	**100.0%**	**€443**	**€576**	**100.0%**	**100.0%**

(1) Audit Fees consist of fees billed for the annual audit services engagement and other audit service for the years ended December 31, 2009 and 2008, 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 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.

(3) Tax Fees include fees billed for tax compliance services, including the review of tax returns and tax services regarding statutory, regulatory or administrative developments and expatriate tax assistance and compliance.

CHAPTER 3 – SELECTED FINANCIAL INFORMATION

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

(in millions, except percentages and per share data)	Year ended December 31, 2009	2008	2007
Revenue	€1,251.3	€1,334.8	€1,258.8
Operating Income	231.0	273.9	264.1
As a percentage of total revenue	*18.5%*	*20.5%*	*21.0%*
Net Income attributable to shareholders	169.7	200.5	176.7
Diluted Net Income Per Share	€1.43	€1.68	€1.48
Supplemental non-IFRS Financial Information(1)			
Revenue	€1,252.8	€1,338.2	€1,275.9
Operating Income	313.7	342.0	334.5
As a percentage of total revenue	*25.0%*	*25.6%*	*26.2%*
Net Income attributable to shareholders	221.0	240.7	227.5
Diluted Net Income Per Share	€1.86	€2.02	€1.90

(1) 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 Section 9.1.2 "Supplemental non-IFRS Financial Information".

(in millions)	Year ended December 31, 2009	2008	2007
ASSETS			
Cash, cash equivalents and short-term investments	€1,058.0	€840.4	€626.6
Trade accounts receivable, net	322.3	329.4	320.0
Other assets	919.4	972.2	912.4
Total assets	***2,299.7***	***2,142.0***	***1,859.0***
LIABILITIES			
Long-term financial debt	200.0	200.0	200.0
Other liabilities	652.0	633.1	539.5
Parent shareholders' equity	1,447.7	1,308.9	1,119.5
Total Equity and Liabilities	***€2,299.7***	***€2,142.0***	***€1,859.0***

CHAPTER 4 – RISK FACTORS

4.1 Risks Related to the Company's Business

Difficult global economic environment

In difficult global economic and business conditions, the Company's revenue, net earnings and cash flows may decrease, or grow more slowly, whether on an annual or quarterly basis, due in particular 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. Global economic conditions have caused a significant number of customers to reduce, postpone or stop their new investments in information technology, and some have reduced or stopped 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 particularly impacted by the current economic context. Companies worldwide have announced restructuring plans leading to downsizing and/or close-down of activities. Some of the Company's important customers as well as their entire supply chain may even face bankruptcy situations; and
- the sales cycle of PLM products – already relatively long due to their strategic nature for customers – could further lengthen due to the current difficult economic context.

The Company's current outlook for 2010 assumes, among other things, that there will be a slow economic recovery, but if global economic and business conditions improve more slowly than anticipated, or remain stable or further deteriorate, the Company's business results may not develop as currently anticipated and may remain 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.

In addition, the current economic context and high exchange rate volatility may adversely impact the financial situation 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 also be affected.

Finally, the difficult 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.

To limit the impact of the economic environment on its business and financial results, the Company seeks to further diversify its customer base through expanding its presence in new geographic markets and industrial sectors, and it has also adopted a Company-wide cost savings program.

Integration of IBM PLM and Evolution of IBM relationship

In October 2009, the Company and IBM signed a definitive agreement whereby Dassault Systèmes would acquire the IBM business unit dedicated exclusively to the marketing, sale and support of the Company's PLM software ("IBM PLM"). The transaction was completed on March 31, 2010. As a result, Dassault Systèmes is acquiring the IBM PLM sales, marketing, services and client support operations, as well as customer contracts and related assets. The Company and IBM also defined the next steps in their long-standing relationship, and have established Dassault Systèmes as an IBM Global Alliance Partner. See Section 5.1.5 "History of the Company – 2009".

IBM PLM has assets in 27 countries and employs approximately 700 people. Prior to the Company's acquisition of IBM PLM, IBM marketed and distributed, under a long-standing agreement with the Company, an important portion of the Company's PLM products worldwide, with the Company's licensing revenue derived through its agreement with IBM representing approximately 23%, 27% and 35% of the Company's total revenue in 2009, 2008 and 2007, respectively. The effective integration of IBM PLM into Dassault Systèmes thus constitutes a complex and highly critical process requiring substantial management attention and resources. Key objectives in this process include maintaining and improving the licensing and services revenue flow from IBM PLM sales activities; managing the integration in a cost-effective manner while sustaining a substantial increase in transaction volume and back-office sales and marketing operations; retaining and building on the customer base served by IBM PLM; and retaining and coordinating the strength and expertise of the IBM PLM sales force. The Company's ability to effectively achieve these objectives is a key assumption underlying its outlook for 2010. If the Company does not carry out such integration in a timely and efficient manner, its revenue, financial performance and market position could be negatively impacted.

In addition should the Company fail to successfully manage the evolution of its partnership with IBM, it may lose various opportunities for business development. As a consequence, the Company's revenue growth and its competitive position may be negatively impacted.

To limit the risk associated with the acquisition, preparation for the acquisition and the integration of IBM PLM into the Company has taken place for six months. In addition, the IBM teams, which were accustomed to working closely with the Company, know the Company and its products and are therefore well-known within DS.

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 Section 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.

Infringement of third-party intellectual property rights

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 in the past, and may in the future receive, communications 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, 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. 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 the embedded components infringe their intellectual property rights.

The Company seeks to limit this risk by deploying programs to train some of its research and development teams regarding intellectual property issues. In addition, the Company has put in place a process for certifying the origins of its products with respect to intellectual property.

However, 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.

Development of an online distribution model

Dassault Systèmes is developing online distribution activities through a Software as a Service ("SaaS") model. When implementing this model, DS will manage certain hardware and the hosting of data on behalf of its customers and will be responsible for the solutions thus provided, which could result in increased responsibilities towards its customers. Should the Company encounter difficulties in the provision of such services, its revenue, financial performance and market position could be negatively impacted.

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, industry collaboration and cross-enterprise work.

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

- to understand customers' complex needs in different industrial 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-effective 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. 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.

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 rights are less protected than in the United States or Western Europe, or as a result of the prior rights of third parties.

If the Company's strategies for protecting its intellectual property fail to achieve adequate protection, third parties may develop similar technology and cause a reduction in the Company's software revenues. 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 independent third-party development of the Company's technology.

In addition, like most of its competitors, Dassault Systèmes faces an increasing level of piracy of its successful 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 to 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 and has also deployed an anti-pirating initiative which is proving effective.

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 errors or defects are discovered in Dassault Systèmes' current or future products, the Company may not be able to correct them in a timely manner, or provide an adequate response to its customers. The Company may therefore 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 experience 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 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 Section 4.3 "Insurance".

Security of internal systems and facilities

The Company's research and development facilities are computer-based and rely on the proper functioning of complex software and integrated hardware systems. However, it is not possible to guarantee the uninterrupted operation and 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 production 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 cause malfunctions.

In addition, because the Company's key facilities are located in a limited number of sites, including Japan, 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 regular intrusion tests and restricted access to critical and sensitive information, and also subscribes to insurance policies covering these risks (see Section 4.3 "Insurance").

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 generally 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 policies to attract and retain key personnel, and has also diversified its research and development resources in different regions of the world.

Difficulties in relationships with extended enterprise partners

The Company's PLM strategy requires fully integrated solutions of computer-aided design, simulation and manufacturing and data management products, which are increasingly complex. To implement its PLM strategy, Dassault Systèmes has developed an extended enterprise model and partners with other companies in areas such as:

- 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 customers adapting and deploying PLM solutions.

The Company believes that its partnering strategy allows costs reduction while achieving broader market coverage.

The Company's broad partnering strategy creates a degree of dependency on such partners. 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 products, business development and sales, 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.

Legal proceedings

As a result of its business activity, the Company is subject to a variety of claims and lawsuits. The Company's litigation risk increases as its activities expand and it 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 Section 20.8 “Legal and Arbitration Proceedings”.

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 laws and regulations to which the Company is subject have become increasingly complex and apply to a wide variety of areas, including *inter alia* financial reporting standards, corporate governance, internal controls and export compliance. The cost of compliance and 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 the possible distraction of management time, as well as in penalties, fines, disciplinary actions, an increase to the Company's litigation risk or limits on the Company 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.

Variability in quarterly operating results

The Company's quarterly operating results have 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 occur 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 – particularly in difficult market situations – can affect the Company's revenue and income.

The trading price of the Company's 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.

Emergence of new competitors in the PLM sector

In the past few years, the Company has seen a move towards consolidation in the software industry, which may lead to the adoption by competitors of business models fundamentally different from Dassault Systèmes' model. If such new models prevail on the market, prices could decline substantially, and the Company would be required to adapt to a substantially different commercial environment. These competitive pressures could negatively impact the Company's revenue, financial performance and market position.

Organizational 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 could create tensions, since management policies and internal systems must be adapted and integrated to meet the needs of a larger, more complex structure. The Company must also continue to re-organize itself to maintain efficiency and remain focused on its strategy to address new markets and industries, while ensuring customer retention. Although the Company endeavors regularly to adjust its organizational and management model to support its growth, product development, internal processes, cost management and commercial operations may experience inefficiencies or fail to satisfy adequately market or customer demands if the Company does not address these issues effectively.

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 growth.

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.

Technology stock volatility

The market price of the Company's shares is likely to be volatile, as 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 43.84% of the Company's outstanding shares, representing 49.57% of total voting rights, as of December 31, 2009. As more fully described in Chapter 18 "Major Shareholders", GIMD may play 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.

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 2009 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 facilities, employee profit-sharing), but the Company's cash position net of debt is positive throughout the year. The Company sometimes uses bank overdrafts, 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, with two options for one-year extensions, one of the options having been exercised in 2006 and the other in 2007, and the Company entered into interest rate swap agreements in connection with this facility. These swap agreements have the economic effect of modifying the Company's forecasted interest obligations relating to this facility until 2012 so that the interest payable effectively becomes fixed at a rate of 3.36% per annum until 2010, and subsequently at a rate of 3.08% from 2010 to 2012. 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 Company. A change in control of the Company could trigger early reimbursement of amounts outstanding under the facility. The Company drew down the entire €200 million from the facility on March 15, 2006 to finance the acquisition of MatrixOne, Inc. (subsequently renamed DS Enovia Corp.).

Financial revenue is composed in part of interest income from cash and cash equivalents, as well as from short-term investments. As a result, it is sensitive to fluctuations in interest rates. As of December 31, 2009, cash and cash equivalent and short-term investments totaled €1,058 million, including €861.5 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 2009 of €8.6 million on financial income and a decrease in interest rates of 100 basis points would have had a negative impact of €4.2 million. As of December 31, 2008 cash and cash equivalent and short-term investments totaled €840.4 million, including €552.1 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 2008 of €5.1 million on financial income, and a decrease in interest rates of 100 points would have had a negative impact of €4.7 million.

For cash management purposes, the Company does not directly invest in common shares. The Company invests a non-significant part of its cash in funds invested in 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, 2009 and 2008:

	Year ended December 31,			
	2009		2008	
(in thousands of euros)	Notional amount	Fair value	Notional amount	Fair value
Euro interest rate swap (from 2006 to 2010)	200,000	(3,416)	200,000	(2,368)
Euro interest rate swap (from 2010 to 2012)	200,000	(2,034)	–	–

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

4.2.2 Foreign Currency Exchange Risk

The Company's financial position can be affected significantly by movements in USD/euro and in JPY/euro exchange rates, since the Company's revenue is primarily invoiced in U.S. dollars, euro and Japanese yen.

Under the IBM marketing and sales agreement, which was in effect until the Company's acquisition of IBM PLM on March 31, 2010 (see Section 5.1.5 "History of the Company – 2009"), the royalties received by the Company for the products distributed by IBM were generally set in the local currency of the end purchaser, and then remitted to the Company by IBM in U.S. dollars based on conversion rates into U.S. dollars adjusted monthly. The Company does not anticipate that its acquisition of IBM PLM will have any significant impact on its exposure to foreign currency risk. In addition, the Company bills its customers in major currencies, principally euros, U.S. dollars and Japanese yen. The Company also incurs expenses in several currencies through the Company's suppliers and employees 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 affected by changes in exchange rates, particularly between the U.S. dollar or the Japanese yen and the euro.

To a certain extent, the Company experiences partial natural hedging, with revenue denominated in U.S. dollars largely offset by its U.S. dollar expenses. As further discussed below, the Company's net exposure in Japanese yen is more significant. In 2009, revenue denominated in U.S. dollars represented approximately 37% of total revenue, compared with 39% in 2008, after taking into account the monthly conversion by IBM of royalties coming from end purchaser payments in currencies other than U.S. dollars. The Company's operating expenses denominated in U.S. dollars represented 40% of total operating expenses in 2009, compared with the same level in 2008, including amortization of intangible assets related to acquisitions.

As a result, the Company's net operating exposure to U.S. dollars was limited to €59.8 million in 2009 (4.8% of the Company's total revenue). The average value of the U.S. dollar increased by approximately 5% in 2009 against the euro, after decreases of approximately 7% in 2008, resulting in a positive impact on the Company's revenue and operating income, following negative impacts on revenue and operating income in 2008.

The Company's net operating exposure to Japanese yen amounted to €124.0 million in 2009 (10.0% of the Company's revenue), and this exposure was in part hedged through market instruments at a level of €56.8 million, as further described below. In 2009, the average value of the Japanese yen increased by approximately 17% against the euro, after an increase in value of approximately 6% in 2008.

Currency fluctuations may impact financial revenue as well as revenue and expenses. The main items of financial revenue 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 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 uses exclusively forward agreements or financial instruments with a maximum predictable loss when the instruments are put in place. All hedging activities are carried out or formally approved by the parent company and 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, 2009, 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, 2009		
(in thousands of euros)	**U.S. dollars**	**Japanese yen**	**Euro and other currencies**
Revenue	463,612	175,914	611,818
Operating expenses	403,786	51,889	564,638
Net position	**59,826**	**124,025**	**47,180**
Hedge	–	56,750	–
Net position after hedge	**59,826**	**67,275**	**47,180**

With all other variables held constant, movements in euro/USD exchange rates by +10% or −10% would have had an impact of €(5.4) and €6.6 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 €(11.3) and €13.8 million on operating income, respectively.

The following table presents the notional amount and fair market value of foreign currency financial instruments at December 31, 2009 and 2008:

	Year ended December 31,			
	2009		2008	
(in thousands of euros)	Notional amount	Fair value	Notional amount	Fair value
Collars JPY / EUR	125,591	14,899	170,134	2,569
Forward exchange contract USD / JPY – purchase	133,972	6,600	–	–
Forward exchange contract USD / EUR – purchase	104,817	3,740	–	–
Forward exchange contract USD / GBP – purchase	22,907	583	–	–
Forward exchange contract JPY / EUR – sale	5,632	36	38,748	(5,618)
Forward exchange contract GBP / EUR – sale	574	24	–	–
Forward Swap GBP / EUR	22,263	16	–	–
Forward Swap JPY / EUR	105,136	(136)	–	–

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 rates determined in accordance with the applicable accounting regulation. 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 and employee participation in earnings), but has a positive net financial position throughout the year.

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

Company financial assets as of December 31, 2009

(in millions of euros)	
Cash and cash equivalents	939.1
Short terms investments	118.9
Total	**1,058.0**

The following table summarizes the Company's significant contractual obligations to make future payments as of December 31, 2009. Based on its analysis, the Company believes that it will be able to meet such obligations.

		Payments due by period			
Contractual obligations *(in thousands)*	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations(1)	€266,851	€38,084	€62,182	€48,857	€117,728
Revolving loan facility(2)	205,033	1,720	203,313	–	–
Employee profit-sharing	44,280	37,928	6,352	–	–
Total	**€516,164**	**€77,732**	**€271,847**	**€48,857**	**€117,728**

(1) Including €189.9 million of future minimum rental payments for the Company's headquarter facilities located in Vélizy, France.

(2) Including interest at Euribor plus 0.18% at December 31, 2009, or 0.86% per annum.

In October 2009 the Company and IBM signed a definitive agreement whereby the Company would acquire the IBM sales and client support business operations encompassing the Company's PLM software application portfolio, as well as customer contracts and related assets ("IBM PLM"). The Company completed the acquisition on March 31, 2010 for a total consideration of US$600 million in cash, less assumed liabilities, using cash available to the Company. However, the Company may choose to refinance all or a part of the acquisition by local financing agreements depending on local credit conditions offering attractive opportunities (see Section 5.1.5 "History of the Company – 2009").

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. The 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 believes that it has minimal exposure to the risk of bankruptcy of any one of them. 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 Section 6.2.2 "Industry sectors and customers".

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 Group's insurance policies are reviewed regularly and may be modified to reflect changes in the revenue, activities and risks of the different companies within the Group. In addition, the Company has put in place internal preventative measures to safeguard 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 portable computers used in the different entities of the Group. The computer protection systems are maintained in two separate sites.

All of the Group 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 €15.3 million. The Group also has 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.

In 2009, the insurance policy for damage to goods and equipment, which was taken out by Dassault Systèmes SA for the benefit of its French subsidiaries and operations on its headquarters campus at Vélizy, was extended to all the French subsidiaries of the Group, as well as to three other sites in Europe.

Dassault Systèmes SA also carries insurance to cover computer risks in an amount equal to the value of Dassault Systèmes SA's computer equipment for its stationary computer equipment located in France, Belgium and Switzerland, and for mobile computer equipment on a global basis.

Based on the legal requirements applicable in each country, the Group'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. 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 has subscribed 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 in 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 the Company

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 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

1981 Through 2008

Dassault Systèmes was established in 1981 through the spin-off of a team of engineers from Dassault Aviation which was developing software to design products in three dimensions ("3D"). The Company introduced its first brand, CATIA, which focused on the automotive and aerospace industries. At the time of the Company's formation, it entered into a distribution agreement with IBM. Through its work with large industrial companies, the Company learned how important it was for businesses to have a software solution that would support their product development processes. With this in mind, the Company enriched its solution to enable the design of digital mock-ups ("DMU") which helped its customers reduce the number of physical prototypes and realize substantial savings in product development cycle times. The Company also broadened its targeted industry segments to industrial equipment, consumer goods, high-tech, shipbuilding and energy.

The Company was first listed in Paris on June 28, 1996, and was also listed on the Nasdaq in New York until October 16, 2008.

In 1997, the Company organized its business into two segments: the “PLM” (“Product Lifecycle Management”) segment, which supports its customers’ end-to-end product development process, and the “Mainstream 3D” segment, dedicated to customers seeking to design products in a 3D design environment. In conjunction with this decision, the Company acquired SolidWorks (a Windows-native architecture) with the goal of targeting the significant market of companies designing their products in two dimensions (“2D”) and interested in taking advantage of the power of 3D design.

In order to fulfill the mission to provide a robust, integrated PLM solution supporting the entire product lifecycle, and along with its internal development, the Company undertook a series of targeted acquisitions. In 1998, the Company acquired the Product Manager software and development laboratory from IBM, which it merged with its virtual Product Data Management (“PDM”) application to create the ENOVIA product line. The Company then developed a portfolio of applications across ENOVIA to manage product data configurations, product lifecycle integration and collaboration. In 1999, the Company also introduced its Version 5 (“V5”) software platform for the PLM market designed for both Windows NT and UNIX environments. In 2000, DELMIA was launched in order to address the digital manufacturing domain following a series of three acquisitions, including (i) Deneb, a U.S. company specialized in robotic simulation, (ii) Safework, a Canadian company specialized in human modeling technology, and (iii) Delta, a German company specialized in manufacturing process management software. In 2000, the Company also acquired Spatial Technology, a U.S. company developing and selling software components, including ACIS.

In 2005 the Company continued to expand its addressable markets by introducing a new PLM brand, SIMULIA, for realistic simulation. SIMULIA is comprised of the products of Abaqus, Inc., which the Company acquired in October 2005 as the core of its realistic simulation offerings (Abaqus was renamed Dassault Systèmes Simulia Corp.) and the Company’s existing simulation products. In connection with its “3D For ALL” initiative to make 3D technology more broadly available to multiple levels of users, from content creators to consumers, the Company also acquired Virtools, a company with expertise in interactive Web applications which give lifelike behavior to 3D content.

In 2006, the Company expanded its collaborative product offerings and broadened its industry focus from seven to 11 industries with the acquisition of MatrixOne, Inc., a global provider of collaborative PLM software and services to medium-to-large organizations including companies in the high-tech, consumer products and life sciences industries. Following completion of the acquisition, MatrixOne was renamed Dassault Systèmes Enovia Corp. and became part of the Company’s ENOVIA brand. The Company also acquired Dynasim AB, a Swedish company specializing in modeling and simulation solutions for embedded systems in connection with the development of its CATIA Systems strategy, and GCS Scandinavia AB, a Swedish company with a Product Data Management product which is now distributed as SolidWorks Enterprise PDM.

In 2007, the Company leveraged its research and technology and advanced its 3D For ALL initiative with the introduction of its newest brand, 3DVIA, for lifelike 3D experiences easily accessible to users. 3DVIA extends 3D to new users, businesses and consumers in order to create new communities with 3D as their common language. With its open Web services architecture, 3DVIA enables high-performance distribution of 3D content. The Company acquired Seemage SA, a French company, to expand its product documentation offering as part of its 3DVIA brand. Further expanding its product offering for CATIA, during 2007 the Company also acquired ICEM Ltd, a U.K. company well-known in the automotive industry for its styling and high-quality surface modeling and rendering solutions.

In 2008, the Company acquired Engineous Software Inc., a U.S. company focused on solutions for process automation, integration and optimization. The acquisition extended SIMULIA’s simulation lifecycle management offering. During 2008, the Company introduced Version 6 (“V6”), its next generation PLM 2.0 application platform. This sixth generation version was conceived in close collaboration with the Company’s customers and leverages the success of its brands and V5 PLM software platform. PLM 2.0 is Dassault Systèmes’ major redefinition of the PLM markets designed to harness collective intelligence from online communities and enable any user to imagine, share and experience products in the universal language of 3D.

2009

Dassault Systèmes and blueKiwi Software, pioneer of Enterprise Social Software, concluded an agreement on June 22, 2009. DS has also taken a minority stake in blueKiwi Software. In the context of this agreement, blueKiwi will benefit from DS’ technology and worldwide presence, while blueKiwi software platform, which helps manage secure social networks with partners, customers and colleagues, will complement DS’s V6 platform and social innovation vision.

In October 2009, the Company and IBM signed a definitive agreement whereby Dassault Systèmes would acquire the IBM business unit dedicated exclusively to the marketing, sale and support of the Company’s PLM software (“IBM PLM”). The transaction was completed on March 31, 2010, for $600 million in cash, less assumed liabilities, using cash available to the Company. However, the Company may choose to refinance all or a part of the acquisition by local financing agreements depending on local credit conditions offering attractive opportunities. Under the agreement, Dassault Systèmes is acquiring the IBM PLM sales, marketing, services and client support operations, as well as customer contracts and related assets.

IBM PLM is 700-person sales and support organization operating in 27 countries across the Americas, Asia and Europe focused solely on the sales of the Company’s PLM software solutions. Through this acquisition, the Company will be transferred contracts with approximately 1,000 customers in the aerospace, automotive, machinery, energy and shipbuilding industries who previously interfaced with IBM, and

IBM's sales and support teams will also be transferred to the Company. With the completion of this acquisition, the Company believes that it now has the largest direct sales resources in the PLM market. The Company is focused on creating and delivering a higher level of client engagement with Version 6 PLM, which offers well-integrated enterprise solutions to support customers' business processes and shape innovation for sustainable product development. The Company believes that large companies in particular will benefit from its strong, unified go-to-market model while the Company continues to offer them significant expertise across its targeted industries and brands.

The Company and IBM also defined the next steps in their long-standing relationship, and have established Dassault Systèmes as an IBM Global Alliance Partner to strengthen and extend their cooperation in key areas: professional services, cloud computing (on-line distribution), middleware, flexible financing, hardware, and sales and distribution. Customers will thus continue to benefit from IBM's know-how in the international deployment of Dassault Systèmes' software solutions.

5.2 Investments

Acquisitions of companies, or of equity interests in companies, and of intangible assets offering strategic technology generally represent the Company's main investments. Following a definitive agreement in October 2009, the Company completed the acquisition of IBM PLM on March 31, 2010, for US$600 million in cash, less assumed liabilities, using cash available to the Company. However, the Company may choose to refinance all or a part of the acquisition by local financing agreements depending on local credit conditions offering attractive opportunities See 5.1.5 History of the Company – 2009.

The Company's principal acquisitions of companies over the last three years include:

Company	Year	Purchase Price
Engineous Software	2008	€26 million (including transaction costs)
ICEM Ltd	2007	€54 million (including transaction costs)

CHAPTER 6 – BUSINESS OVERVIEW

6.1 Principal Activities

6.1.1 Summary

The Dassault Systèmes vision is to enable everyone – from product designers to end-use consumers, and their respective communities – to create, share, and experience in 3D.

The Company is the world leader of the global PLM market. 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 increases, companies increasingly depend on their intellectual capital. 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 which enables end users and consumers to contribute significantly to product definition.

The Company has developed a broad software applications portfolio, organized in brands with strong leadership in their respective domains, in order to provide comprehensive solutions responding to the extensive requirements of product development:

- Design
- Realistic Simulation
- Digital Manufacturing and Production
- Collaborative Innovation
- Lifelike Experiences

The Company's software solutions and consulting services have been designed to 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; 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: automotive; aerospace; industrial equipment; consumer goods; consumer packaged goods; energy; high-tech; shipbuilding; life sciences; construction; and business services. See Section 6.2.2 "Industry sectors and customers".

In addition to its sales of software applications, which accounted for 88% of its total revenue in 2009, the Company also provides selected services, principally to large customers. These services comprise mainly 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 Mainstream 3D market, which is primarily focused on product design.

Revenue and operating income by segment are set forth below:

PLM

Revenue

(in millions, except percentages)	Year ended December 31, 2009	% of Total revenue	2008	% of Total revenue
Revenue (excluding inter-segment sales)				
PLM revenue	€990.2	79.1%	€1,058.3	79.3%
Supplemental non-IFRS Financial Information(1)				
PLM non-IFRS revenue	€991.7	79.2%	€1,061.7	79.3%

(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 Section 9.1.2 "Supplemental Non-IFRS Financial Information".

Operating income

(in millions, except percentages)	Year ended December 31, 2009	% of Total operating income	2008	% of Total operating income
Operating income				
PLM operating income	€132.3	57.3%	€170.3	62.2%
Supplemental non-IFRS Financial Information(1)				
PLM non-IFRS operating income	€214.4	68.3%	€237.8	69.5%

(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 Section 9.1.2 "Supplemental Non-IFRS Financial Information".

Mainstream 3D

Revenue

(in millions, except percentages)	Year ended December 31, 2009	% of Total revenue	2008	% of Total revenue
Revenue (excluding inter-segment sales)				
Mainstream 3D revenue	€261.1	20.9%	€276.5	20.7%
Supplemental non-IFRS Financial Information(1)				
Mainstream 3D non-IFRS revenue	€261.1	20.8%	€276.5	20.7%

(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 Section 9.1.2 "Supplemental Non-IFRS Financial Information".

Operating income

(in millions, except percentages)	Year ended December 31, 2009	% of Total operating income	2008	% of Total operating income
Operating income				
Mainstream 3D operating income	€98.7	42.7%	€103.6	37.8%
Supplemental non-IFRS Financial Information(1)				
Mainstream 3D non-IFRS operating income	€99.3	31.7%	€104.2	30.5%

(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 Section 9.1.2 "Supplemental Non-IFRS Financial Information".

See also Section 9.3 "Revenue and Operating Income by Segment".

See also Section 4.1 "Risks Related to the Company's Business".

6.1.2 Key business strengths of the Company

The Company believes that its leadership of the global PLM market is due to its key business strengths.

- **The Company develops long-term relationships with its customers in its targeted industries.** The Company works closely with its customers to involve them in all phases of product development and to identify their evolving needs. Through these close, long-term working relationships, it is able to gain a deep understanding of their product design processes and requirements. The Company believes this level of knowledge enables it to develop software solutions more closely attuned to the requirements of its customers, and highly suited to the industries it addresses.

- **The Company has a substantial commitment to technological innovation.** The Company devotes significant resources each year to research and development, with 2009 investments representing 24% of total revenue. The Company's research and development is two-fold in nature, focusing on further advancing its current portfolio of software applications and, at the same time, developing technologies and applications which it expects to bring to market over the medium to long term.

- **The Company has a market-proven brand strategy, with each brand having a clear identity and value to customers.** The Company's brand strategy focuses on developing software for specific domains (such as design, simulation, manufacturing, collaboration), with the objective of making each brand the 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's multiple brand strategy also enables its customers to choose the specific point of entry which corresponds to their individual needs.

- **The Company has an extended enterprise model for product development and go-to-market.** 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. See Section 6.2.3 "Extended enterprise partnerships" below. For marketing and sales, in addition to its direct sales force, the Company has important relationships with IBM, value-added resellers and other marketing and distribution partners. In the PLM market, the Company has built a product development program and community to enable independent software companies to develop complementary applications onto its PLM platform. Similarly, in the Mainstream 3D design market, SolidWorks has developed a large network of partners offering complementary products.

- **The Company has a high level of recurring revenue.** Recurring software revenue, comprised of periodic licenses and maintenance revenue, represented 73% and 64% of the Company's total software revenue in 2009 and 2008, respectively. In turn, total software revenue accounted for 88% and 86% of its total revenue for 2009 and 2008, respectively. This high level of recurring revenue has enabled the Company to maintain investments in critical resources in research and development and customer support even during challenging macroeconomic environments.

6.1.3 Growth strategy

The Company's overall growth strategy has focused on expanding its addressable market towards new software markets, new industries, and new types of users. The Company's product development, acquisition and go-to-market strategies have been key drivers of the expansion of its addressable market. Within this overall strategy for growth, the Company is focused on advancing the following key priorities:

- **Expand penetration into 11 target industries:** Expand penetration into its 11 target industries by offering software applications to address their design, digital manufacturing, collaboration and simulation needs, including industry-specific applications.
- **Extend the use of 3D technology to new users:** Extend the value of 3D to new users, businesses and consumers, and expand 3D penetration among the 2D users' community, with the Company's SolidWorks brand as a key driver of 2D to 3D migration.
- **Offer best-in-class online solutions:** Offer Software as a Service (SaaS) online solutions leveraging the V6 infrastructure, to provide enhanced product experience, availability and services to both existing and new customers.
- **Provide integrated PLM solutions:** Provide customers integrated PLM solutions for a broad number of users within an enterprise and throughout the supply chain, spanning design, simulation, collaboration and digital manufacturing. Multiple applications integrated on a single platform enables customers to increase their productivity benefits beyond what they would have achieved through a stand-alone purchase.
- **Focus on brand leadership:** Leverage each brand's excellence to win new accounts. Each of the Company's brands can win new customers and each brand can be an entry point for the Company's other brands.

For a description of the challenges which must be met to maintain growth, see Section 4.1 "Risks Related to the Company's Business".

6.1.4 Technology

PLM

Since 1981, the Company has introduced six new versions of its PLM software, with each version of the Company's PLM software being supported for approximately ten years from the date of initial introduction. 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, with the release of applications aligned with the Company's strategic priorities. The Company provides two new releases to its PLM versions each year.

The Company introduced the latest version of its PLM software, Version 6, during 2008 and has since introduced three releases for Version 6. The V6 platform has been designed to offer six key benefits to customers including:

1. ***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.
2. ***Lifelike Experience:*** Advanced product innovation requires both that a 3D product be experienced as it looks and behaves in real life, as well as an intuitive interface which mimics real life.
3. ***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.
4. ***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 ("RFLP") definitions of the product. Those capabilities are major breakthroughs for any company implementing a global engineering and manufacturing strategy.
5. ***Ready-to-use PLM Business Processes:*** Based on industry-specific business process applications, ready-to-use PLM business processes software enables rapid deployment and thus a quick return on investment.

6. ***Lower Cost of Ownership:*** V6 offers a single database, on-the-cloud or on-premises, for all applications and embraces SOA (Service-Oriented Architecture) standards, thereby dramatically reducing the cost of ownership, allowing easy enterprise integration and rapid implementations, and spurring more efficient collaboration.

Mainstream 3D

Designed specifically for Windows, the Company's SolidWorks technology for the Mainstream 3D market is intended to enable designers and engineers to make an easy transition from 2D drafting to a 3D environment. Its intuitive Windows user interface enables users to productively employ SolidWorks software with minimal training. SolidWorks applications provide users with a 3D design process, for which a fully detailed solid model is used to quickly produce drawings and perform downstream design functions. Each year a new release of SolidWorks is introduced into the market with new innovations to respond to requirements currently not met by industry solutions, 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.

The current release, SolidWorks 2010, includes SolidWorks Premium 2010, which focuses on optimizing the core product design functions that make the greatest impact on a design team's success. The product enhances all of the software's major capabilities, including complex part and assembly modeling, production drawing creation, publishing, data management, environmental impact evaluation, design validation, and simulation of motion, flow, and structural performance.

6.2 Principal Markets

6.2.1 Brands

The Company has a market-proven brand strategy, with each brand having a clear identity and value to customers. Its broad product portfolio comprises software applications addressing different 3D market opportunities. Each of the Company's principal brands – SolidWorks for the Mainstream 3D segment, and CATIA, SIMULIA, DELMIA and ENOVIA for the PLM segment – is one of the leading participants in its domains.

SolidWorks – 3D For professionals

Designed specifically for 3D professionals, the Company's SolidWorks software has been developed with an intuitive Windows user interface which helps users quickly achieve their individual and collective business objectives with minimal training. SolidWorks applications include powerful tools for 3D design, simulation, publishing, data management, and environmental impact assessment. Each year, SolidWorks introduces a new version of its product family with numerous industry innovations, user-requested enhancements, and improvements to existing functionality. SolidWorks draws on the collective expertise of customers, resellers, and technical talent to execute these advances.

CATIA – For virtual product design

CATIA is the Company's original brand and its PLM solution for 3D collaborative creation. CATIA addresses the complete product development process, from early product concept specification through product in service. From large manufacturers through their supply chains to small- and mid-size businesses, CATIA is used by thousands of companies of all sizes in the Company's 11 target industries. Spanning style and shape design, mechanical design, systems engineering and equipment design, CATIA's extensive portfolio facilitates collaborative design and engineering across disciplines. CATIA is a fully-integrated solution that allows users to tailor their product development functionalities to their individual and industry needs. The Company believes that CATIA is among the most powerful virtual product design systems on the market.

SIMULIA – For realistic simulation

SIMULIA provides realistic simulation designed to enable manufacturing companies to improve product performance, reduce the number of physical prototypes and drive innovation. SIMULIA allows engineering organizations to create and test virtual prototypes of complex products and processes and provides open, multi-physics solutions and framework for complex simulation applications. 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. SIMULIA has also introduced simulation lifecycle management, based upon the Company's ENOVIA architecture offering an open collaborative platform for management of simulation processes, data and know-how.

DELMIA – For virtual production

DELMIA covers the Company's PLM digital manufacturing solutions. DELMIA allows manufacturers to define, plan, create, monitor and control production processes in a virtual environment before actual production takes place. From process planning (production layout planning, time measurement of processes and sequences, cost analysis and factory line balancing), process detailing (assembly sequences, factory/cell layouts and machining operations), and validation and resource modeling and simulation (simulating robots and analyzing ergonomic issues for factory workers) to a complete definition of the production facility and equipment, DELMIA helps companies achieve maximum production efficiency, lower costs, improved quality and reduced time-to-market.

ENOVIA – For global collaborative lifecycle management

ENOVIA enables companies to bring together people, processes, content and systems involved in the product creation, product development, product introduction process and product 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, managing simple as well as highly engineered, complex products. Deployments can range from small development teams to extended enterprises with thousands of users, including suppliers and partners.

The ENOVIA V6 products are organized into four business process-based domains: Governance, Global Sourcing, IP Lifecycle Management and Unified Live Collaboration.

3DVIA – For online 3D lifelike experiences

3DVIA was created during 2007. The objective of this brand is to bring 3D technology to new users, businesses and consumers. The Company's 3DVIA portfolio includes, among other solutions: 3DLive, a suite of products designed to help individuals across the enterprise to search, navigate and collaborate in 3D in real-time over the Internet; 3DVIA Composer, which enables users to deliver assembly procedures, technical illustrations and marketing materials utilizing 3D images and other 3D data that remains consistent with product data; and 3DVIA Virtools and 3DVIA MP, which offer a comprehensive interactive 3D development environment enabling companies to create, and their customers to utilize, lifelike interactive experiences. The Company also launched 3DVIA.com, a community Web site dedicated to 3D enthusiasts and digital content creators to showcase 3D interactive experiences.

6.2.2 Industry sectors and customers

The Company's target market is comprised of 11 sectors: automotive; industrial equipment; aerospace; consumer goods; consumer packaged goods; energy; high-tech; shipbuilding; life sciences; construction; and business services.

The Company's three largest sectors, automotive, industrial equipment and aerospace, accounted together for approximately 80% of end-user software sales of the Company's products in 2009, compared to approximately 85% in 2008. Newer industries (high-tech, life sciences, consumer goods, energy and consumer packaged goods) accounted for approximately 20% of end-user software sales of the Company's products in 2009, compared to approximately 15% in 2008.

The Company is well diversified by customer size, with the largest customer representing approximately 3% of total revenue in 2009 (compared to 5% in 2008). In addition, its five, ten and 20 largest customers accounted, respectively, for approximately 13%, 19% and 23% of total revenue in 2009, compared to 14%, 20% and 23%, respectively, in 2008.

The Company has had a long-term presence in the automotive, aerospace, industrial equipment and shipbuilding industries, and its customers in these industries include:

AVIC	Ford Motor Company	Mitsubishi Motors
BAE Systems	General Dynamics Bath Iron Works	Nikon
Bénéteau	General Motors	Nissan
BMW	Goodyear	Northrop Grumman
Bobst	Gulfstream	Porsche
Boeing	Honda	PSA Peugeot Citroën
Bombardier	Honeywell	Renault
Chrysler	Hyundai Kia Motor Corp	Sikorsky
Claas	Kobelco	Spirit
Daimler	Lockheed Martin	Tata Motors
Dassault Aviation	Metso	Toyota Motor
EADS	MeyerWerft	Volkswagen
Embraer	Michelin	Volvo

Industries which the Company is targeting to increase its market presence include high-tech, life sciences, consumer goods, energy and consumer packaged goods (such as packaged food products). The Company's market position in some of these industries has been reinforced by its acquisitions over the last several years. The Company's customers in these industries include:

3M	Gehry Partners	Nokia
Abbott Laboratories	General Electric	NXP
Adidas	Guess	Phillips
Agere	Hitachi	Pioneer
Areva	Hydro-Quebec	Procter & Gamble
Barilla	Kodak	Samsonite
Boston Apparel	LG Electronics	Samsung Heavy Industries
Celestica	Luxottica	Shell
Clarion	Matsushita Panasonic	Sony Ericsson
Coca-Cola	Medrad	STMicroelectronics
Eldo	Monoprix	Trent
Electronic Arts	New Balance	VF
Gap	Nikon	Zimmer

6.2.3 Extended enterprise partnerships

A core component of the Company's strategy is the concept of an extended enterprise. This extended enterprise network, with its customers at the center, encompasses partners across technology, software development, distribution, consulting, marketing, and education.

IBM relationship. The Company has maintained a long-standing relationship with IBM in distribution, as described below under Section 6.2.4 "Sales and marketing". Moreover, in the hardware, middleware and consulting services domains, IBM has been an important partner to the Company. In connection with the acquisition of IBM PLM (see Section 5.1.5 "History of the Company – 2009"), the Company and IBM also defined the next steps in their relationship, and have established Dassault Systèmes as an IBM Global Alliance Partner to strengthen and extend their cooperation in key areas: professional services, cloud computing (on-line distribution), middleware, flexible financing, hardware, and sales and distribution. The Company also collaborates with IBM on research and development projects.

Customer partners. The Company establishes an ongoing dialogue between its research and development teams and its customers, thereby ensuring product developments that are responsive to market needs. A key part of the Company's research and development is focused on developing in-depth knowledge of its customers' industries and tailoring products to the needs of those industries.

Technology 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 their 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.

Software partners. The Company has software development partners working with its PLM and Mainstream 3D 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 and complementary to the Company's PLM software solutions. As of February 2010, the Company's program has introduced with V5 R20 more than 500 CAA V5-based partner products delivered by 165 partners. During 2009 the program was extended to support development of V6 applications which run in concert with the Company's PLM 2.0 platform.
- 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 220 compatible products are available to customers in many functional areas, including manufacturing, rapid prototyping and mold design.

Industry solutions partners. 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/segments to address clients' business challenges. Based on their strong competence in industries and application domains in conjunction with Dassault Systèmes' products and solutions, ISP partners help to deliver innovative PLM solutions which customers need for success in their business. See also Section 6.2.4 "Sales and marketing" below.

Education partners. The Company has established a number of relationships with research centers, universities and schools throughout the world over the years. For further information, see Section 17.1 "Social Report".

6.2.4 Sales and marketing

Summary

The Company has significantly transformed its sales and marketing organization over the last several years in order to more closely align its sales and marketing organization on the Company's growth strategy, with a focus on broadening the adoption of PLM across industrial sectors, geographic regions and customers of different sizes.

The Company has developed three sales channels: For the PLM market, the Company principally addresses large enterprises with its PLM Business Transformation Channel, and the Company primarily addresses small- to mid-size enterprises with its PLM Value Selling Channel. For the Mainstream 3D market, the Company's marketing and sales is conducted through its Professional Channel.

The Company has had a long-standing strategic relationship with IBM. Under their marketing and distribution agreement in effect until the Company's acquisition of IBM PLM at the end of the first quarter of 2010, the Company licensed its products to IBM, which then sublicensed them to end-users. IBM paid royalties to the Company, which were in general equal to 50% of total license fees invoiced by IBM; however this amount could vary depending upon individual customer or brand circumstances. Revenue generated through the Company's agreement with IBM represented approximately 23%, 27% and 35% of the Company's total revenue in 2009, 2008 and 2007, respectively.

During 2009, the Company and IBM undertook a significant change to the scope of their relationship, redefining and enhancing their strategic partnership, with the Company taking full control of its PLM direct sales through the acquisition of IBM PLM. IBM and the Company established Dassault Systèmes as an IBM Global Alliance Partner and agreed to expand their areas of cooperation to include professional services, cloud computing, middleware, flexible financing, hardware and sales and distribution. The acquisition of IBM PLM was completed on March 31, 2010. Under the agreement, Dassault Systèmes has acquired the IBM PLM sales, marketing, services and client support operations, as well as customer contracts and related assets. See Section 5.1.5 "History of the Company – 2009".

The Company's sales channels

- **PLM Business Transformation Channel:** Representing approximately 55% and 54% of the Company's total revenue in 2009 and 2008, respectively, this channel is focused on the marketing and sales of the Company's PLM solutions to large enterprises. Until March 31, 2010, the PLM Business Transformation Channel comprised sales activities through both IBM PLM and the Company's direct sales resources. The Company has substantially developed its PLM direct sales channel starting in 2005, principally through the acquisitions of Abaqus, Inc. (subsequently renamed Dassault Systèmes Simulia Corp.) in 2005 and MatrixOne, Inc. (subsequently renamed Dassault Systèmes Enovia Corp.) in 2006, and finally the acquisition of IBM PLM on March 31, 2010.

- **PLM Value Selling Channel:** Representing approximately 24% and 25% of Dassault Systèmes' total revenue in 2009 and 2008, respectively, this channel is focused on the marketing and sales of the Company's PLM solutions to small- to mid-size enterprises via a network of more than 360 value-added resellers (VARs). Historically, IBM PLM managed a network of IBM business partners selling the Company's solutions, but beginning in 2005, the Company progressively assumed increasing responsibility for its PLM Value Selling Channel and, since mid-2008, has assumed direct oversight of the entire PLM Value Selling Channel.
- **Professional Channel:** Representing approximately 21% of the Company's total revenue in each of 2009 and 2008, the Professional Channel is comprised of a network of more than 410 value-added resellers and distributors worldwide. The Professional Channel supports the sales activities of its value-added resellers through industry trade shows, seminars, online educational activities, advertisements and marketing materials.

Following the completion of the IBM PLM acquisition (see Section 5.1.5 "History of the Company – 2009"), no distributor will represent more than 5% of the Company's total revenue.

6.2.5 Competition

Markets for the Company's products are highly competitive and characterized by rapidly changing technology and evolving standards. The Company's main competitors in the PLM market include Siemens PLM Software, a business unit of Siemens Industry Sector, and Parametric Technology Corporation (PTC). For its Mainstream 3D products, the Company's main competitors include Autodesk, Inc., and PTC. The Company also competes with companies focused on specific applications, including ANSYS, Inc. and MSC Software Corporation in simulation, and Oracle Corporation and SAP AG in product data management and collaboration. In addition, numerous software developers compete with the Company in specific applications or industries. In general, the Company's largest competitors compete with it on a worldwide basis.

The Company competes in its various product lines on the basis of the benefits which the solutions bring to customers, including product features, product coverage and optimization, ease of use, performance, openness, knowledge management, and product adaptation to specific industry needs and processes, as well as price, services and technical support.

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 which make up the Dassault Systèmes 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 Company's software solutions, including principally CATIA and the CAA platform, as well as a part of the Company'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.

Dassault Systèmes SA defines the Company's overall strategy and operating plans. The executive management team is based at Dassault Systèmes' corporate headquarters at the new corporate campus in Vélizy-Villacoublay (in the Yvelines department) to the southwest of Paris. The research and development policy is set by the parent company. Research and development activities are carried out in laboratories located in France, the United States, India, Canada, Germany and the United Kingdom. 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 Section 6.2.4 of this annual report) under the shared responsibility of the subsidiaries and the parent company. 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, legal, human resources and information technology. The costs of providing centralized services are billed back at their actual costs to the respective subsidiaries using these services. In 2009, the total amount charged back to subsidiaries by Dassault Systèmes SA was €34.9 million (compared to €29.9 million in 2008). This amount included management fees for administrative and technical services of €12.1 million in 2009 (compared to €8.8 million in 2008). With respect to the Company's assets, they are largely held by the respective subsidiaries using such assets for the development of software and services.

The business of Dassault Systèmes SA's subsidiaries, and the companies they control, is generally similar to the parent company's business, in that it consists of the development of software for both the PLM and Mainstream 3D segments and is carried out within the Group's global strategy in the area of software based on 3D technology.

In particular, the main American subsidiaries of Dassault Systèmes develop and distribute principally products under their related brand names: DS Simulia Corp. develops its products principally under the brand SIMULIA, DS Delmia Corp. under the brand DELMIA, DS Americas Corp. and DS Enovia Corp. under the brand ENOVIA, and finally DS SolidWorks Corp. under the brand SolidWorks. The principal functionalities of the products developed under each brand are described in Section 6.2.1 "Brands".

See also the report of the Statutory Auditors on "regulated agreements" set forth in Section 20.4.3 of this annual report.

7.2 Principal Subsidiaries of the Group

At December 31, 2009, the Group included Dassault Systèmes SA and 74 operational subsidiaries present in 28 countries. The Company has a global presence, and, in addition to the countries mentioned below, operates in various European countries as well as China, India and South America.

The list below sets forth the Group'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 Services LLC (US) – 100%
Dassault Systèmes SAS (France) – 100%	Dassault Systèmes SolidWorks Corp. (US) – 100%
Dassault Systèmes Provence SAS (France) – 100%	Dassault Systèmes Enovia Corp. (US) – 100%
Dassault Systèmes Deutschland GmbH (Germany) – 100%	Dassault Systèmes Delmia Corp. (US) – 100%
Dassault Systèmes K.K. (Japan) – 100%	Spatial Corp. (US) – 100%
Dassault Systèmes Americas Corp. (US) – 100%	Dassault Systèmes Simulia Corp. (US) – 100%
	Dassault Systèmes Holding Canada Inc. (Canada) – 100%

See also Note 26 to the Company's consolidated financial statements and the table of subsidiaries and shareholdings under Note 23 to the parent company financial statements.

Other than Dassault Systèmes SA, which accounted for approximately 23% of the Group's total consolidated revenue, the only subsidiary which accounted for more than 10% of total consolidated revenue in 2009 was Dassault Systèmes SolidWorks Corporation (which contributed approximately 18%).

CHAPTER 8 – PROPERTY, PLANT AND EQUIPMENT

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

The Company has adopted a policy of managing its real estate properties based on several axes.

The first axis involves a strategy of consolidating onto a minimum number of sites its subsidiaries and facilities which may be dispersed in a single region or country. This axis is referred to as “co-location”.

Thus, at the end of 2008 and during the first quarter of 2009, the Company consolidated on its site at Vélizy-Villacoublay (*département* of the Yvelines) with an area of approximately 60,000 square meters (known as the “DS Campus” or the “Campus”), not only the Company’s previous corporate headquarters and principal facilities, previously located in Suresnes (*département* of Hauts de Seine), but also its other facilities and headquarters which were located in the Paris region (Ile-de France).

This consolidation, which began in 2008 for the Ile de France, was continued in 2009 in Europe with the consolidation of several facilities and/or subsidiaries in Barcelona, Spain, in Milan (Italy) and in Asia and the United States. Other consolidations begun in 2009 will become effective in 2010.

In addition to the “co-location” axis, a second axis concerns a “quality” strategy involving the selection of sites offering performance standards in terms of infrastructure, interconnection, environmental impact, accessibility and, image of the Company. In order to limit the impact of its business on its environment, the Company seeks to rent buildings certified “High Environmental Quality” (“*Haute Qualité Environnementale*”), as is the case of the DS Campus, whenever possible, or complying with the criteria of the thermal standard “RT 2005” (see also the environmental report in Section 8.3 below).

This property policy thus seeks to encourage synergies within the Group and economies of scale, to improve conditions for cost control, and to reduce the Group’s environmental impact, while also harmonizing and improving the working environment offered to DS employees globally.

Finally, in the context of external growth operations, an audit is conducted of the facilities and their usage, in particular with reference to the Company’s standards in this regard, in order to determine actions to be undertaken (such as maintenance of the lease, renovation of the facilities or consolidation).

All of the Group’s administrative, research and development and distribution facilities, located particularly in France, the United States, Germany, India, Japan, Canada, Sweden, the United Kingdom and China, are rented.

Certain characteristics of the most important leases signed by the Group’s companies are described in the table below.

Site	Surface are (in square meters)	Activities on the site	Annual rent*
Vélizy-Villacoublay, France	60,000	Headquarters – R&D – Marketing and sales	€16,087,301
Concord, Massachusetts, USA	16,000	Marketing and sales – R&D	US$6,516,000
Charlotte, North Carolina, USA	8,500	Marketing and sales	US$2,282,000
Lowell, Massachusetts, USA	7,000	Marketing and sales – R&D	US$1,644,000
Tokyo, Japan	5,800	Marketing and sales	US$3,425,424

* See Note 23 to the consolidated financial statements for further information concerning rent.

The Company believes that its existing real estate properties and the space available to it since its relocation will be adequate for anticipated needs, 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

The Company does not believe that it is exposed to significant environmental risks resulting from the nature of its business.

The Company believes that its products contribute to the protection of the environment, since they are designed to substitute for the construction of physical prototypes, help optimize weight and the consumption of raw materials used to produce products, and reduce consumption. Dassault Systèmes thus contributes to reducing environmental problems experienced in all industries.

The Company seeks to reduce its environmental impact generally. Environmental issues which may affect the Company's use of its real estate properties are described in Section 8.1 above and in the environmental report in Section 8.3 below.

8.3 Environmental Report for 2009

Sustainable development is central to Dassault Systèmes' mission, with a strategy based on sustainable innovation. Each of Dassault Systèmes' brands offers a promise of environmental protection. 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.

2009 was notable for the innovation of the SolidWorks brand with its «*SolidWorks Sustainability*» product, which enables customers to understand and visualize their products' environmental impact starting at the design phase. In addition, DS's other PLM solutions, under the CATIA, SIMULIA, DELMIA and ENOVIA brands, also allow DS's customers to reduce their products' environmental impact from the design phase by making it possible to reduce the consumption of primary materials through the use of digital models, to optimize energy consumption and to ensure product compliance with environmental standards. Finally, 3DVIA and 3D visualization allow effective communication regarding environmental issues.

DS's corporate campus (the «DS Campus») in France is DS's principal facility, covering 60,000 square meters and providing a workplace for more than 2,300 employees. In the rest of the world, Dassault Systèmes has 80 other facilities, including principally:

- in the United States, a facility in Concord, Massachussetts (16,000 square meters), Charlotte, North Carolina (8,500 square meters) and Lowell, Massachussetts (7,000 square meters); and
- in Asia, facilities in Tokyo (5,800 square meters).

The Company's remaining sites consist principally of offices or R&D laboratories which generally do not exceed 1,000 square meters.

Although the direct impact on the environment of its business is quite limited as a result of the nature of its activities, DS is permanently committed to reduce its environmental impact.

The DS Campus

After 12 months of studies and 20 months of building, the DS Campus, Dassault Systèmes new world headquarters opened its doors in November 2008 and is the worksite for approximately one third of the Group's employees. The DS Campus received the high environmental quality ("HQE") certification "*NF Bâtiments tertiaires Démarche HQE*". The DS Campus received 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.

Because the DS Campus only opened at the end of 2008, the comparison of 2009 with 2008 will be based on the Company's previous global headquarters in Suresnes, outside Paris, France.

8.3.1 Group consumption levels

8.3.1.1 Water consumption

a. The DS Campus

Water consumption at the DS Campus in 2009 amounted to slightly more than 27,239 cubic meters, compared to approximately 13,670 cubic meters in 2008 in the previous site (based on the first ten months of the year extrapolated to the entire year).

In 2009, average water consumption per employee amounted to 11.45 cubic. The increase in water consumption between 2008 and 2009 was due to (i) the increase in the size of the DS Campus (60,000 square meters compared to 30,000 square meters at the previous site) and in the number of employees at the site (2,400 employees at the new site compared to 1,600 at the previous site), and (ii) the addition of 16,500 square meters of green spaces at the DS Campus (there were no green spaces at the previous site). Management of water consumption at the DS Campus was optimized through the installation of sanitary facilities which limit water wastage (for example, bathroom water taps with automatic detection devices). In addition, trees and plants with low water needs were selected, as well as a drop by drop automatic watering system, to permit efficient water management for the green spaces.

Finally, a filtration pond with a 500 square meter surface was built on the DS Campus. The filtration pond allows the rain water infiltration to be regulated, thus avoiding disturbance of underground water networks and saturation of the waste evacuation system.

b. In the rest of the world

On many DS sites in the world, water consumption could not be determined, since consumption is included in rental charges.

8.3.1.2. Electricity consumption

Total electricity consumption at 38 representative sites in the world (including the DS Campus, whose consumption is further discussed below) amounted to 26,345,534 kWh. By extension to DS's 80 sites in the world, DS's total electricity consumption amounted to approximately 38,500,000 kWh in 2009.

a. The DS Campus

Electricity consumption at the DS Campus amounted to 14,601,500 kWh in 2009, compared to a little more than 10,500,000 kWh in 2008 at the previous site (based on the first ten months of the year extrapolated to the entire year). The increase in electricity consumption is a direct result of the increase in the size of the DS Campus compared to the Company's previous headquarters site.

Electricity consumption in relation to the occupied surface area showed a substantial decrease in 2009 compared to 2008.

Year	2007	2008	2009
Electricity consumption in kWh/m^2	351	350	243

The optimization of electricity consumption at the DS Campus is based on different technologies, including:

- Computer servers: as a research and development company producing software, Dassault Systèmes SA uses a large number of computer servers. The heat generated by the servers is used to heat a significant portion of the air circulated at the DS Campus.
- Lighting: Dassault Systèmes SA saves energy on the DS Campus by using motion detectors together with detectors of natural light, as well as high-yielding lighting elements. For example, the light 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 the campus's energy consumption, making it possible to locate leaks and defects and accelerate repair work to avoid energy loss.

In addition, during the construction of the DS campus, solar panels were installed on the building rooftops. The panels are scheduled to be joined to the electrical network in 2010.

b. Data Center

Some of Dassault Systèmes' computer servers are at a data center outside the DS Campus. Electricity consumption at the Data Center amounted to 8,446,231 kWh in 2008, including air conditioning and air provided to the servers. For the first half of 2009, electricity consumption was 4,419,830 kWh, which represents an annual consumption level similar to 2008 if extrapolated for the whole year.

To reduce the environmental impact of its data centers around the world, the Company includes certain environmental terms in its calls for bids related to the Data Center. These terms favor service providers that offer more environmentally protective solutions, such as "free cooling", a new technology which involves the use of cold exterior air to cool the servers.

c. In the rest of the world

Certain of the Company's facilities in the rest of the world consume electricity produced from renewable sources. For example, at Dassault Systèmes Austria in Vienna, 80% of the electricity consumed is green energy (solar or wind). At the SolidWorks facilities in Germany at Hannover, Braunschweig and Herrenberg, 20% of the energy is produced through renewable resources.

8.3.1.3. Raw materials Consumption

Paper

Paper consumption at the DS Campus (which represents approximately one third of the Company's employees) amounted to 28 tonnes in 2009 compared to 32 tonnes in 2008, which represented a reduction of 13% in absolute value despite the significant increase in the number of employees present at the site (2,400 employees at the new site compared to 1,600 employees at the previous headquarters). In terms of consumption per employee, paper consumption represented 20 kg per employee in 2008 compared to 11.67 kg per employee in 2009.

The decrease in paper consumption was due principally to the replacement of individual printers by group printers and by requiring a manual confirmation for the printing of each document. These measures encouraged employees to reduce quantities printed and unnecessary printing and, as a result optimized paper consumption. Paper used at the DS Campus is 100% FSC certified (an eco-label which ensures that a basic product was produced in conformity with processes guaranteeing long-term forest management). After usage, 100% of the paper is sorted and recycled. The use of recycled paper and of FSC certified paper is being gradually extended to the Group's subsidiaries.

Packaging

Packaging at Dassault Systèmes consists principally of packaging software products. In 2007, the supplier responsible for packaging the Company's products became compliant with Reach, 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.

8.3.2 Transportation

Overall policy

In 2009, Dassault Systèmes prepared a new policy for optimizing transportation as part of its global cost reduction policy (see Section 9.1.1 "Executive Overview for 2009" of this annual report). The policy applies to Dassault Systèmes SA and all its subsidiaries in the world. To reduce traveling in general, meetings by videoconferences were preferred. In addition, to reduce the environmental impact of travel, train travel was preferred to air travel when possible; for air travel, economy class, which has a much smaller carbon footprint, was preferred to business class.

Vehicles

In Europe, the Company has a total fleet of 279 vehicles. Fuel consumption for these vehicles amounted to 626,627 liters in 2009. Most of the Company's sites outside Europe rent cars for transportation, and thus the fuel consumption could not be estimated.

Consumption by type of fuel in Europe in 2009

Diesel	612,759 liters
Lead-free	13,868 liters

A new vehicle purchasing policy for Europe is being prepared to require the purchase of cars which are more respectful of the environment and which will emit less CO_2 into the air.

Business travel

Since the Group's business is in the service sector, transportation is the principal source of greenhouse gas emission for the Company's different sites. Employees travel frequently to different locations around the world. In 2009, the Company adopted a new travel policy preferring train travel to air travel for trips of less than three hours.

Travel from the DS Campus (approximately one third of the employees) for 2009

Kilometers of air travel	13,080,181
Kilometers of train travel	639,309

8.3.3 Management of the ecosystem

8.3.3.1. Waste treatment

Waste

The DS Campus, and nearly three quarters of the Company's subsidiaries in Europe, the United States and Japan use selective recycling, particularly for paper and plastic.

On the DS Campus, the service provider which 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.

Specific waste

With respect to its own waste, the Company subcontracts in France, with specialized companies, for the recycling of items such as fax paper and ink cartridges, neon light bulbs, magnetic tapes and CD-Roms. These services can be included in the service contracts of the Company's suppliers, such as the recycling of printer ink cartridges.

More than one third of the Group's subsidiaries in Europe collects specific waste items for recycling. The other subsidiaries in Europe, which are small facilities or laboratories, generate little specific waste and subcontract recycling.

Computer equipment

In 2008, Dassault Systèmes SA adopted a new policy for managing its computer equipment (applicable to fixed terminals, portable computers, servers and the Data Center), which it buys instead of renting. More than 7,960 computers are in circulation in Europe and in 2009, 2.5 tonnes of computer equipment were recycled using outside service providers in accordance with the European WEEE (Waste Electrical and Electronic Equipment) directive.

Dangerous substances

By the nature of its activities, Dassault Systèmes does not generate dangerous waste. Nevertheless, a PCB (polychlorobiphenyls) transformer is located in the United States. It is equipped with a collection tray and its retirement is planned for 2013.

8.3.3.2. Environmental disturbances and emissions

By the nature of its activities, Dassault Systèmes does not generate emissions having an environmental impact on the ground, air or water. The Company's activities do not generate noise or odors which could disturb its surroundings.

In 2009 Dassault Systèmes initiated a carbon study for the DS Campus. The results of the study are not known at the time of publication of this annual report.

Nevertheless, at the DS Campus and in India, fuel reserves are stocked to provide electrical needs in case of a power outage. At the DS Campus, the fuel tanks have a total capacity of 20,000 liters and are installed under ground. They are equipped with retention tanks with a firewall system and leak and smoke detection systems. In India, the fuel storage is maintained and checked by a maintenance system.

8.3.4 Outside service providers

In connection with the measures taken to avoid environmental risks, Dassault Systèmes SA has put in place real-time monitoring of the closing of operations, operational incidents and building maintenance with the assistance of ISO 9001 certified companies.

Dassault Systèmes SA includes requirements regarding sustainable development in the terms and conditions for calls for bids from suppliers of the DS Campus.

Most of the outside service providers to the DS Campus are, or are in the process of becoming ISO 9001 and 14001 certified. The food services provider will thus be audited in 2010 for both certifications (the DS Campus serving as a pilot site for this first certification of the services provider). Moreover, an approach to environmental protection put in place by the food services group has been adopted by the personnel of the food services provider to conform to ISO 14001 and reduce greenhouse gas emissions (for example, selective recycling, collection of used oil and energy optimization).

Similarly, the company responsible for maintaining the green spaces and cleaning the DS Campus uses non-toxic products for cleaning and plant removal is done by hand.

8.3.5 Personnel organization and awareness

A conference was held in 2009 by the persons responsible for the DS Campus to sensitize employees to environmental issues. The different measures put in place by the Company as part of its environmental policy were presented, while recalling for example the eco-actions and selective recycling being adopted in the offices with compartmentalized trash receptacles.

In addition, a campaign for the prevention and awareness was initiated by the Comité d'Entreprise (Workers' Council) at the DS Campus through a Carnet de Vie ("life notebook") made available to all employees, which summarizes environmental management at the DS Campus. It covers each area: energy and water consumption, waste management, devices used for environmental management, the «green» service providers, while reminding employees of eco-actions.

8.3.6 Risk and assessment of environmental impact

The nature of the Company's activities is largely services (no Group facility is classified SEVESO or ICPE) and a large part of its assets are intangible, which greatly limits the Group's 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 Group also is not aware of any environmental problems which could impact the use made of its tangible assets.

In light of the limited nature of the Group's industrial and environmental risks, the costs related to the assessment, prevention and treatment of industrial and environmental risks are included in the different investment and expense items set forth in the consolidated financial statements. The magnitude of these costs did not justify presenting them on a separate line item.

In 2009, no provision or guaranty for environmental risks was recorded in the Group's consolidated financial statements. 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.

CHAPTER 9 – OPERATING AND FINANCIAL REVIEW

9.1 General

The executive overview in Section 9.1.1 below highlights selected aspects of the Company's IFRS financial results for 2009. 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 elsewhere in 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) other operating income and expense, net and (v) 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 2009

The Company's 2009 financial results reflected three main factors: (i) the deep global recession and its impact on customers' investments in the Company's software solutions and services during 2009; (ii) the Company's significant efforts to mitigate the impact of the recession on earnings and operating margin through a Company-wide cost savings program and longer-term ongoing efficiency programs; and (iii) the Company's decision to maintain its resources/capacity in research and development ("R&D") and in sales and customer support. The global recession began to have a noticeable impact on the Company's financial results commencing in the fourth quarter of 2008 and increased in severity during 2009.

Overall, the difficult economic conditions worldwide lead many customers to reduce new license purchases, causing declines in the Company's new licenses revenue (decreasing 31% in constant currencies) and services and other revenue (decreasing 19% in constant currencies). The Company's recurring revenue increased 5% in constant currencies, limiting the decline in software revenue and total revenue to 8% and 9%, respectively, in constant currencies. At the outset of 2009 the Company put in place a cost savings program which focused on reducing expenses while maintaining research and development and customer support capacity. Overall headcount remained stable, as the Company instituted a hiring freeze, with selective additions and reorganizations. In addition, the Company sought savings in a number of areas, including (i) travel related expenses; (ii) marketing activities; (iii) costs for outside services including professional fees and subcontractors; and (iv) reducing materials requirements and implementing specific measures in purchasing. As a result, the Company was able to reduce operating expenses and mitigate the impact of the global recession on its financial results. For 2009, operating expenses decreased by 3.8% and in constant currencies by approximately 6% (8% in constant currencies on a non-IFRS basis).

With respect to its research and development activities, the Company introduced its most recent version of its PLM software, Version 6, during 2008, and during 2009 continued to introduce new applications and products for the Version 6 platform, with two major releases planned each year. Significant R&D resources have been and are being devoted to preparing new releases for Version 6 in addition to supporting existing versions of the Company's PLM software, advancing its Mainstream 3D software offerings, bringing to market new product offerings and investing in longer term product strategies. The Company is also investing in broadening its software solutions offerings tailored to its target industries and their unique processes. While the Company continues to increase personnel in R&D, it is also focused on improving the productivity of its investments, which has resulted in the consolidation of R&D personnel to key facilities in order to better leverage infrastructure and IT resources. See Chapter 11 "Research and Development, Patents and Licenses".

In marketing and sales, the Company has made significant investments in its three sales channels over the last several years in order to more closely align its go-to-market strategy with a focus on broadening the adoption of PLM across its core industries and markets as well as newer sectors and geographic regions. In this regard, following formal agreement in October 2009, the Company completed the acquisition of IBM PLM on March 31, 2010, and thus acquired full responsibility and control of its PLM Business Transformation Sales Channel. See Section 5.1.5 "History of the Company – 2009".

The table below sets forth total revenue by activity, geographic region and segment for the years ended December 31, 2009 and 2008, and provides growth rates on an as reported basis and in constant currencies.

	Year ended December 31,			
(in millions, except percentages)	**2009**	**% change**	**% change in constant currencies**	**2008**
Total Revenue	€1,251.3	(6.3)%	(9)%	€1,334.8
Total revenue by activity				
Software revenue	€1,099.8	(4.7)%	(8)%	€1,154.4
Services and other revenue	151.5	(16.0)%	(19)%	180.4
Total revenue by geographic region				
Americas	€386.3	(5.8)%	(11)%	€410.1
Europe	577.5	(6.9)%	(6)%	620.2
Asia	287.5	(5.6)%	(14)%	304.5
Total revenue by segment				
PLM revenue	€990.2	(6.4)%	(9)%	€1,058.3
Mainstream 3D revenue	€261.1	(5.6)%	(9)%	276.5

- For 2009 total revenue decreased by 6.3% on a reported basis and by approximately 9% in constant currencies, reflecting the impact of the global economic recession. Revenue on a reported basis benefited from the strengthening of both the U.S. dollar and the Japanese yen during 2009 in comparison to 2008.
- Revenue distribution by geographic region for 2009 remained stable compared to 2008. As a percentage of total revenue, Europe represented 46%, the Americas accounted for 31% and Asia represented 23%.
- Software revenue decreased by 4.7% and approximately 8% in constant currencies. The decline in software revenue reflected a decrease in new licenses revenue of 31% offset in part by growth of 5% in periodic licenses, maintenance, and product development revenue (all figures in constant currencies). Software revenue growth trends were similarly impacted in both the PLM and Mainstream 3D segments of the Company's business.
- Recurring software revenue comprised of periodic licenses and maintenance revenue increased 8.6% and 5% in constant currencies. Recurring software revenue represented 73% of total software revenue in 2009, compared to 64% in 2008.
- Diluted net income per share for 2009 decreased 14.9% principally reflecting the year-over-year decrease in revenue. On a non-IFRS basis, net income per diluted share decreased 7.9%, principally reflecting lower revenue.

The Company's net cash provided by operations in 2009 was €297.9 million, compared to €309.1 million in 2008, due to a strong increase in working capital which largely mitigated the impact of lower revenue due to the global recession.

In 2009, the Company continued to have a strong financial position. Cash and short-term investments totaled €1.06 billion at December 31, 2009, compared to €840.4 million at December 31, 2008. The Company's net financial position was €858.0 million at December 31, 2009, net of outstanding long-term debt consisting of €200.0 million under the Company's revolving credit facility. During 2009, the Company maintained the level of its cash dividend per share at €0.46, and paid cash dividends of €54.0 million. Capital expenditures in 2009 amounted to €16.3 million, including €14.9 million in fixed assets.

Currency exchange rates

The evolution of currency exchange rates during 2009 in comparison to 2008 had a mitigating effect on the decrease in the Company's revenue and earnings, as the Company reports in euros but earns revenue and incurs expenses in three principal currencies: the euro (EUR), the U.S. dollar (USD) and the Japanese yen (JPY). See the discussion below under Section 9.2 "Consolidated Information: 2009 Compared to 2008" and Section 4.2.2 "Foreign Currency Exchange Risk".

- The average euro to U.S. dollar exchange rate decreased 5.4% to $1.39 per euro for 2009 compared to $1.47 per euro for 2008. The average euro to Japanese yen exchange rate decreased 14.4% to an annual rate of JPY130.3 per euro for 2009 compared to JPY152.3 per euro for 2008.

- In 2009 approximately 37% of the Company's revenue was generated in U.S. dollars and approximately 39% of its expenses were denominated in U.S. dollars; approximately 14% of its revenue was generated in Japanese yen and approximately 5% of its expenses were denominated in Japanese yen.
- Changes in the value of foreign currencies compared to the functional currency of each entity had a net negative impact of €7.8 million on the Company's short-term assets, since short-term assets held in functional currencies are translated to euro at the end of period exchange rate. This impact is taken into account in "Financial (expense) revenue and other, net." See Note 9 to the Company's consolidated financial statements.

Acquisitions and divestitures

On October 26, 2009, the Company and IBM signed a definitive agreement whereby Dassault Systèmes would acquire the IBM sales and client support business operations encompassing Dassault Systèmes' PLM software application portfolio, as well as customer contracts and related assets ("IBM PLM"), for approximately $600 million in cash, less assumed liabilities. The Company completed the acquisition on March 31, 2010. See Section 5.1.5 "History of the Company – 2009" and Section 6.2.4 "Sales and Marketing".

In 2008, the Company acquired Engineous Software, Inc., a U.S. company focusing on process automation, integration and optimization, for a total cost, including transaction costs, of approximately $40 million (approximately €26 million).

In 2008, the Company spun off Dassault Systèmes Solutions France ("DSF"), its PLM sales division dedicated primarily to small- and mid-size businesses in France, Belgium and Luxembourg.

For further information on business combinations, see Note 16 to the Company's consolidated financial statements.

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 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 normally 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, 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, and therefore, the exclusion of share-based compensation expense in the Company's supplemental non-IFRS financial information 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 the relocation of the Company's corporate headquarters in France and of certain facilities in other countries.

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. Other operating income and expense are generally not recurring, and the Company does not expect to incur other operating income and expense as part of its normal business on a regular basis.

– *certain one-time tax effects (for the year ended December 31, 2009):* In 2009, the Company restructured certain R&D activities that led to the utilization of tax losses carried forward that were reserved for in 2008. The Company's IFRS financial statements reflect the impact of these one-time tax effects.

In its supplemental non-IFRS financial information, 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 rate of income tax between different periods.

However, these one-time tax effects are a component of the Company's income tax expense for 2009. By excluding these effects, the supplemental non-IFRS financial information overstates the Company's income tax expense for 2009. 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,						% Increase (Decrease)	
(in millions, except percentages and per share data)	**2009 IFRS**	**Adjustment[1]**	**2009 non-IFRS**	**2008 IFRS**	**Adjustment[1]**	**2008 non-IFRS**	**IFRS**	**Non-IFRS[2]**
Total Revenue	**€1,251.3**	**€1.5**	**€1,252.8**	**€1,334.8**	**€3.4**	**€1,338.2**	**(6.3)%**	**(6.4)%**
Total revenue by activity								
Software revenue	1,099.8	1.5	1,101.3	1,154.4	3.4	1,157.8	(4.7)%	(4.9)%
Services and other revenue	151.5	–	151.5	180.4	–	180.4	(16.0)%	(16.0)%
Total revenue by geography								
Americas	386.3	0.6	386.9	410.1	1.8	411.9	(5.8)%	(6.1)%
Europe	577.5	0.2	577.7	620.2	0.8	621.0	(6.9)%	(7.0)%
Asia	287.5	0.7	288.2	304.5	0.8	305.3	(5.6)%	(5.6)%
Total revenue by segment								
PLM revenue	990.2	1.5	991.7	1,058.3	3.4	1,061.7	(6.4)%	(6.6)%
Mainstream 3D revenue	261.1	–	261.1	276.5	–	276.5	(5.6)%	(5.6)%
Total Operating Expenses	**€1,020.3**	**€(81.2)**	**€939.1**	**€1,060.9**	**€(64.7)**	**€996.2**	**(3.8)%**	**(5.7)%**
Share-based compensation expense	24.5	(24.5)	–	22.0	(22.0)	–	11.4%	–
Amortization of acquired intangibles	41.6	(41.6)	–	42.9	(42.9)	–	(3.0)%	–
Other operating income and expense, net	15.1	(15.1)	–	(0.2)	0.2	–		–
Operating Income	**€231.0**	**€82.7**	**€313.7**	**€273.9**	**€68.1**	**€342.0**	**(15.7)%**	**(8.3)%**
PLM Operating income	132.3	82.1	214.4	170.3	67.5	237.8	(22.3)%	(9.8)%
Mainstream 3D Operating income	98.7	0.6	99.3	103.6	0.6	104.2	(4.7)%	(4.7)%
Operating Margin	**18.5%**		**25.0%**	**20.5%**		**25.6%**		
PLM Operating margin	13.4%		21.6%	16.1%		22.4%		
Mainstream 3D Operating margin	37.8%		38.0%	37.5%		37.7%		
Income before Income Taxes	**€226.9**	**€82.7**	**€309.6**	**€282.8**	**€68.1**	**€350.9**	**(19.8)%**	**(11.8)%**
Income tax expense	(56.9)	(31.4)	(88.3)	(81.9)	(27.9)	(109.8)	(30.5)%	(19.6)%
(of which certain one-time tax restructuring effects)	*8.1*	*(8.1)*	–					
Minority interest	(0.3)	–	(0.3)	(0.4)	–	(0.4)		
Net Income attributable to shareholders	**€169.7**	**€51.3**	**€221.0**	**€200.5**	**€40.2**	**€240.7**	**(15.4)%**	**(8.2)%**
Diluted Net Income Per Share[3]	**€1.43**	**€0.43**	**€1.86**	**€1.68**	**€0.34**	**€2.02**	**(14.9)%**	**(7.9)%**

(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 expenses data reflect the exclusion of the amortization of acquired intangibles, share-based compensation expense (as detailed below), and other operating income and expense, and (iii) 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 the exclusion of certain one-time tax restructuring effects in 2009.

	Year ended December 31,					
(in millions)	**2009 IFRS**	**Adjustment**	**2009 non-IFRS**	**2008 IFRS**	**Adjustment**	**2008 non-IFRS**
Cost of services and other revenue	€139.4	€(0.6)	€138.8	€155.2	€(0.6)	€154.6
Research and development	302.5	(14.1)	288.4	309.6	(12.0)	297.6
Marketing and sales	356.7	(4.7)	352.0	387.3	(4.2)	383.1
General and administrative	108.4	(5.1)	103.3	109.3	(5.2)	104.1
Total share-based compensation expense		**(24.5)**			**(22.0)**	

(2) The non-IFRS percentage increase (decrease) 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 increase (decrease) compares the non-IFRS measure to the relevant IFRS measure.

(3) Based on a weighted average of 118.5 million diluted shares for 2009 and 119.3 million diluted shares for 2008.

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, computer software costs/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: 2009 Compared to 2008

REVENUE

The Company's total revenue is comprised of (i) software revenue, which is its primary source of revenue, and (ii) services and other revenue. Services and other revenue is generated principally by the PLM segment. The table below sets forth the Company's revenue by activity, geographic region and segment for the years ended December 31, 2009 and 2008 and measures percentage changes on an as reported basis and in constant currencies.

(in millions, except percentages)	Year ended December 31, 2009	% change	% change in constant currencies	Year ended December 31, 2008
Total Revenue	€1,251.3	(6.3)%	(9)%	€1,334.8
Total revenue by activity				
Software revenue	€1,099.8	(4.7)%	(8)%	€1,154.4
Services and other revenue	151.5	(16.0)%	(19)%	180.4
Total revenue by geographic region(1)				
Americas(2)	€386.3	(5.8)%	(11)%	€410.1
Europe(2)	577.5	(6.9)%	(6)%	620.2
Asia(2)	287.5	(5.6)%	(14)%	304.5
Total revenue by segment				
PLM revenue	€990.2	(6.4)%	(9)%	€1,058.3
Mainstream 3D revenue	261.1	(5.6)%	(9)%	276.5

(1) In its consolidated financial statements, the Company classifies and states software revenue by geographic region in two ways: (i) by the geographic location of the end-user customer and (ii) by the geographic location of the business unit which records the transaction. See Note 3 to the consolidated financial statements. In the table above, software revenue is classified by the geographic location of the end-user customer, while services and other revenue is classified by the location where the activity is performed.

(2) Germany and France account for a large majority of the Company's sales in Europe. Most of the revenue in the Americas comes from the United States, and a large majority of the revenue from Asia comes from Japan. See Note 3 to the Company's consolidated financial statements.

Total revenue decreased 6.3% to €1.25 billion in 2009 from €1.33 billion in 2008. In constant currencies, total revenue decreased approximately 9%, principally reflecting decreases in software revenue and services and other revenue of 8% and 19%, respectively, as further discussed below. In constant currencies, revenue in Europe decreased by 6%, the Americas by 11% and in Asia by 14%. On a non-IFRS basis, total revenue decreased by 6.4% to €1.25 billion in 2009, compared to €1.34 billion in 2008, and by approximately 9% in constant currencies.

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 PLM products are mainly licensed pursuant to one of two payment structures: (i) new licenses, for which the customer pays an initial fee for a perpetual license and subsequently pays fees for maintenance and product updates, generally on an annual basis, or

(ii) periodic (rental) licenses, for which the customer pays equal periodic fees to keep the license active. New licenses require the payment of fees for maintenance and product updates. 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.

Software licenses offered by SolidWorks require the payment of a one-time fee, which is recorded as new licenses revenue. Access to upgrades and maintenance requires payment of an annual subscription fee, which is recorded as maintenance revenue.

	Year ended December 31,	
(in millions, except percentages)	**2009**	**2008**
Software revenue		
New licenses revenue	289.7	€407.6
Periodic licenses, maintenance and product development revenue	810.1	746.8
Total software revenue	**€1,099.8**	**€1,154.4**
(as % of total revenue)	87.9%	86.5%

Software revenue decreased 4.7%, and approximately 8% in constant currencies. Non-IFRS software revenue decreased 4.9%, and approximately 8% in constant currencies, with non-IFRS new licenses revenue decreasing 28.9%, and approximately 31% in constant currencies, and non-IFRS periodic licenses and maintenance revenue growing 8.3%, and approximately 5% in constant currencies.

The significant decrease in new licenses revenue in 2009 reflected the impact of the difficult economic and business conditions worldwide leading customers to reduce new license purchases.

Recurring software revenue, comprised of periodic licenses and maintenance revenue, increased 8.6%, and approximately 5% in constant currencies, to €805.2 million for 2009, compared to €741.3 million in 2008. Recurring software revenue represented 73% and 64% of software revenue in 2009 and 2008, respectively. Recurring software revenue growth reflected a net increase in periodic licenses and maintenance revenue, although the Company experienced lower maintenance renewal rates.

Product development revenue totaled €4.9 million in 2009 compared to €5.5 million in 2008.

Services and Other Revenue

Services and other revenue includes revenue from (i) consulting services in methodology for solution design, deployment and support, training services and engineering services, and (ii) services revenue from the commissions received by the Company as a result of its sales activities as a reseller (formerly as an IBM Business Partner). In 2008 and prior years, the Company also generated revenue from fees paid by IBM for the Company’s management of IBM’s indirect PLM reseller network (in the role of Channel Management Provider, or “CMP”). Because the Company has completed the transition to direct oversight of the PLM Value Selling Channel, it no longer receives CMP fees from IBM. The Company also resells a limited amount of computer hardware, for which it records only the gross margin from these sales as service revenue. For each of the years 2009 and 2008, nearly all the Company’s service revenue was generated by the PLM segment.

	Year ended December 31,	
(in millions, except percentages)	**2009**	**2008**
Services and other revenue	**€151.5**	**€180.4**
(as % of total revenue)	12.1%	13.5%

Services and other revenue, which represented 12.1% of total revenue for 2009, decreased 16.0%, and approximately 19% in constant currencies. The decrease in services and other revenue reflected principally the impact of the global recession, resulting in lower consulting revenue and commission revenue from the Company’s activities as a reseller. In addition, this decrease also reflected the impact of the spin-off of the Company’s DSF division on July 1, 2008.

OPERATING EXPENSES

Operating expenses decreased by 3.8%, and approximately 6% in constant currencies, to €1.02 billion for 2009 compared to €1.06 billion for 2008, reflecting principally lower variable compensation due to the decrease in sales, and the effects of the Company’s cost control program to reduce (i) travel-related expenses, (ii) marketing expenses; (iii) cost for outside services including professional fees and subcontractors and (iv) purchasing costs. These reductions in operating expenses were partially offset by an increase in other expense related to restructuring activities.

	Year ended December 31,	
(in millions)	**2009**	**2008**
Operating expenses	**€1,020.3**	**€1,060.9**
Adjustments[(1)]	(81.2)	(64.7)
Non-IFRS operating expenses[(1)]	**€939.1**	**€996.2**

(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 Section 9.1.2 "Supplemental Non-IFRS Financial Information" above.

Cost of revenue expenses

The cost of revenue expenses consists of the cost of software revenue and the cost of services and other revenue.

- The cost of software revenue includes principally software licensing fees paid for third-party components integrated into the Company's own products, maintenance costs, compact disk reproduction costs, preparation costs for user manuals and delivery costs.
- The cost of services and other revenue includes principally personnel and other costs related to organizing and providing consulting services as well as personnel and other costs related to the Company's sales activities as a business partner.

	Year ended December 31,	
(in millions)	**2009**	**2008**
Cost of software revenue (excluding amortization of acquired intangibles)	€56.6	€56.8
Cost of services and other revenue	139.4	155.2
Cost of revenue expenses	**€196.0**	**€212.0**

Cost of software revenue (excluding amortization of acquired intangibles) decreased 0.4% and approximately 3% in constant currencies, primarily reflecting lower personnel costs. The cost of software revenue (excluding amortization of acquired intangibles) amounted to 4.5% and 4.3% of total revenue in 2009 and 2008, respectively.

Cost of services and other revenue decreased €15.8 million or 10.2% compared to 2008, principally reflecting a decrease in consulting headcount and cost savings, as well as the full year impact of the DSF spin-off. Cost of services and other revenue decreased approximately 12% in constant currencies. The services and other revenue gross margin declined to 8.0% in 2009, from 14.0% in 2008, primarily reflecting price pressure and lower utilization levels for service personnel given the downturn in consulting activity. The cost of services and other revenue amounted to 11.1% and 11.6% of total revenue in 2009 and 2008, respectively.

Research and development expenses

The Company believes that research and development is one of the most important elements of its success. The Company operates five principal research laboratories in Vélizy and Aix-en-Provence (France), Boston and Detroit (United States) and India. Additionally, the Company also operates research laboratories in Canada, Germany and the United Kingdom. During 2009, the Company consolidated selected research activities to its main research laboratories, resulting in the closure of an office in Israel and two offices in the United States. Restructuring expenses related to these closures are included in Other income and expense, net discussed below.

Expenses for research and development include primarily the personnel cost for specialists in software architecture and various application fields such as mechanical design, manufacturing, mechanical engineering, finite element analysis, interactive 3D applications, and computer graphics, as well as specialists with significant experience in and knowledge of the Company's target industrial sectors. Research and development expenses also include computer expenses, the depreciation and cost of maintenance related to computers and computer hardware used in research and development, development tools, networking and communication expenses.

Costs for research and development of software are expensed when incurred if the analysis of technical criteria does not qualify them as a capital asset. Since the Company's founding in 1981, implementation of this accounting policy has resulted in all such costs being expensed in the period in which they were incurred. 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, which would be paid by the French tax authorities if the Company's income tax due were insufficient to enable the credits to be deducted).

(in millions, except percentages)	Year ended December 31, 2009	2008
Research and development expenses	**€302.5**	**€309.6**
(as % of total revenue)[1]	24.2%	23.2%

(1) Due to its sales and marketing relationship with IBM, the Company's percentage of various expenses, including research and development expenses, to revenue may not be comparable to such percentages for its competitors.

Research and development expenses decreased €7.1 million or 2.3% in 2009 in comparison to 2008. Research and development expense spending trends principally reflected: (i) lower personnel costs due to the consolidation of certain research activities; (ii) a €1.2 million increase in government grants and other governmental programs supporting research and development (€26.5 million in 2009 compared to €25.3 million in 2008); (iii) lower usage of service personnel; and (iv) lower travel costs. Currency fluctuations had a negative impact, limiting the reduction in research and development expenses by approximately three percentage points.

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. A portion of marketing and sales personnel provide client services such as consulting and assistance in product deployment, and their cost is thus included in the cost of services and other revenue expenses line item.

(in millions, except percentages)	Year ended December 31, 2009	2008
Marketing and sales expenses	**€356.7**	**€387.3**
(as % of total revenue)	28.5%	29.0%

Marketing and sales expenses decreased €30.6 million in 2009, or 7.9%, compared to 2008. The decrease in marketing and sales expenses resulted principally from (i) lower travel, events and other support activities for the sales channels, (ii) a reduction in commission compensation as a result of a decline in revenue, and (iii) lower average marketing and sales headcount. Currency fluctuations had a negative impact on the evolution of marketing and sales expenses by approximately two percentage points.

General and administrative expenses

(in millions, except percentages)	Year ended December 31, 2009	2008
General and administrative expenses	**€108.4**	**€109.3**
(as % of total revenue)	8.7%	8.2%

General and administrative expenses decreased €0.9 million or 0.8% in 2009 compared to 2008. The decrease in general and administrative expenses resulted principally from lower costs for outside services, including professional fees and subcontractors, as well as lower travel costs. Currency fluctuations had a negative impact on the evolution of general and administrative expenses by approximately two 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 Section 9.1.2 "Supplemental Non-IFRS Financial Information".

(in millions)	Year ended December 31, 2009	2008
Amortization of acquired intangibles	**€41.6**	**€42.9**

Amortization of acquired intangibles decreased 3.0% or €1.3 million in 2009 compared to 2008 principally reflecting the effects in 2008 of the amortization of certain intangible assets related to the realization of tax benefits in conjunction with certain acquisitions.

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)	**2009**	**2008**
Other operating (income) and expense, net	**€15.1**	**€(0.2)**

Other operating income and expense, net, were comprised in 2009 of €10.2 million of restructuring expenses principally for the rationalization of selected R&D facilities in the United States and Israel, as well as corporate headquarters relocation and vacated premises operating expenses totaling €2.3 million and acquisition costs of €2.6 million primarily related to the IBM PLM acquisition. In 2008, other operating income and expense, net principally included a €17.5 million net gain on the sale of part of the Company's former headquarters, offset by €12.1 million in expenses arising in connection with the Company's move to its new corporate headquarters and €4.3 million of restructuring measures, principally R&D office rationalization in Germany and in the United States. See Note 8 to the Company's consolidated financial statements.

OPERATING INCOME

	Year ended December 31,	
(in millions)	**2009**	**2008**
Operating income	**€231.0**	**€273.9**

For 2009, operating income decreased 15.7% or €42.9 million and principally reflected a 6.3% decrease in revenue due to the economic downturn, offset in part by a reduction in operating expenses of 3.8%, resulting in a decrease in the operating margin to 18.5% for 2009 from 20.5% for 2008. Changes in currency values had a net beneficial impact, mitigating the reduction in operating income and operating margin by approximately five percentage points and 60 basis points, respectively.

On a non-IFRS basis, operating income decreased 8.3% to €313.7 million from €342.0 million and the operating margin decreased 60 basis points to 25.0%, compared to 25.6% for 2008, principally reflecting a decline in total revenue of 6.4%, which was partially offset by a 5.7% decrease in operating expenses. Currency had a net beneficial impact of approximately five percentage points and 50 basis points, respectively, on the changes in non-IFRS operating income and operating margin.

FINANCIAL (EXPENSE) REVENUE AND OTHER, NET

	Year ended December 31,	
(in millions)	**2009**	**2008**
Financial (expense) revenue and other, net	**€(5.6)**	**€6.9**

2009 financial (expense) revenue and other, net was principally comprised of financial interest net income of €2.7 million and exchange losses of (€7.8) million. The decrease in financial (expense) revenue and other, net primarily reflected a €11.2 million reduction in financial net income due to a decrease in interest rates on investments held in Euro and U.S. dollars. The exchange losses on trade receivables, mainly Japanese Yen and U.S. dollar denominated receivables, and on financial instruments, slightly increased by €0.9 million. See Note 9 to the Company's consolidated financial statements.

INCOME TAX EXPENSE

	Year ended December 31,	
(in millions, except percentages)	**2009**	**2008**
Income tax expense	**€56.9**	**€81.9**
Effective consolidated tax rate	25.1%	29.0%

2009 income tax expense decreased by €25.0 million or 30.5%, and principally reflected a decrease in income before income taxes. In addition, the lower income tax expense for 2009 reflected the decrease in the Company's effective consolidated tax rate to 25.1% for 2009 compared to 29.0% for 2008. In 2009, the Company merged entities in Germany and restructured certain activities in Israel that led to the utilization of tax losses carried forward that were reserved for in 2008. On a non-IFRS basis, the effective consolidated tax rate was 28.5% for 2009, compared to 31.3% for 2008. 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 34.43%.

NET INCOME AND DILUTED NET INCOME PER SHARE

	Year ended December 31,	
(in millions, except per share data)	2009	2008
Net income attributable to shareholders	**€169.7**	**€200.5**
Diluted net income per share	€1.43	€1.68
Diluted weighted average shares outstanding	118.5	119.3

Net income attributable to shareholders and net income per diluted share decreased 15.4% and 14.9%, respectively, principally reflecting a decrease in income before income taxes of 19.8%, offset in part by a reduction in the effective tax rate for 2009 compared to 2008. Non-IFRS net income decreased 8.2% to €221.0 million, principally reflecting a decrease in non-IFRS income before income taxes of 11.8%, offset in part by a reduction in the non-IFRS effective tax rate for 2009 compared to 2008. Non-IFRS net income per diluted share decreased 7.9% to €1.86 from €2.02 in 2008.

9.3 Revenue and Operating Income by Segment

Software revenue growth trends were similarly impacted by the global recession in both segments of the Company's business with a significant decrease in new license revenue activity offset in part by growth in recurring software revenue.

PLM

Revenue

	Year ended December 31,			
(in millions, except percentages)	2009	% of Total revenue	2008	% of Total revenue
Revenue (excluding inter-segment sales)				
PLM revenue	€990.2	79.1%	€1,058.3	79.3%
Supplemental non-IFRS Financial Information(1)				
PLM non-IFRS revenue	€991.7	79.2%	€1,061.7	79.3%

(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 Section 9.1.2 "Supplemental Non-IFRS Financial Information" above.

PLM revenue totaled €990.2 million and was comprised of CATIA software revenue of €487.5 million, other PLM software revenue (SIMULIA, DELMIA and 3DVIA) of €198.4 million, ENOVIA software revenue of €152.8 million and Service and other revenue of €151.5 million.

Revenue for the PLM segment decreased 6.4% in 2009 compared to 2008, and 6.6% on a non-IFRS basis. On a constant currency basis, PLM software revenue declined approximately 7%, and 8% on a non-IFRS basis. CATIA software revenue decreased 6.6%, and approximately 9% in constant currencies, and ENOVIA software revenue declined 14.5%, and approximately 18% in constant currencies, in each case reflecting the effects of the global downturn in business in 2009. Other PLM software revenue increased in 2009 by 12.1%, and by approximately 9% in constant currencies, reflecting growth particularly in SIMULIA, for which recurring revenue was an important contributor, and the benefits of the Engineous acquisition for a full year (versus six months in 2008). PLM service revenue decreased 16.0% and approximately 19% on a constant currency basis principally reflecting the lower level of services engagement as a result of a decrease in new software purchases as well as the spin-off of DSF in July 2008. (See "Services and Other Revenue" under Section 9.2 above.)

Operating income

(in millions, except percentages)	Year ended December 31, 2009	% of Total operating income	2008	% of Total operating income
Operating income				
PLM operating income	€132.3	57.3%	€170.3	62.2%
Supplemental non-IFRS Financial Information(1)				
PLM non-IFRS operating income	€214.4	68.3%	€237.8	69.5%

(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 Section 9.1.2 "Supplemental Non-IFRS Financial Information" above.

Operating income for the PLM segment decreased 22.3% reflecting a 6.4% decrease in revenue, offset in part by a 3.4% decrease in expenses. On a non-IFRS basis, PLM operating income decreased 9.8%, reflecting a decline of 6.6% in revenue offset in part by a 5.7% decrease in operating expenses. The PLM operating margin declined to 13.4% in 2009 from 16.1% in 2008, and the non-IFRS PLM operating margin decreased 80 basis points to 21.6% in 2009 from 22.4% in 2008, reflecting principally the effects of the decline in revenue, which were offset in part by the positive impact of currency fluctuations.

Mainstream 3D

Revenue

(in millions, except percentages)	Year ended December 31, 2009	% of Total revenue	2008	% of Total revenue
Revenue (excluding inter-segment sales)				
Mainstream 3D revenue	€261.1	20.9%	€276.5	20.7%
Supplemental non-IFRS Financial Information(1)				
Mainstream 3D non-IFRS revenue	€261.1	20.8%	€276.5	20.7%

(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 Section 9.1.2 "Supplemental Non-IFRS Financial Information" above.

Mainstream 3D revenue and non-IFRS revenue decreased 5.6%, and approximately 9% in constant currencies, principally as a result of the global downturn in business in 2009. The revenue trends were the same in both IFRS and non-IFRS results.

Operating income

(in millions, except percentages)	Year ended December 31, 2009	% of Total operating income	2008	% of Total operating income
Operating income				
Mainstream 3D operating income	€98.7	42.7%	€103.6	37.8%
Supplemental non-IFRS Financial Information(1)				
Mainstream 3D non-IFRS operating income	€99.3	31.7%	€104.2	30.5%

(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 Section 9.1.2 "Supplemental Non-IFRS Financial Information" above.

Operating income for the Mainstream 3D segment decreased €4.9 million, or 4.7%, in 2009 compared to 2008 principally reflecting the 5.6% decrease in revenue offset in part by a 6.1% decrease in Mainstream 3D operating expenses. The operating margin increased slightly to 37.8% from 37.5% for 2008, however, benefiting from the decrease in operating expenses for 2009 compared to 2008. Similarly, on a non-IFRS basis, Mainstream 3D operating income decreased €4.9 million or 4.7% in 2009 compared to 2008, while the operating margin improved to 38.0% in 2009 from 37.7% for 2008.

9.4 Trends in Quarterly Results

The Company's quarterly revenues have varied significantly and are likely to vary significantly in the future. The Company's net income also varies considerably each quarter, reflecting the change in revenues, together with the effects of the Company's cost control policy. 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.

Some of the factors causing the Company's quarterly revenues to vary significantly include, but are not limited to: changes in the macroeconomic environment, the size of software sales transactions, the method of software licensing, the timing and size of service engagements, the timing and size of product development software engagements as well as the timing and level of mergers and acquisition activities, including divestitures. Additionally, quarterly revenue can vary significantly due to the varying length of time required to negotiate and complete sales contracts or to the timing of recognition of service engagements.

In 2009, revenue for the fourth, third, second and first quarters represented, respectively, 27.1%, 23.3%, 24.8% and 24.8% of the Company's total revenue for the year. In 2008, the Company's revenue for the fourth, third, second and first quarters represented, respectively, 28.7%, 23.9%, 24.4% and 23.0% of the Company's total revenue for the year.

9.5 Off-Balance Sheet Arrangements

See Note 23 to the Company's consolidated financial statements.

9.6 Tabular Disclosure of Contractual Obligations

See Section 4.2.3 "Liquidity Risk".

CHAPTER 10 – CAPITAL RESOURCES

The Company's principal source of liquidity is cash from operations. During 2009 cash obtained from operations was used primarily for short-term investments, dividend payments and capital expenditures.

Working capital at December 31, 2009, increased by €28.4 million, compared to an increase in 2008 of €6.1 million. The increase in working capital in 2009 reflected principally increases in income tax payable and other liabilities and the decrease in other current assets.

Cash and cash equivalents and short-term investments increased to €1.06 billion as of December 31, 2009, compared to €840.4 million as of December 31, 2008. During 2009, net cash provided by operating activities decreased €11.2 million to €297.9 million compared with €309.1 million during 2008, reflecting principally lower net income of €30.9 million which was partially offset by the €22.3 million improvement in working capital.

Net cash used in investing activities increased by €32.8 million to €95.6 million, compared to €62.8 million in 2008 and principally reflected an increase in purchases of short-term investments, net, offset in part by a lower level of acquisitions and sales of fixed assets in comparison to 2008. The Company's capital expenditures in 2009 amounted to €16.3 million. In 2009, net cash used in financing activities decreased by €35.8 million from €75.2 million to €39.4 million, and principally reflected the Company's focus on enhancing cash generation in view of the anticipated cash acquisition of IBM PLM. The Company did not repurchase any of its shares in 2009 (compared to €79.0 million of share repurchases in 2008) but received €42.0 million less in 2009 than in 2008 in proceeds from the exercise of stock options. Exchange rate fluctuations had a negative translation effect of €17.9 million on the Company's December 31, 2009 cash balance compared to a positive translation effect of €25.8 million on the Company's December 31, 2008 cash balance.

The Company currently has €200 million fully drawn down on its five-year revolving credit facility which, taking into account the two one-year extensions exercised by the Company, will terminate at the end of 2012. See Note 22 to the Company's consolidated financial statements. 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, the lenders could require immediate repayment.

The Company's net financial position, representing cash and short-term investments, net of long-term debt of €200 million, was €857.9 million at December 31, 2009, compared to €639.7 million at December 31, 2008. On March 31, 2010, the Company acquired IBM PLM for $600 million in cash, less assumed liabilities, using cash available to the Company. However, the Company may choose to refinance all or a part of the acquisition by local financing agreements depending on local credit conditions offering attractive opportunities. See Section 5.1.5 "History of the Company – 2009".

CHAPTER 11 – RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

11.1 Overview

The Company devotes significant resources each year to research and development, with 2009 expenses totaling €302.5 million and representing 24% of total revenue, compared to €309.6 million (representing 23% of total revenue) for 2008. At December 31, 2009, its research and product development teams included 3,596 engineers, compared to approximately 3,450 engineers at year-end 2008, in research laboratories in France, the United States and India (including the 956 employees of the Company's 3D PLM business venture described in Section 19), as well as in Canada, Germany and the United Kingdom.

The Company works in close cooperation with its largest customers in each of the Company's eleven target industries as it seeks to develop a deep understanding of the unique business processes of these industries as well as the future innovation and product lifecycle management requirements of its customers.

The Company's research and development is two-fold in nature, focusing on further advancing its current portfolio of software applications and, at the same time, on the development of technologies and applications which it expects to bring to market over the medium to longer term. In the PLM market, the Company is committed to delivering two new releases each year to support and advance the current version of its software as well as new releases of its core simulation offering. In the Mainstream 3D market, the Company delivers one new release of its software each year. Through the Company's research and development work, new products are introduced for individual brands to respond to new or evolving market requirements.

Important trends in business practices globally which underpin the Company's current research directions include: 1) the increasing importance of virtual design and testing; 2) the increasing importance of communities in the product creation and lifecycle process; 3) globalization, which continues to drive new business models and global collaborative innovation; 4) intellectual property and new ways to both generate it, exchange it and recapture and reuse it; 5) the increasing importance of end-user input into the product creation process, through lifelike experiences with virtual products and mass customization; and 6) an increased focus on environmental issues globally in connection with product creation, manufacturing, maintenance and retirement.

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 which 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 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 registrations, EU trademarks registrations and 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 2009, the Company's portfolio comprised more than 130 inventions protected by approximately 200 patents granted worldwide, among which more than 80 granted in the United States of America, and more than 280 pending patent applications. In addition, depending on the Company's interests, 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 Section 4.1 "Risks Related to the Company's Business", and particularly "Infringement of third-party intellectual property rights" 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

Additional Business Highlights

On March 31, 2010, the Company completed the acquisition of IBM PLM. See Section 5.1.5 “History of the Company – 2009”.

Relevant Economic and Business Trends

For a discussion of the effects of current global economic conditions on the Company’s business and operating results, see Section 4.1 “Risks Related to the Company’s Business”, and in particular the risk “Difficult global economic environment”.

CHAPTER 13 – PROFIT FORECASTS OR ESTIMATES

Set forth below are the Company's preliminary 2010 non-IFRS financial objectives, as communicated on February 11, 2010, when the annual results for 2009 were released. The Company's financial objectives are prepared and communicated only on a non-IFRS basis and are subject to the cautionary statement set forth below.

The Company currently assumes that there will be a slow recovery from the global economic recession. The Company's visibility on software revenue, particularly new license activity, while improving, is still less than it was prior to this global economic downturn due to uncertainty with respect to customers' purchasing decisions.

The objectives below take into account the IBM PLM acquisition and its consolidation into the Company's results for a nine-month period commencing April 1, 2010, except as noted below.

These objectives are subject to revision as market conditions change during 2010 or if there are any changes in assumptions related to the IBM PLM acquisition and integration plans.

The non-IFRS objectives set forth below do not take into account the following accounting elements, nor the impact which the IBM PLM acquisition may have on such elements (the impact on each of such elements is currently under analysis): deferred revenue write-downs currently estimated at approximately €0.0 million for 2010; share-based compensation expense currently estimated at approximately €15 million for 2010; and amortization expense for acquired intangibles currently estimated at approximately €38 million for 2010. These objectives do not include other operating income and expense, net, (comprised principally of acquisition, integration and restructuring expenses) or the impact of any new stock option or share grants, or any new acquisitions or restructurings which may be completed after February 11, 2010.

- 2010 non-IFRS revenue growth objective range of about 15% to 17% in constant currencies (€1.41 to €1.44 billion based upon the 2010 currency exchange rate assumptions below);
- 2010 non-IFRS operating margin of about 26%; and
- 2010 non-IFRS earnings per share (EPS) range of about €2.09 to €2.19.

The information above includes statements that express objectives for the Company's future financial performance. Such forward-looking statements are based on management's current views and assumptions 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 the risk factors set forth above under Section 4.1 "Risks Related to the Company's Business", and in particular "Difficult global economic environment" and "Integration of IBM PLM and Evolution of the IBM relationship".

In preparing such forward-looking statements, the Company has tried to factor in the potential impact of the current global economic crisis on its 2010 full year objectives, but conditions may not improve as the Company has anticipated or could worsen. Further the Company has assumed that its increased responsibility for its direct PLM sales, in particular resulting from the integration of the IBM PLM acquisition, and the resulting commercial and management challenges, will not cause it to incur substantial unanticipated costs and inefficiencies. The Company has also assumed an average U.S. dollar per euro exchange rate of $1.45 per €1.00 and an average Japanese yen per euro exchange rate of JPY140 per €1.00 for 2010; however, currency values fluctuate, and the Company's results of operations may be significantly affected by changes in exchange rates. See Section 4.1 "Risks Related to the Company's Business".

Actual results or performance may also be materially negatively affected by difficulties or adverse changes affecting the Company's partners or its relationships with its partners, including the Company's longstanding, strategic partner, IBM; new product developments and technological changes; errors or defects in the Company's products; growth in market share by the Company's competitors; and the realization of any risks related to the integration of IBM PLM or any newly acquired company and internal reorganizations.

For more information regarding the risks facing the Company, see Chapter 4 "Risk Factors".

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

14.1 Board of Directors and Executive Officers

Board of Directors

In 2009 and at the date of this Annual Report, the Company's Board of Directors is made up of 9 members, nominated for periods of 6 years, 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 current terms). The independence criteria adopted by the Board of Directors takes into account market recommendations in France, in particular the recommendations of the AFEP and the 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 DS are Paul R. Brown, Bernard Dufau, André Kudelski, Jean-Pierre Chahid-Nouraï and Arnoud De Meyer.

There is no director appointed by the employees of Dassault Systèmes. There are three foreign directors, of American, Swiss and Belgian nationality. The average age of the directors is 60 years old at the date of this Annual Report.

The mandates and responsibilities of the directors of Dassault Systèmes during the past year are shown in the table below.

Name	Current position within the Company Professional address	Other occupations and Directorships (*)	Other mandates (outside DS) expired during the last 5 years	Company Shares owned at December 31, 2009
Charles Edelstenne Age: 72 Director since: April 8, 1993 Term expires at annual shareholders' meeting in 2011 (term proposed for renewal at the General Shareholders' Meeting of May 27, 2010)	Chairman of the Board Dassault Aviation 78 Quai Marcel Dassault 92 210 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 Groupe Industriel Marcel Dassault SAS – Director of Sogitec Industries SA – Director of Thalès (since May 2009) and Carrefour (listed companies) – Manager (*Gérant*) of *sociétés civiles* Arie and Arie 2, Nili and Nili 2 Foreign Companies – Director of SABCA (Belgium) – Chairman of Dassault Falcon Jet Corporation (United States) – President of Dassault International, Inc. (United States)	Director of Dassault Réassurance (Luxembourg) and Thalès Systèmes Aéroportés	7,684,189
Paul R. Brown Age: 59 Director since: September 25, 2000 Term expires at annual shareholders' meeting in 2011	Director College of Business and Economics Lehigh University – 621 Taylor Street, Rauch Business Center Bethlehem, Pennsylvania 18015, United States of America	Dean of the College of Business and Economics at Lehigh University, Pennsylvania	Director and member of the Audit Committee of Dictaphone, Inc.	2

Name	Current position within the Company Professional address	Other occupations and Directorships (*)	Other mandates (outside DS) expired during the last 5 years	Company Shares owned at December 31, 2009
Bernard Charlès Age: 53 Director since: April 8, 1993 Term expires at annual shareholders' meeting in 2011 (term proposed for renewal at the General Shareholders' Meeting of May 27, 2010)	President and Chief Executive Officer (*Directeur général*) 10 rue Marcel Dassault 78140 Vélizy-Villacoublay	Foreign subsidiaries of DS – Director and Chairman of Dassault Systèmes SolidWorks Corp., Dassault Systèmes Simulia Corp., Dassault Systèmes Delmia Corp., and Dassault Systèmes Corp. – President of Dassault Systèmes Holding Canada Inc.	Director of Business Objects	719,718
Laurent Dassault Age: 56 Director since: April 8, 1993 Term expires at annual shareholders' meeting in 2011	Director 9 Rond-point des Champs Elysées 75008 Paris France	Vice-President and member of the Supervisory Board (*Vice-président* and *Membre du Conseil de surveillance*) of Groupe Industriel Marcel Dassault 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, Société financière Louis Potel & Chabot and Génération Entreprise – Co-Manager (*Co-Gérant*) of Artcurial Développement – Member of the Supervisory Board (*Membre du Conseil de surveillance*) of ARQANA SAS and 21 Central Partners SA – 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 the Groupe Artcurial – Managing Partner of LDRP SCI – Director of the Association des Amis du Centre Georges Pompidou and of the Organisation pour la Prévention de la Cécité Foreign Companies – Chairman and Chief Executive Officer (*Président-Directeur Général*) of Dassault Belgique Aviation – 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, de 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, Fauchrier Partners Management Ltd, Terramaris SA – Member of the Supervisory Board (*Conseil de surveillance*) of Eurazeo and Member of the Advisory Board (*Comité consultatif*) of Power Private Equity Fund and Syntek Capital SA	10

Name	Current position within the Company Professional address	Other occupations and Directorships (*)	Other mandates (outside DS) expired during the last 5 years	Company Shares owned at December 31, 2009
Bernard Dufau Age: 68 Director since: May 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: 49 Director since: May 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 Chairman of the Board of Open TV (USA)(a listed company) Director of HSBC Private Bank Holding (Switzerland), Nestlé and Edipresse Vice-President of the Swiss American Chamber of Commerce	Member of the Advisory Board of Crédit Suisse	10
Thibault de Tersant Age: 52 Director since: April 8, 1993 Term expires at annual shareholders' meeting in 2011 (term proposed for renewal at the General Shareholders' Meeting of May 27, 2010)	Senior Executive Vice President and Chief Financial Officer 10 rue Marcel Dassault 78140 Vélizy-Villacoublay	French subsidiares of DS President (*Président*) of Dassault Systèmes Europe SAS and Dassault Systèmes HoldCo SAS Foreign subsidiaries of DS Director and Chairman of Spatial Corp. Director of Dassault Systèmes SolidWorks Corp., Dassault Systèmes Delmia Corp., Dassault Systèmes Corp., Dassault Systèmes Simulia Corp. and Icem Ltd	–	9,815
Jean-Pierre Chahid-Nouraï Age: 71 Director since: April 15, 2005 Term expires at annual shareholders' meeting in 2011	Director 56 rue de Boulainvilliers 75016 Paris	–	– Director of Stanislas SA and of Fondation Notre Dame de Garaison – Managing Director (*Administrateur Délégué*) of Finanval Conseil	1,010
Arnoud De Meyer Age: 55 Director since: April 15, 2005 Term expires at annual shareholders' meeting in 2011	Director Judge Business School, University of Cambridge, Trumpington Street, Cambridge CB2 1AG – UK	Professor and Director of the Judge Business School at the University of Cambridge, United Kingdom Director of Option International NV and Kylian Technology Management Pte. Ltd.	Director of SR&DM, INSEAD (Singapore) and INSEAD EAC Pte. Ltd	570

(*) 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 DS 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 DS in 1998 as Chief Financial Officer. Prior to joining DS, 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. Professor Brown was also the Academic Director of TRIUM Executive MBA program. He has also worked at the Yale School of Management, INSEAD and the International University of Japan and has worked for Arthur Andersen & Co. and for the Financial Accounting Standards Boards (FASB). He is also a consultant for numerous financial enterprises.
- Laurent Dassault has served in management positions in the Dassault Group since 1991. Mr. Dassault is Vice President of Groupe Industriel Marcel Dassault, Chairman of the Supervisory Board (*Président du Conseil de Surveillance*) of Immobilière Dassault and President (*Président*) of Château Dassault and Château La Fleur Mérissac. Prior to this, Mr. Dassault worked for 14 years in banking at Banque Vernes, Banque Parisienne Internationale and Banque Industrielle et Commerciale du Marais.
- Bernard Dufau first joined the IBM group as a commercial engineer and then served in various management positions. Mr. Dufau served as Chairman of the Board (*Président du Conseil d'administration*) of IBM France from 1996 to 2001, Chairman of the Management Board (*Président du Directoire*) of IBM France from 1995 to 1996, Managing Director of the Distribution Division of IBM Europe in 1994, Chief Operating Officer of IBM France from 1992 to 1994 and Sales Director of IBM France from 1989 to 1992.
- André Kudelski has been President and Chief Executive Officer (*Président and administrateur délégué*) of Kudelski SA since 1991 and of Nagra Plus SA, a joint-venture of Kudelski SA and Canal +, since 1992. He first joined Kudelski SA in 1984 as an R&D engineer and was Product Manager for pay-TV products from 1989 to 1990, Managing Director of Nagravision, the pay-TV division of the group and succeeded his father as Chairman of the Board and Chief Executive Officer of Kudelski SA. In 2007, he was appointed Chairman of the Board of Open TV, a US company listed on the NASDAQ and controlled by the Kudelski Group.
- Jean-Pierre Chahid-Nouraï is an independent consultant. He was managing director (*administrateur délégué*) of Finanval Conseil from 1992 to 2007. Former member of the Executive Team (*gérance*) of Michelin and Chief Financial Officer of the Michelin group, 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 consultant with McKinsey & Co. Inc. Mr. Chahid-Nouraï has also taught finance at ESSEC, at the *Centre de Formation à l'Analyse Financière,* INSEAD and at the *Centre européen d'éducation permanente.*
- Arnoud De Meyer is Director of Judge Business School and Professor in Management Studies (University of Cambridge, UK). Mr. De Meyer is a specialist in the Management of Innovation, a subject on which he has published numerous articles and books. He was previously a 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. He is a director of Option International NV (Belgium).

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 reprinted in Section 16.1 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 in 2009 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 Dors	Senior Executive Vice President, Global Development & Resources until September 30, 2009, then Senior Executive Vice President, Adviser to the President and Chief Executive Officer (until February 28, 2010)
Laurence Barthès	Executive Vice President, Chief People & Information Officer (since October 1, 2009)
Pascal Daloz	Executive Vice President, Strategy and Marketing
Etienne Droit	Executive Vice President, PLM Value Selling Channel
Philippe Forestier	Executive Vice President, Global Affairs and Communities
Bruno Latchague	Executive Vice President, PLM Business Transformation Channel
Michel Tellier*	Chief Executive Officer of ENOVIA
Jeff Ray*	Chief Executive Officer of SolidWorks and Vice President Professional Channel

* Based in the United States.

- Dominique Florack has been Senior Executive Vice President, Products – Research and Development of Dassault Systèmes 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. He also served as Director of Mechanical CAD from 1994 to 1995, and as Director of Strategy and Research from 1990 to 1993, and he was responsible for Dassault Systèmes data base solutions from 1986 to 1989.

- Pascal Daloz has been Executive Vice-President Strategy & Marketing since January 2007. He joined the Company in 2001 as Research & Development Director and was appointed Vice President Strategy and Development in 2003. Mr. Daloz served five years at Arthur D. Little, where he was a consultant and member of Arthur D. Little's Technology Innovation Management team, and four years at Credit Suisse First Boston Technology Group, where he served as a financial analyst.

- Étienne Droit has been Executive Vice President, PLM Value Selling Channel of Dassault Systèmes since 2007. Mr. Droit joined Dassault Systèmes in 1985 as a member of its CATIA Development Team and served different management positions within strategy and applications development divisions from 1987 to 1995, and was in particular appointed Director of CATIA applications products in 1991. 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. In the context of the reinforced responsibility of Dassault Systèmes for the distribution of its products, Mr. Droit has been responsible for PLM sales through Dassault Systèmes' network of resellers (the Company's PLM Value Selling Channel).

- Philippe Forestier has been Executive Vice President, Global Affairs and Communities of Dassault Systèmes since 2009. Mr. Forestier joined Dassault Systèmes in 1981 as responsible engineer for development of the CATIA geometric modeler. He then served various management positions in marketing and technical support for Dassault Systèmes products until 1995 and was responsible for sales and marketing for Americas until 2001. Mr. Forestier also served as Executive Vice President Sales and Marketing for Small and Medium Businesses (SMB) until 2002, as Executive Vice President Alliances, Marketing and Communications until 2006, and as Executive Vice President, Network Selling, through 2008.

- Bruno Latchague has been Executive Vice President, PLM Business Transformation of Dassault Systèmes since 2007. In this position, he is responsible for PLM sales to large accounts, as well as for PLM solutions and services. Mr. Latchague joined Dassault Systèmes in 1987 as Manager CATIA Software Infrastructure. He then served various management functions in research and development and more particularly in the development and support of PLM solutions. Prior to joining Dassault Systèmes, Mr. Latchague served as Manager CAD/CAM Products Support at Régie Nationale des Usines Renault.

- Michel Tellier was appointed CEO of ENOVIA in October 2008, and is responsible for overall leadership of this brand worldwide. He joined Dassault Systèmes in 1997 as Program Manager for VPM solutions. Since then he served various management functions including Business Development for ENOVIA and development of the Company's Services & Consulting organization in the Americas. In 2008 Mr. Tellier assumed global responsibility for Dassault Systèmes BT Solutions organization. Previously Mr. Tellier worked for Bombardier Aerospace in Dorval, Canada where as an engineering manager he was responsible for the internal transformation to a 3D digital design-based aircraft development process. Mr. Tellier holds a degree in Mechanical Engineering from Dalhousie University, Halifax, Canada.

- Jeff Ray was appointed in July 2007 to replace John McEleney as Chief Executive Officer of SolidWorks, and at the beginning of 2008 also as Vice President Professional Channel. Mr. Ray joined SolidWorks in 2003 as Chief Operating Officer, the position held until his appointment as Chief Executive Officer. He started his career at IBM where he served in several management positions during seventeen years. He then held management positions in two other US companies within the software industry: he has been Vice-President Global Solutions at Compuware Corp. and Vice-President Worldwide Field operations at Progress Software Corp. Mr. Ray graduated from Texas A&M University.
- Laurence Dors was Senior Executive Vice President, Global Development & Resources, from April 1, 2008, until September 30, 2009, then Senior Executive Vice President, Adviser to the President and Chief Executive Officer from October 1, 2009, until February 28, 2010. Prior to joining the Company, Mrs. Dors held international positions in several companies and government services. She served as General Secretary of the EADS Group beginning in 2003, as General Secretary of EADS International from 2000 to 2003, and as General Secretary of International Affairs of the Lagardère group, which subsequently became the International Directorate of Aerospatiale-Matra, from 1998 to 2000. Previously, Mrs. Dors was an advisor on international economic matters to the French Prime Minister and Minister of Economy, and held several executive management positions in the international services of the French Ministry of Economy and Finance.
- Laurence Barthès has been Executive Vice President, Chief People & Information Officer, since October 2009. She began her career at Dassault Systèmes in 1987. She then served in various management positions in quality, process and industrialization. In 2002 she was appointed Vice-President, Customer Support & Satisfaction and in 2008 Chief Information Officer.

To the knowledge of the Company, 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 knowledge of the Company, none of the directors and officers has been (i) convicted of fraud, (ii) declared bankrupt, had their property impounded or liquidated, or (iii) subject to an official accusation and/or penalty delivered by legal or regulatory authorities.

In addition, to the knowledge of the Company, in the past five years, none of the directors and officers has been 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, 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 not 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 Section 15.1 under “Lock-up commitment”.

CHAPTER 15 – REMUNERATION AND BENEFITS

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

The principles and rules used by the Company's Board of Directors to set the compensation and benefits granted to the Company's executive directors (*"mandataires sociaux"*) are set forth in the Report on Corporate Governance and Internal Control prepared by the Chairman of the Board of Directors pursuant to article L. 225-37 paragraph 6 of the French Commercial Code (see Section 16.1 of this Annual Report).

Compensation and benefits paid to each executive director (*mandataire social*) of the Company are described below, in accordance with the presentation established by the AFEP-MEDEF Corporate Governance Code of December 2008 (the "Code AFEP-MEDEF") and specified by the recommendation of the AMF of December 22, 2008. (See also Section 17.2 "Shareholdings and Stock Options of the Directors and Executive Officers" of this Annual Report).

Table 1 – Summary of the compensation, options and shares awarded to each executive director

The table below sets forth the compensation owed for each of 2008 and 2009, as well as the value of the free shares and subscription options awarded during these years.

	2008	2009
Charles Edelstenne, Chairman of the Board of Directors		
Compensation due for the year *(detailed in table 2)*	€870,500	€871,500
Value of the stock options awarded during the year *(detailed in table 4)*	–	–
Value of the 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)*	€1,786,227	€1,877,227
Value of the stock options awarded during the year *(detailed in table 4)*(1)	€545,000	€528,000
Value of the share grants awarded during the year *(detailed in table 6)*(2)	€5,712,000	€5,553,000

(1) The valuation of one option granted was €10.90 in 2008 and €10.56 in 2009, based on the IFRS 2 methods used for the consolidated financial statements, before spreading out the expense over time. (See also Note 6 to the consolidated financial statements.)

(2) The valuation of one freely granted share was €38.08 in 2008 and €37.02 in 2009, based on the IFRS 2 methods used for the consolidated financial statements, before spreading out the expense over time. (See also Note 6 to the consolidated financial statements.)

The global gross compensation paid in 2009 by the Company to its senior management, made up of twelve executive officers as set forth above in Section 14.1 "Board of Directors and Executive Officers", amounted to €7,210,533, 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 Code AFEP-MEDEF and the AMF.

	2008		2009	
	Amounts due for 2008	**Amounts paid in 2008**	**Amounts due for 2009**	**Amounts paid in 2009**
Charles Edelstenne Chairman of the Board				
Fixed compensation	€836,000	€836,000	€836,000	€836,000
Variable compensation	–	–	–	–
Extraordinary compensation	–	–	–	–
Directors’ fees	€34,500	€33,000	€35,500	€34,500
Benefits	–	–	–	–
Total	**€870,500**	**€869,000**	**€871,500**	**€870,500**
Bernard Charlès, President and Chief Executive Officer				
Fixed compensation	€900,000	€900,000	€900,000	€900,000
Variable compensation(1)	€855,000	€850,000(2)	€945,000(3)	€855,000(4)
Extraordinary compensation	–	€47,575(5)	–	–
Directors’ fees	€19,500	€18,000	€20,500	€19,500
Benefits(6)	€11,727	€11,727	€11,727	€11,727
Total	**€1,786,227**	**€1,827,302**	**€1,877,227**	**€1,786,227**

(1) The rules governing the awarding of variable compensation to the executive director are described in the Report on Corporate Governance and Internal Control in Section 16.1.
(2) Variable portion due for 2007. In 2008, Bernard Charlès also received €30,217 under the Company’s French profit- sharing plans.
(3) Variable portion due for 2009 and paid in 2010.
(4) Variable portion due for 2008 and paid in 2009.
(5) Amount paid for the balance of paid holidays (solde des congés payés) following the suspension of Bernard Charlès’ employment agreement on January 1, 2008.
(6) These benefits are related to the use of a car provided by the Company.

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 2 to the table below.

	Directors’ fees paid in 2008 for the year 2007	Directors’ fees paid in 2009 for the year 2008
Paul Brown	€26,000	€25,000
Jean-Pierre Chahid-Nouraï	€26,000	€27,500
Laurent Dassault	€18,000	€18,500
Bernard Dufau	€32,000	€33,500
André Kudelski	€28,000	€25,500
Arnoud De Meyer	€22,000	€22,000
Charles Edelstenne(1)	€33,000	€34,500
Bernard Charlès	€18,000	€19,500
Thibault de Tersant(2)	€18,000	€19,500
TOTAL	**€221,000**	**€225,500**

(1) Groupe Industriel Marcel Dassault SAS (“GIMD”) paid to Charles Edelstenne €20,000 in Directors’ fees in 2008 and 2009 in connection with his mandate as a member of the Supervisory Board of GIMD.

(2) The entire compensation received by Thibault de Tersant in 2008 and 2009 is as set forth below:

	Compensation paid in 2008	Compensation paid in 2009
Thibault de Tersant, Director		
Fixed compensation	€301,000	€301,000
Variable compensation	€137,000 (a)	€149,000 (b)
Extraordinary compensation	–	–
Directors’ fees	€18,000	€19,500
Benefits (c)	€7,173	€7,173
Total	**€463,173**	**€476,673**

(a) Variable portion due for 2007. In 2008, Thibault de Tersant also received €30,217 under the Company’s French profit- sharing plans.

(b) Variable portion due for 2008. In 2009, Thibault de Tersant also received €29,490 under the Company’s French profit- sharing plans.

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

In addition, for the year ended December 31, 2009, the amount budgeted for Directors’ fees totaled €241,500, of which €154,000 consisted of Board retainer fees and €87,500 were for attendance at meetings of the Board of Directors and its Committees.

The allocation of Directors’ fees in 2009 was based on the following principles: €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; €1,000 per meeting of the Board attended in person; €2,000 per meeting of the Audit Committee attended in person; €1,000 per meeting attended in person of the Compensation Committee and the Scientific Committee (only for independent Board members); and €500 for each meeting of the Board or its committees attended by telephone or video-conference.

The Board will request the General Shareholders’ Meeting scheduled for May 27, 2010, to increase the current maximum annual amount of Directors’ fees from €250,000 to €275,000 for the year 2010 and thereafter until otherwise decided by the shareholders.

Table 4 – Subscription or purchase options awarded during 2009 to each executive director

	Number and date of plan	Type of option (purchase or subscription)	Valuation of the options	Number of options awarded in 2009	Exercise price	Exercise period
Charles Edelstenne	2008-02 11/27/2009	Subscription options		none		
Total		–	–	–	–	–
Bernard Charlès	2008-01 11/27/2009	Subscription options	€528,000	50,000	€39 (1)	Beginning 11/27/2013
Total			**€528,000**	**50,000**		

(1) The exercise price was fixed without any reduction.

The valuation of one subscription option was €10.56, based on the IFRS 2 methods used for consolidated financial statements, before spreading out the expenses over time. (See also Note 6 to consolidated financial statements).

The 2008-02 Options granted by the Board on November 27, 2009, will vest and become exercisable in whole or in part beginning on the fourth anniversary of their grant date.

The share subscription options granted to the executive directors in November 2009 represented 2.7% of the total number of options granted by the Board on November 27, 2009, and 0.47% of the envelope fixed by the General Shareholders' Meeting.

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 exercise of the Options 2008-02 granted to Bernard Charlès subject to a performance condition related to variable compensation actually paid to Mr. Bernard Charlès over three financial years. The level of such variable compensation is itself dependent on achieving performance criteria previously established by the Board. The rules regarding the granting of the variable portion of the executive directors' compensation are set forth in Section 16.1 "Report on Corporate Governance and Internal Control".

As a result, the actual number of Options 2008-02 which will be able to be exercised by Bernard Charlès at the end of the four-year period following the grant will depend on the product of the number of Options 2008-02 granted by the Board on November 27, 2009, multiplied by the average, calculated over three financial years 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. In no case, however, may the number of options exercised exceed the number of options granted by the Board.

The 2008-02 Options may not be exercised in the event the beneficiary ceases being an executive director (*mandataire social*), except in certain cases such as the beneficiary's forced retirement (i.e., at the request of the employer) or retirement (i.e., at the request of the employee when conditions are satisfied), or termination due to disability or due to appointment to another company of the Group.

Information regarding the options granted to executive directors (*mandataires sociaux*) is set forth in Section 17.2 of this Annual Report.

The Chief Executive Officer is subject to a holding period for shares acquired through the exercise of Options 2008-02, as set forth under "Lock-up Commitment" below.

Table 5 – Subscription or purchase options exercised during 2009 by each executive director

	Number and date of plan	Number of options exercised during 2009	Exercise price
Charles Edelstenne		none	
Total		–	
Bernard Charlès		none	
Total		–	

Table 6 – Free shares granted in 2009 to each executive director (*mandataire social*)

	Number and date of plan	Number of free shares awarded during 2009	Valuation of the shares based on the method used for the consolidated financial statements	Acquisition date	Availability date
Bernard Charlès	11/27/2009	150,000	€5,553,000	11/27/2011	11/27/2013
Total		**150,000**	**€5,553,000**		

The valuation recorded was €37.02 per free share granted, based on the IFRS 2 methods used for the consolidated statements, before spreading out the expense over time. (See also Note 6 to the consolidated financial statements.)

Pursuant to an authorization granted by the shareholders at the general meeting held on June 6, 2007, the Board of Directors decided on November 27, 2009, to grant 150,000 free shares to the Company's Chief Executive Officer, Bernard Charlès, in accordance with the recommendation of the Compensation and Nomination Committee. The Compensation and Nomination Committee and the Board considered that the grant of free shares would allow a further association of the Company's Chief Executive Officer to the development and performance of the Group. The free shares were granted to the Chief Executive Officer in light of the essential entrepreneurial contribution of Mr. Bernard Charlès to the Company's development and performance. The free shares granted to the Chief Executive Officer in November 2009 represented 12.85% of the global envelope fixed by the General Shareholders' Meeting on June 6, 2007.

Such shares shall be actually acquired only in November 2011, 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 shall be an executive director (*mandataire social*) at such acquisition date.

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 of the free shares granted to Bernard Charlès subject to a performance condition related to variable compensation actually paid to Mr. Bernard Charlès over two financial years. 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 shares received exceed the number of free shares initially granted by the Board. The rules regarding the granting of the variable portion of the executive directors' compensation are set forth in Section 16.1 "Report on Corporate Governance and Internal Control".

As a result, the actual number of shares which will actually be acquired by Mr. Bernard Charlès at the end of the two-year period will depend on the product of the number of free shares granted by the Board on November 27, 2009, multiplied by the average, calculated over two financial years 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.

At the end of the acquisition period, the Chief Executive Officer must hold the free 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 free shares, as set forth under "Lock-up Commitment" below.

No company of the Group other than Dassault Systèmes SA granted free shares to executive directors (*mandataires sociaux*).

Table 7 – Free shares that have become available during 2009 for each executive director (*mandataire social*)

	Number and date of plan	Number of shares that became available during 2009	Acquisition terms
Paul Brown		none	
Jean-Pierre Chahid-Nouraï		none	
Laurent Dassault		none	
Bernard Dufau		none	
André Kudelski		none	
Arnoud De Meyer		none	
Charles Edelstenne		none	
Bernard Charlès		none	
Thibault de Tersant		none	

No free share became available during 2009. The 300,000 shares acquired by Bernard Charlès in 2008 pursuant to former grants of free shares will not become available until June 2010. In addition, the 150,000 shares acquired by Bernard Charlès in 2009 pursuant to former grants of free shares are subject to a 2-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”. Finally, 150,000 shares subject to the same lock-up commitment should be acquired in September 2010 and become available in September 2012, provided Mr. Bernard Charlès is still an executive director (*mandataire social*) at such date.

The authorization granted to the Company’s Board of Directors by the shareholders on June 6, 2007, to grant shares to Company management and employees or certain categories of management and employees, representing up to 1% of the share capital, is still valid in 2009, since it was granted for a 38-month period. Taking into account the grant of free shares decided by the Board in June 2007, September 2008 and November 2009, a further 717,503 free shares may still be granted by the Board.

Table 8 – Grants of share subscription or purchase options

See Section 17.2 of this annual report.

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 Section 17.2 of this annual report.

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: renewal proposed for the annual general shareholders' meeting to be held on May 27, 2010		X		X		X		X
Bernard Charlès President and Chief Executive Officer Director since (1st appointment): 04/08/1993 Term: renewal proposed for the annual general shareholders' meeting to be held on May 27, 2010		X		X	X			X

At its meeting on March 26, 2010, the Board of Directors noted the resignation of Mr. Bernard Charlès as Director of Innovation under his employment contract, which had already been suspended since 2008.

Mr. Bernard Charlès is entitled to an indemnity payment in the event he is dismissed from his present functions as President and Chief Executive Officer, according to the conditions below.

In 2003, the Board of Directors decided on an indemnity payment to be paid to Mr. Bernard Charlès in the event of his dismissal as President and Chief Executive Officer. In accordance with the French "TEPA" law of August 21, 2007, the Board defined the conditions for payment at its meeting on March 28, 2008. Furthermore, according to the Code AFEP-MEDEF's recommendations, on March 27, 2009, the Board specified that the decision on an indemnity payment would apply in the event of an imposed departure (*départ contraint*) from the Company, and also that payment of the indemnity would be subject to certain additional conditions.

The amount of the indemnity would be calculated on the basis of the aggregate gross compensation due for his mandate during the two financial years preceding the decision of the imposed departure, to which would be applied the percentage of the variable remuneration actually paid during the three financial years before the decision of the imposed departure as a portion of the corresponding target variable remuneration set for such financial years by the Board. The indemnity is thus subject to performance conditions related to achieving targets fixed for the variable compensation (see Section 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 management misconduct 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 DS 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 Group 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)* for the executive directors. The companies controlled by Dassault Systèmes have not paid any compensation or granted any other benefits to the executive directors mentioned above.

Lock-up commitment

In accordance with the law, Dassault Systèmes' Board of Directors decided in 2007, 2008 and 2009, after prior consultation with 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 free 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 free 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 *règlement général* 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 summarizes those transactions as published by the AMF in 2009.

Date and place	Directors and Executive Officers	Nature of the transaction	Unit Price	Gross amount
11/06/2009 Euronext Paris	Philippe Forestier	Subscription	€23.00	€460,000
		Sale	€38.22	€764,456
11/10/2009 Euronext Paris	Philippe Forestier	Subscription	€23.00	€460,000
		Sale	€38.38	€767,694
11/16/2009 Euronext Paris	Etienne Droit	Subscription	€23.00	€230,000
		Sale	€39.01	€390,100
11/16/2009 Euronext Paris	Thibault de Tersant	Subscription	€23.00	€460,000
		Sale	€38.67	€773,354
11/17/2009 Euronext Paris	Etienne Droit	Subscription	€23.00	€230,000
		Sale	€39.50	€395,000

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 May 27, 2010, 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 ("DS") and the conditions under which the work of the Board of Directors of DS is prepared and organized, as well as the internal control and risk management procedures established by DS and its subsidiaries (the "Company" or the "Group") during the fiscal year ended December 31, 2009. It is presented to you in addition to the management report included in the annual report (*Document de référence*) of DS for 2009.

This report has been prepared pursuant to article L. 225-37 paragraph 6 of the French Commercial Code and the recommendations of the AMF (*Autorité des marchés financiers)* contained in its Report on corporate governance and internal control of December 8, 2009. The Chairman has entrusted the diligence related to the preparation of this report to the finance, legal and internal audit departments, which was then reviewed by the Audit Committee and approved by the Board of Directors of DS during its meeting held on March 26, 2010.

It should first be recalled that DS is a French company listed on Euronext Paris – Compartiment A since 1996. Until October 2008, DS 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, DS ensures compliance with the French recommendations, and in particular refers to the recommendations of the Code of corporate governance of listed companies of the AFEP (Association française des enterprises privées) and of the MEDEF (Mouvement des enterprises de France) dated December 2008, available on the MEDEF website (www.medef.fr). The provisions of this Code ("Code AFEP-MEDEF") with which DS does not directly comply are mentioned in this report.

Since DS was listed in the United States until the end of 2008, the Company continued to be compliant with the COSO framework ("Committee of Sponsoring Organization of the Treadway Commission") in order to elaborate, implement and define its internal control system, and took also into consideration the internal control framework proposed by AMF in 2007.

1) Composition and practices of the Board of Directors

a. Composition of the Board of Directors

In 2009, the Board of Directors of DS was composed of nine members: Messrs. Charles Edelstenne, Bernard Charlès, Thibault de Tersant, Laurent Dassault, Bernard Dufau, André Kudelski, Paul Brown, Jean-Pierre Chahid-Nouraï and Arnoud De Meyer. More than half of the members are independent directors, as this term is defined by the criteria set forth by the Code AFEP-MEDEF. According to the terms of the Company's internal regulation, a director is independent when he has no relationship of any type with the Company, the Group or its management which could reduce his freedom of judgment. The five independent directors are Messrs. Dufau, Kudelski, Brown, Chahid-Nouraï and De Meyer. The independence of Directors is subject to an annual review at the meeting of the Board approving the financial statements for the preceding year.

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.

To give effect to the staggering of the Board recommended by the Code AFEP-MEDEF, Messrs. Charles Edestenne, Bernard Charlès and Thibault de Tersant have terminated their appointments early by resigning with effect during the General Shareholders' Meeting of May 27, 2010. The General Shareholders' Meeting has been requested to renew their appointments for a period of four years.

All the information related to the composition of the Board of Directors is provided in Chapter 14 of this annual report.

b. 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 2008 accounts of the parent company and consolidated accounts, the consolidated accounts for the first half of 2009, the management planning documents for 2009, review of quarterly results). The Board was 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*);
- the internal control (review of the assessment of the internal control procedures);
- review and enforcement of the new French and European rules and recommendations on financial communication and corporate governance.

The Board met 8 times in 2009, 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 DS 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 that the directors are able to perform their duties. 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 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: in 1996 the Audit Committee and in 2005 the Compensation and Nomination Committee and the Scientific Committee. The Committees report regularly to the Board as to the performance of their missions.

In 2005, the Board of Directors adopted an internal regulation which defines the composition and operation of the Board and its committees, and the interaction between the Board and the committees, as well as the committees' responsibilities. In 2009, this internal regulation was revised by the Board of Directors to take into consideration the recommendations of the Code AFEP-MEDEF and also the fact that the Company is no longer subject to U.S. regulations with regard to corporate governance.

This internal regulation describes the usual frequency of Board meetings, the means of participating in these meetings 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, forecasts or the implementation of DS 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. In 2009, the functioning of the Board was on the agenda of one of its meetings. The Directors were requested to formalize their evaluation of the Board of Directors by completing a questionnaire. They identified means for improvement, such as including women members.

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

Finally, the internal regulation states that external Directors (i.e. Directors who are neither executives nor employees of DS) must meet at least once a year without the presence of the other Directors to make a general review of how DS and its Board are operating.

c. Audit Committee

The Audit Committee of DS's Board of Directors is composed of four independent directors: Bernard Dufau, Chairman, André Kudelski, Paul Brown, and Jean-Pierre Chahid-Nouraï. Messrs. Bernard Dufau and André Kudelski have been company managers. Messrs. Paul Brown, a university professor in accounting, and Jean-Pierre Chahid-Nouraï, who held responsible positions in finance in companies and commercial banks, offer specific skills in finance or accounting.

This Committee met physically three times in 2009. The Senior Executive Vice President and Chief Financial Officer of DS, the Group Finance Vice President, the consolidation director, the internal audit director, the general counsel and the statutory auditors of the Company attended these meetings. In addition, in order to review the quarterly earnings announcements and other issues, the members of the Audit Committee held six conference calls with the Senior Executive Vice President and Chief Financial Officer, the Group Finance Vice President and the consolidation director. The attendance rate for these meetings and calls was 94%.

The responsibilities of this Committee as defined in its charter were expanded in 2003 in order to take into consideration both the French recommendations of the Bouton report and the new US rules resulting from the Sarbanes-Oxley Act which were applicable to the Company until the end of 2008. The charter of the Committee was reviewed by the Board of Directors on March 27, 2009, in order to take into consideration the delisting from the NASDAQ of the Company, the French regulation dated December 8, 2008, transposing the European Directive on statutory audits of accounts and the recommendations of the Code AFEP-MEDEF.

The Audit Committee acts under exclusive and joint liability of the members of the Board. Its mission is to ensure the follow up of the 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 accounts of the parent company and the annual consolidated accounts and the independence of the statutory auditors.

The Audit Committee is responsible for scrutinizing these various matters and giving its recommendations or providing its advice 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 also approves the annual plan of the internal audit missions. The internal audit director reports to this Committee the outcome resulting from the performance of its work.

In 2009, in addition to its traditional responsibilities, the terms of the acquisition of IBM PLM described in Section 5.1.5 “History of the Company – 2009” of this annual report were presented to the Committee.

d. Compensation and Nomination Committee

Since its creation in 2005, this 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, and are not contained in a separate regulation.

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,

(ii) to set the formulas and the rules to apply for determining the variable part of the compensation of the Chairman of the Board and the Chief Executive Officer, and to verify the application of these rules,

(iii) to evaluate the global amount and the allocation of the directors’ fees,

(iv) to scrutinize the policy of the Group for the nomination and to stay informed of the compensation policy for the executive officers who are not members of the Board,

(v) to review the independence of the Directors identified as such,

(vi) to consider the stock-options allocation policy or any kind of profit-sharing mechanism based on DS shares and make proposals on this topic,

(vii) to make any proposition concerning the nomination or renewal of Directors,

(viii) 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 2009, the Compensation and Nomination Committee met twice physically and once by conference call, with an attendance rate of 100%. It has confirmed the independence of DS “independent directors”, on the basis of responses to the questionnaire sent to each director. It formulated recommendations to the Board of Directors about the allocation of Directors’ fees, the free allocation of shares to the Chief Executive Officer and the allocation of stock options to certain executives and employees of the Group. It also reviewed the structure of the 2009 compensation of the executive officers who are not members of the Board and reviewed the stock option allocation process in general.

The Committee has issued advice on the variable part of the compensation of the Chief Executive Officer for 2008 and has proposed to the Board a 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 2009.

The Compensation and Nomination Committee also proposed the performance conditions related to share subscription options and free shares granted to the Chief Executive Officer, and examined the criteria for variable remuneration which may be publicly disclosed without harming the Company's competitive interests.

The Committee was consulted with respect to the appointment of Laurence Barthès on October 1, 2009 to the position of Executive Vice President, Chief People & Information Officer. The Chairman of the Board of Directors was not involved in the Committee's selection work.

The Compensation and Nomination Committee examined as a general matter the Company's compliance with the recommendation of the Code AFEP-MEDEF in this area.

e. Principles and rules set forth by the Board of Directors of DS in order to determine the compensation of the executive directors

The DS compensation policy is designed to attract, motivate and retain highly qualified individuals needed 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 the individual performance is rewarded.

- Fixed and variable compensation

Consistent with those criteria, 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 DS strategic orientations and include specific individual management targets.

Beyond their fixed and variable compensation, the French executive officers, except for the Chairman of the Board and, since early 2008, 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 the Chapter 15 of the DS annual report (*Document de référence*) for 2009, which contains all the data with respect to compensation of the executive officers.

The Board of Directors, during its meeting held on March 26, 2010, decided to fix the amount of the variable compensation due to the Chief Executive Officer for 2009, paid in 2010, at €945,000, after review of the achievement of the performance criteria set in 2009, which included the non-IFRS net profit per share announced as a Company objective, growth in the Company's market share, the evaluation of the Company's efficiency programs (in particular, the cost reduction program), the portfolio of products and the implementation of the Company's strategy.

At its meeting on March 26, 2010, the Board of Directors also set the performance criteria for payment of the Chief Executive Officer's variable compensation for the year 2010, which include achieving the net profit per share on a non-IFRS basis for 2010 announced as a Company target on February 11, 2010, relative growth in the Company's revenue compared to its competitors and development of the Company's market share, the evaluation of the Company's efficiency processes as measured by its operating margin and the development of infrastructure organization and sharing, the composition of the Company's product portfolio and the implementation of the Company's strategy as approved by the Board of Directors.

The fixed portion of the compensation of the Chairman of the Board of Directors and the fixed and variable portions of the compensation of the Chief Executive Officer for 2009 were maintained at the level of 2008. At its meeting on March 26, 2010, the Board of Directors decided to set the Chairman's fixed compensation for 2010 at €866,000 and the annual target compensation with objectives achieved of the Chief Executive Officer for 2010 at €1,864,000, with €932,000 for fixed compensation and €932,000 for the target variable compensation.

As in preceding years, the Chairman and the Chief Executive Officer will receive director's fees (see Chapter 15 of this annual report).

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

In accordance with the recommendations of the Code AFEP-MEDEF, the cases in which a departure indemnity payment might be due to the Chief Executive Officer were reviewed and modified by the Board of Directors during its meeting on March 27, 2009.

Thus, an indemnity payment, equal to a maximum of 2 years of fixed and variable compensation, 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 if the imposed departure is not linked to poor results of the Company or to management misconduct 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 Code AFEP-MEDEF, given the shareholder structure of the Company and the seniority of Mr. Charlès in the DS Group.

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 DS Group, or in the event he would be able to benefit from pension rights shortly after leaving the Company. Furthermore, in the event of exceptional circumstances seriously damaging the image or results of the Group 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.

The amount of the indemnity would be calculated on the basis of total gross compensation owed under his mandate for the two financial years completed before the date of the termination of his functions, to which would be applied the ratio of the variable compensation actually paid during the three financial years ended before the date of the termination of his functions and the corresponding target variable remuneration set for such years by the Board. The indemnity would thus be subject to the performance conditions related to achieving the objectives set with respect to the variable compensation and described above.

It should be noted that the Code AFEP-MEDEF recommends that an executive who becomes a member of the Board of Directors (*mandataire social*) terminate his employment contract with the company or any company of the group. The Board of Directors, at its meeting on March 26, 2010, acknowledged the resignation of Mr. Bernard Charlès with respect to his employment contract. It should be recalled that the Board of Directors, at its meeting on March 28, 2008, had authorized the suspension of his employment contract effective as of January 1, 2008.

- Free shares and share subscription options

The executive officers are given long-term incentives through grants of DS stock options, intended particularly to encourage them to act in the best interests of DS shareholders. In general, stock options may be granted to key employees, including executive officers, of the Company, and the number of stock options granted is dependent on individual performance and level of responsibility.

The Company's Chief Executive Officer was granted share subscription options (without a discount) and free shares in 2009. In conformity with the recommendation of the Code AFEP-MEDEF, exercise of all of the subscription options is subject to the condition that the Chief Executive Officer remains with the Company and to a performance condition related to variable compensation actually paid to Mr. Bernard Charlès over three financial years (calculated according to the criteria described above). Similarly, the definitive acquisition of the free shares is subject to the condition that the Chief Executive Officer remains with the Company and to a performance condition related to variable compensation actually paid to Mr. Bernard Charlès over two financial years (calculated according to the criteria described above).

The Board decided at that time, upon the recommendation of the Compensation and Nomination Committee, to impose a holding period until the termination of his functions for 15% of the shares which may be acquired through stock options and free share grants. Hedging transactions to ensure the gain in connection with exercising stock options or selling free shares are prohibited. Since the determination of compensation of the executive officers does not occur on the same date as the grant of share subscription options or free shares, the Board was not able to define the maximum portion represented by such options and shares in the total executive officer compensation.

The share subscription options granted to the Chief Executive Officer on November 27, 2009, represent 2.7% of the total number of options granted and 0.47% of the global envelope decided by the General Shareholders' Meeting. The free shares were granted to the Chief Executive Officer in light of his essential entrepreneurial contribution to the development and the performance of the Company. The free shares granted to the Chief Executive Officer on November 27, 2009, represent 12.85% of the global envelope fixed by the General Shareholders' Meeting.

The Company seeks to grant share subscription options during the same calendar periods provided they are compatible with the restrictive rules related to the Company possessing inside information.

The Company has profit sharing plans for employees. The results of the financial year ended December 31, 2009, which are subject to the approval by the General Shareholders' Meeting on May 27, 2010, should enable the distribution of €7,208,546 in profit and to set aside a special profit sharing reserve (*intéressement*) *of* €8,212,521. The Company's Board of Directors decided on March 26, 2010, to make a supplementary contribution to employee profit sharing of €2,600,000, bringing the global amount of profit sharing for the year 2009 to €10,812,521.

Other information concerning share subscription options and free shares are provided in Chapter 15 and Section 17.2 of this annual report.

f. Scientific Committee

The Scientific Committee is composed of two directors, Bernard Charlès and Arnoud De Meyer, the latter being independent, and of an executive officer, Dominique Florack, the Company's Senior Executive Vice President, Products – Research and Development. The Committee meets at least once a year. Its members were nominated when the Committee was created. The Committee reviews the research and development directions, examines the Group's technological advances and makes recommendations on these matters. DS employees having the adequate competences in research and development or regarding questions raised by the Committee may be invited to these meetings.

In 2009, the Scientific Committee met three times with an attendance rate of 67%. In connection with the ENOVIA strategy, offers which are intrinsically community oriented (like Web 2.0) were demonstrated, as well as the concept of LifeLike Experience (new forms of interaction with virtual information, with enhanced reality immersion or through systems such as MultiTouch). With respect to the "Nature" development strategy, an approach for modelling and simulating plants and the environment was discussed. Finally the Company's strategy in terms of diversification toward consumer goods and retail industries, as well as the audience of "Consomm'Acteurs" ("consumer-actors"), were presented.

g. Powers of the Chief Executive Officer

Pursuant to French law, the daily management of the Company is under the responsibility of the Chief Executive Officer. 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 (provided by banks debts or 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 approve 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 26, 2010, thus set a threshold of €400 million above which the prior approval of the Board is required for the operations mentioned above. This is the same threshold as in 2009.

On March 26, 2010, the Board authorized the Chief Executive Officer, for one year, until the meeting of the Board approving the annual accounts for 2010, to grant guarantees in the name of DS in the global limit of €300 million.

It should be noted that the Chief Executive Officer is assisted in his mission of execution of the strategy and daily management by executive vice presidents located at the Company headquarters in France, who are named in Chapter 14 of the annual report of DS, and who meet weekly as the Executive Committee.

h. Application of the Code AFEP-MEDEF

With respect to corporate governance, DS follows the French recommendations and refers in particular to the recommendation of the Code AFEP-MEDEF. 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 Code AFEP-MEDEF:

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

  The Company respects the exclusions of the Code AFEP-MEDEF in this area and will not pay an indemnity in the event of poor Company results or management misconduct by the officer. It nevertheless retains three cases for payment of which one is not explicitly provided for by the Code AFEP-MEDEF in light of the Company's shareholder base and the long term of service of Mr. Charlès in the DS Group. It applies in the event of an imposed departure (*départ contraint*) if the departure is not related to poor results of the Company or management misconduct 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 share subscription options and free shares

  The Company seeks to grant share subscription options during the same calendar periods provided they are compatible with the restrictive rules related to the Company possessing inside information, which may lead the Company to postpone a grant.

– Proportion of share subscription options and free shares in executive officer compensation

  Since the determination of compensation of the executive officers does not occur on the same date as the grant of share subscription options or free options, the Board has not been able to define the maximum portion represented by such options and shares in the total executive officer compensation.

– Percentage of free shares granted to the executive directors (*dirigeants mandataires sociaux*)

  Free shares were granted to the Chief Executive Officer in light of his essential entrepreneurial contribution to the development and the performance of the Company. The stock options granted to the Chief Executive Officer on November 27, 2009, represent 2.7% of the total number of options granted.

– Acquisition of shares by the executive officers benefitting from grants of free shares

  The Company believes that the holding period of the Chief Executive Officer, until he terminates his functions, with respect to 15% of the shares which may be acquired through the exercise of stock options and free share grants, represents a mechanism with an effect equivalent to the recommendation in the Code AFEP-MEDEF to subject the acquisition of free shares related to the performance of executive officers to the purchase of a fixed number of shares once the free shares become available.

2) Internal control procedures and risk management

Dassault Systèmes has 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 reference framework regarding internal control of 2007.

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 efficiency of operations, reliability of financial and accounting information and compliance with law and regulations.

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

a. Internal control objectives

The internal control procedures within the Company, whether at the level of the parent company or the 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.

b. 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 mandate 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 DS 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 DS 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 2009, the internal audit department was responsible for evaluating, for the management team, internal control mechanisms related to financial reporting.

- A Compliance Department reporting to the Chief Executive Officer, responsible for ensuring the implementation of the Code of Business Conduct, which defines the ethical behavior rules applicable within the Group.

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 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 put in place in 2009, particularly in the United States.

The Group controlling 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.

c. 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: professional ethics at 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 provides a guide intended to assist employees adopt correct decisions in their professional work, whether on an individual or collective basis. 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 Group 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 the Chapter 4 of the DS annual report (*Document de référence*) "Risk factors" for 2009. This Chapter mentions the measures taken by the Company to manage or limit the risks when possible. The Audit Committee reviews and holds working sessions for reviewing 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 Group's headquarters legal services, and ethical conduct risks handled by the Group's Compliance Department in close collaboration with the internal audit department. Management of financial risks is the responsibility of the Group's treasury and Financial Division.

- 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 taken steps during recent years to further protect its inventions through a reasonable and well-considered approach to filing patents in several jurisdictions. Finally, the Company's principal brands are registered in a large number of countries.

2) Information systems protection, which is critical to ensuring 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 the parent company and the main subsidiaries of the Group or the related shared services.

5) Key control points allowing to warn or detect risks impacting the financial information in the significant entities of the Group 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 2009 the internal audit department carried out different missions within the Group's subsidiaries to verify compliance of the local internal control procedures with the Group objectives. These missions, authorized by the Audit Committee, resulted 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.

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

Lastly, 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 year.

Thus, each of the subsidiaries prepares a detailed and documented presentation of its sales activity for the 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 (*Product Lifecycle Management)* 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 DS 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. In 2009, Dassault Systèmes put in place a new consolidation and reporting tool, improving 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 Financial Division.
  5. The detailed analysis by the Group accounting department of all the software and services transactions impacting in a significant manner the accounts in order to validate the accounting data.
- 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.

e. Evaluation of internal control

The Company is no longer subject to the requirements of the U.S. Sarbanes-Oxley Act with regard to the assessment of its internal control procedures, since its voluntary delisting from the NASDAQ in October 2008.

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

Thus, in 2009, detailed assessment work continued to be carried out, the management of the Company wishing to maintain a high level of internal control within the Group. This work is in line with the continuing improvement process of internal control, and allows the implementation of action plans and specific audits.

f. 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 and the exercise of individual judgments, or dysfunctions which may occur as a result of human failure or simple error.

3) Other information required pursuant to section L. 225-37 of the French Commercial Code

a) Specific modalities related to the shareholders' participation in the Shareholders' meeting

Shareholders participate in the shareholders' meeting of the Company according to provisions specified by law and by sections 26 to 34 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 held shares, according to section 28 of the by-laws of Dassault Systèmes.

b) Publication of the information as required by section L. 225-100-3 of the French Commercial code.

Information required by section L. 225-100-3 is set out in Chapter 10 "Capital Resources" (concerning early repayment of the credit line of €200 million), Chapter 18 "Major Shareholders" (concerning control by GIMD), Section 21.1.4 "Company shares" (relating to the repurchase by the Company of its own shares) and Section 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*)) of the DS annual report ("*Document de référence"*) for 2009, which also includes the annual management report of the Board of Directors. This annual report *("Document de référence")* is available on the AMF website (www.amf-france.org) and on the DS website (www.3ds.com). The public availability of the annual report will be subject to a press release.

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, 2009

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 31/12/2009.

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 29 March 2010

The statutory auditors

PricewaterhouseCoopers Audit	Ernst & Young Audit
Xavier Cauchois	Jean-François Ginies

CHAPTER 17 – EMPLOYEES

17.1 Social Report

a) Employees

1. Overview of the Group's employees

At December 31, 2009, the total number of Group employees was 7,834, compared to 7,875 at December 31, 2008, representing a decline of 0.5% due to a policy of strict control over hiring adopted in light of the difficult economic environment. The Group's total number of employees over the last three years is as follows:

At December 31,	Total employees
2009	**7,834**
2008	**7,875**
2007	**7,459**

The figures presented in this paragraph"Overview of the Group's employees" cover the employees of Dassault Systèmes SA and its subsidiaries as well as independent external service providers hired by the Group for a specific function and a limited period of time (totaling 1,361 at December 31, 2009). The data above is calculated on the basis of full-time equivalent employees. In addition, at year-end 2009, 956 persons were employed by 3D PLM Software Solutions Limited, a development joint venture based in India. See Chapter 19 "Related Party Transactions" for a description of the relationship with 3D PLM.

By type of activity and geographic zone, the employees were distributed as follows:

At December 31	2009	% of total	2008	% of total	2007	% of total
R&D and maintenance	3,595	45.89%	3,468	44.04%	3,349	44.90%
Sales, marketing and services	3,596	45.90%	3,773	47.91%	3,536	47.40%
Administration and other	643	8.21%	634	8.05%	574	7.70%
Total	***7,834***	***100%***	***7,875***	***100%***	***7,459***	***100%***
Europe	3,395	43.33%	3,509	44.56%	3,515	47.12%
Americas	2,599	33.18%	2,665	33.84%	2,541	34.07%
Asia Pacific	1,840	23.49%	1,701	21.60%	1,403	18.81%
Total	***7,834***	***100%***	***7,875***	***100%***	***7,459***	***100%***

The tables below provide additional information regarding exclusively the Group's employees under "contract without a defined term" (*contrat à durée indéterminée*) at December 31, 2009.

	Europe		Americas		Asia Pacific	
Distribution by sex and geographic region at December 31, 2009	**Number**	**% of total**	**Number**	**% of total**	**Number**	**% of total**
Women	726	21.86%	554	23.54%	144	16.84%
Men	2,595	78.14%	1,799	76.46%	711	83.16%
Total	***3,321***	***100%***	***2,353***	***100%***	***855***	***100%***

Distribution by age at December 31, 2009	Number	% of total
< 25 years old	53	0.82%
25 to 30 years old	973	14.90%
31 to 40 years old	2,471	37.85%
41 to 50 years old	2,124	32.53%
51 to 60 years old	802	12.28%
> 60 years old	106	1.62%
Total	***6,529***	***100%***

Distribution by sex and by professional category as of December 31, 2009	Women		Men		Total	
	Number	% of total	Number	% of total	Number	% of total
"Manager"	278	19.52%	1,238	24.25%	1,516	23.22%
"Non-manager"	1,146	80.48%	3,867	75.75%	5,013	76.78%
Total	***1,424***	***100%***	***5,105***	***100%***	***6,529***	***100%***

2. Overview of Employees in France

At December 31, 2009, the Group had 2,360 employees in France, of whom 1,916 were employees of the company Dassault Systèmes SA. These employees were divided as follows:

- 2,258 employees under contracts without a defined term (*contrat à durée indéterminée* ("CDI")), of whom 1,829 were at Dassault Systèmes SA;
- 33 employees under contracts with defined terms (*contrat à durée déterminée* ("CDD")), of whom 23 were at Dassault Systèmes SA; and
- 69 trainees under apprenticeship contracts (*contrat d'apprentissage*), of whom 64 were at Dassault Systèmes SA.

At December 31, 2009, employees in France were made up 22.75% of women (537 persons) and 77.25% by men (1,823 persons).

The figures presented in this paragraph 2 cover the company Dassault Systèmes SA and its French subsidiaries, Dassault Systèmes Provence and Dassault Data Services, and do not include its indirect subsidiaries, the branches of its foreign subsidiaries and independent external service providers.

b) Hiring: limited and very targeted

The year 2009 was characterized by control over new hiring in a very difficult economic environment. Positions open for external hires principally involved support functions such as purchasing, finance, legal and IT infrastructure, which are the main actors in the rationalization of the Group. Dassault Systèmes SA was faced with an unfavorable labor market and strong competition for the senior candidates. Actions taken by the hiring team to satisfy these personnel needs involved in particular framework agreements with specialized and generalist recruiting firms, the development of long-term relationships with non-scientific schools and universities, strengthening hiring networks and optimizing the hiring process to enable rapid and targeted hiring of the best candidates.

These actions allowed hiring objectives to be met, which were limited in number but very demanding. In addition to permanent or temporary hires, Dassault Systèmes SA pursued its policy of investing and accompanying students through receiving trainees at the end of their studies and apprentices.

The distribution of hiring in 2009 was 53% in communication/finance/human resources, 39% in R&D and 8% in sales and marketing.

Total number of hires by CDD and CDI in France

	New hires in 2009		
Type of contracts	Dassault Systèmes SA	Direct subsidiaries in France	Total
CDI	158	11	169
CDD	27	11	38
Apprenticeship contracts (*contrats en alternance*)	47	3	50
Total	***232***	***25***	***257***

The table below covers Dassault Systèmes SA and its French subsidiaries, Dassault Systèmes Provence and Dassault Data Services, and excludes its indirect subsidiaries, branches of its foreign subsidiaries, and independent outside service providers.

Distribution of new Group hires under "contract without a defined term" (contrat à durée indéterminée) by sex and geographic zone at December 31, 2009

	Europe		Americas		Asia Pacific	
	Number	% of the total	Number	% of the total	Number	% of the total
Women	52	28.42%	53	40.46%	21	38.18%
Men	131	71.58%	78	59.54%	34	61.82%
Total	***183***	***100%***	***131***	***100%***	***55***	***100%***

c) Terminations for personal reasons

In 2009, DS in France, excluding indirect subsidiaries, terminated 12 employment contracts, of which 11 were with the company Dassault Systèmes SA.

d) Employee reduction plans, plans for maintaining employment, efforts to transfer, re-hires and assistance measures

The company Dassault Systèmes SA did not take any such measures in 2009. In addition, none of the Group's other companies in France put in place any such plans.

e) Working schedule within the company Dassault Systèmes SA

Organization of work; work by full-time employees

In the company Dassault Systèmes SA, full-time management employees working for a full year (*en forfait jours*) have a standard annual work year of 216 days not including one "voluntary" day (*journée de solidarité*). The average work week for such management is 37.80 hours, taking into account legally required days off (*jours de réduction du temps de travail ("JRTT")*). For non-management employees, the average work week has 35 hours, taking into account JRTT.

Work time for part-time employees

In the company Dassault Systèmes SA, the average work time for a part-time employee (who represent altogether 4.17% of Dassault Systèmes SA employees) is 78.01% of the average worktime of a full-time employee. 59 employees are paid on a per day basis *(forfait jour incomplet)*, and 21 employees are paid on a per hour basis (*en forfait horaire partiel*).

Additional hours

The organization of the work time for employees working at the company Dassault Systèmes SA on a per hour basis (*en forfait horaire*) has been arranged according to a system of variable schedules.

Absenteeism rate and causes

The company Dassault Systèmes SA has the following data regarding absenteeism in 2009: illness (5,129 days), maternity leave (2,617 days), paternity leave (372 days), work and travel accidents (108 days). The absenteeism rate in 2009 for Dassault Systèmes SA, all reasons taken together, other than paid vacation, was 4.6%. The number of authorized leave days (leave for parents, leave for family events, etc.) at Dassault Systèmes SA was 6,640 days.

f) Compensation

1. *Total annual salary*

For the Dassault Systèmes Group

The total amount of annual salary at the Group amounted to €439.6 million in 2009, compared to €437.3 million in 2008.

For Dassault Systèmes SA

The total amount of annual salary at the company Dassault Systèmes SA increased 3.68% in volume in 2009.

It amounts to €106.4 million in 2009, compared to €102.6 million in 2008.

Professional equality between men and women at Dassault Systèmes SA

In 2009, the differences between average compensation for women compared to men were as follows:

Position	
Non-management (3.8% of the employees)	+1.2%
Certain management (*Cadres "coefficientés"*) (3.1% of the employees)	+5.4%
Management and engineers (*Cadres et ingénieurs "positionnés"*) (93.1% of the employees)	– 13.3%

An agreement for equal treatment and balance within the company Dassault Systèmes was signed on November 7, 2007, by the trade unions CFDT, CFE-CGC, CGT and FO.

2. *Social charges*

For the Dassault Systèmes Group

The total amount of social charges for the Group in 2009 amounted to €128.9 million, compared to €124.6 million in 2008.

For Dassault Systèmes SA

The total amount of social charges for the company Dassault Systèmes SA in 2008 was €58.5 million, compared to €54.0 million in 2008.

3. *Employee savings plan (Plan d'épargne salariale)*

Since 1993, the company Dassault Systèmes SA has provided an employee savings plan to enable its employees to subscribe interests and portions of interests in a mutual fund (*Fonds Communs de Placements*) not investing exclusively in shares of Dassault Systèmes SA.

4. *Application of the provisions of Titles I and II of Book III of the New French Labor Code (employee profit-sharing) by the company Dassault Systèmes SA*

The total amount of Company employee profit-sharing (*intéressement*) for the year 2008 paid in 2009 was €8,140,149. The total amount of Company contribution to regulatory profit-sharing (*participation*) for the year 2008 paid in 2009 was €9,202,886.

The results of the year ended December 31, 2009, submitted for the approval of the shareholders on May 27, 2010, should permit the distribution of Company profit-sharing in the amount of €7,208,546 and the contribution of €8,212,521 to a special reserve account for regulatory profit-sharing.

The Company's Board of Directors decided on March 26, 2010, to contribute a supplement to regulatory employee profit-sharing in the amount of €2,600,000, resulting in total regulatory employee profit-sharing (*participation*) of €10,812,521 with respect to 2009.

For the year 2009, Company profit-sharing and the contribution to the special reserve account for regulatory profit-sharing represented the equivalent of 6.8% and 7.7% of the total amount of salary for the year. To the extent that limits exist on the amounts which are to be distributed, the amounts paid to employees not subject to such limits are estimated at 7.2% of annual salary for Company profit-sharing (*intéressement*), and 10.9% for regulatory employee profit-sharing (*participation*).

g) Professional relations

In 2009, there were 22 meetings with the workers' committee (*Comité d'entreprise*), 2 meetings with the Group committee (*Comité du Groupe*), 12 meetings with employee representatives, and 20 meetings for negotiation with all the trade unions representing employees in the company Dassault Systèmes SA.

In 2009, Dassault Systèmes SA signed the following agreements:

– amendment nº 3 to the pre-electoral protocol of September 9, 2008, signed January 14, 2009 by the CFDT, CFE-CGE, FO and CGT;

– amendment nº 4 to the pre-electoral protocol of September 9, 2008, signed January 15, 2009, by the CFDT, CFE-CGC, FO and CGT;

– an agreement related to profit-sharing for the years 2008, 2009 and 2010, signed March 9, 2009, by the CFDT, CFE-CGC and Ensemble à DS;

– an agreement related to the harmonization of the collective terms of Athys/Dassault Systèmes, signed June 17, 2009, by the CFDT, CFE-CGC and Ensemble à DS; and

– an agreement related to the integration and employment of disabled persons at Dassault Systèmes 2010-2012, signed December 11, 2009, by the CFDT, CFE-CGC and Ensemble à DS.

h) Health and safety

The company Dassault Systèmes SA has a Health, Safety and Work Conditions Committee, which met 10 times during the year 2009.

i) Training

Dassault Systèmes SA is participating in a new cycle of transformation which seeks to create, for DS's current customers and new users, virtual online work universes, the «life-like experience for all».

These important developments concern all types of work. These developments are also part of a long-lasting approach for employees, which both transforms the present and prepares the future.

Training is a means for accelerating the development of new know-how and competencies, to contribute to performance goals needed to prepare evolutions and openings toward new industries.

Each employee is invited at individual growth and development meetings to develop his own training program together with his management, and in coordination with strategic changes in his organization.

In 2009, the principal training objectives within the company Dassault Systèmes SA were an extension of the Group's specific management plan, assistance for transformations related to V6 and online for R&D employees, and the development of DS's sales and services organizations' relationships with customers and partners.

j) Community activities

The company Dassault Systèmes SA provides subsidies to the workers' committee in an amount equivalent to 5.2% of total salaries for the on-going year, allocated as follows: 5% to support social and cultural activities and 0.2% for the operating budget. This contribution is recognized as one of the largest on the market. In 2009, the workers' committee received €5,475,526 and in 2008 €5,241,472.

k) "Ethical Business Code", Diversity and Employment Opportunities

DS's professional ethical code is formalized through corporate governance procedures, and in particular through the Code of Business Conduct (see Section 16.1 of this annual report). The Code states in particular that the DS Group's culture is based on mutual respect, fairness and diversity.

In 2004, after the U.S. Sarbanes-Oxley Act entered into effect, imposing strict rules regarding transparency, notice and management for companies listed in the United States, DS, which was at that time listed on NASDAQ, had introduced a professional alert mechanism into the Code of Business Conduct. This mechanism, which is not required to be used, or used only on an exclusive basis, provides the possibility for Group employees to send an email to notify, in full confidentiality, concerns regarding disfunctions in the areas of accounting, finance or anti-corruption measures, or when the vital interests of the Company or the physical or moral safety of a person are at risk. To comply with French and American regulations, DS believed that it had taken all precautionary measures having first received the informal approval (*confort*) of the CNIL, the independent administrative authority responsible for overseeing the protection of individual freedom in France within the computer environment.

On December 8, 2009, however, the *Cour de Cassation* determined that Dassault Systèmes alert mechanism was non-compliant and terminated it in France. Because DS is no longer listed in the United States, the Company's operation without the alert mechanism in France does not pose any problem, particularly since other means for providing notice are set forth in the law. The alert mechanism has been kept in place in other countries.

DS also put in place “Corporate Principles of Social Responsibility” to formalize its commitment as a corporate citizen. These principles, which are available on the Group’s internet site, are based on the recognition and respect of fundamental texts for social rights and the protection of the environment, such as the Universal Declaration of the Human Rights, the Basic Labor Principles and Rights by the International Labor Organization, the OECD Directives for Multinational Companies and the United Nations Convention of Children’s Rights.

The Group is committed to diversity and encourages interaction between different cultures and competencies. Group employees can also continue to acquire knowledge and skills, while also developing the economic efficiency and competitiveness of the Group.

Opportunities for disabled workers

In addition, on December 18, 2003, Dassault Systèmes SA concluded an agreement for offering professional opportunities for disabled workers by creating conditions favorable for their integration. The approval of this agreement was renewed on December 20, 2004.

The agreement was renewed in 2007 for three years and signed by the CFE-CGC, CFDT and FO. This agreement demonstrates Dassault Systèmes SA’s desire to make the hiring, training and on-going employment of disabled persons an important objective of its Corporate Principles of Social Responsibility.

The result of these agreements reflects the adoption of a dynamic policy expressing the real desire for more than six years to undertake actions for social and professional opportunities and maintaining employment for disabled persons.

Supported by the results achieved particularly with respect to hosting trainees and training, and ever more convinced that work opportunities for disabled persons is a long-term effort, the Company’s management and social partners have concluded a third agreement dated December 11, 2009, for the period 2010-2012, with a renewal of its approval.

Results for 2009

The year 2009 was particularly notable for:

- training actions:

  During the year 2009, DS SA hosted in its facilities three disabled trainees, of whom two were from the EREA Toulouse-Lautrec high school of Vaucresson. DS SA also pursued a partnership with the Centre de Rééducation Professionnelle Jacques Arnaud and participated in training 33 disabled persons seeking employment as part of its long-distance training program “Assistant 3D”;

- actions for the recruitment of disabled persons and maintaining on-going employment:

  a. Dassault Systèmes SA currently has 18 employees with a disability (all on CDI);

  b. 4 persons from protected sectors working in marketing, accounting, reproduction and the Travel & Expenses department;

  c. 4 employees with a disability have benefitted from actions for maintaining on-going employment (French sign language interpretation – 70 hours in 2009, voice synthesizers, screen enlargement, organization of working hours);

  DS SA continued in 2009 its membership in the Tremplin association (recruiting network), its participation in the site “Hanploi.com”, its partnership with the “Handimanagement” association and with the Conférence des Grandes Ecoles by receiving future management personnel from the schools ISEP, INSA, Centrale Lyon, the Ecole des Mines de Nantes, HEC and ESCP to sensitize them to the issues of disabled employees.

- internal communications and sensitivity training regarding disabled persons within the Company:

  days for sensitivity training, training in French sign language, specific training for hiring personnel, Human Resources Responsible and managers, as well as accompaniment of tutors to assist them in the integration of disabled workers were accomplished.

In conclusion, DS SA’s active policy of offering employment opportunities to disabled workers enabled it to multiply by three the number of disabled workers since 2003.

l) External labor force and sub-contracting

Expenses for sub-contracting by the Group amounted to €64.9 million in 2009 and €71.1 million in 2008. Expenses for sub-contracting by Dassault Systèmes SA amounted to €12.9 million in 2009.

The amount paid to external companies for the use by Dassault Systèmes SA of temporary employees was €237,742 in 2009.

As a general matter, the Group is careful to hire only sub-contractors who respect the terms of the basic conventions of the International Labor Organization concerning in particular the abolition of forced labor, equality of remuneration as between women and men, the absence of discrimination (work and profession), the abolition of child labor and labor union freedoms and the protection of union rights.

m) Impact of business on regional labor and development

DS contributes significantly to the development and economic acitivty of the regions where the Group is located through:

– employment: Dassault Systèmes' employees are generally hired locally (in particular through close collaboration with schools, high schools and local universities); all growth activity thus has a positive impact on the development of the regions where the Group's subsidiaries are located;

– local taxes;

– sharing and promoting technological innovation, through community and educational partnerships (see paragraph n) below).

Finally, DS contributes indirectly to the development and economic activity of the regions where its customers are located.

n) Relations with the community

DS is active in community actions, putting its technological innovations at the service of local communities and developing actions in education.

Schools

For DS, sharing technological innovation – through partnerships – is a means for building a society based on knowledge. DS creates opportunities for learning and training through the use of its solutions in very diverse educational institutions.

To facilitate innovation in teaching methods using its technology, DS works together with schools, high schools, universities and major educational institutions around the world. DS's academic partnership program includes diverse actions in each of its brands, which it puts into effect through a dedicated Internet site, by making participative educational resources available, by the delivery of certifications, and through different partnerships. Each year, more than 2,000,000 students become familiar with DS's Mainstream 3D technologies and PLM. 3DVIA technologies enable a business to extend its training programs in the use of its technologies to training in any subject for which teaching can benefit from a virtual 3D environment.

DS works in close collaboration with educational institutions and industrial partners to promote innovation. The Group is present in high schools and higher education institutions, with a triple objective: develop interest for scientific careers, prepare for professional life and encourage the development of skills needed by employers. For example, in France, Dassault Systèmes SA and the Ministry of National Education collaborate to promote scientific and technological studies through the programs «Course en Cours» and «Mobi3». The program «Course en Cours», in partnership with the University of Versailles/IUT de Mantes in the Yvelines département and the Renault Group, brings together more than 7,500 students and 450 student tutors using CATIA to create mini-Formula 1 race cars. «Mobi3» is a multi-business public-private partnership (SFR, IBM, DLA Piper, DS and the association of "l'Institut de mécénat social") which allows students from disadvantaged areas to discover technologies and professions related to the lifecycle of portable telephones by using 3DVIA Shape.

To assist in developing technological professions, DS is a member of the most important international engineering training organizations. DS is thus a founding member of the International Federation of Engineering Education Societies.The PLM competency centers in India, China, Brazil and Mexico, where DS works in partnership with the Ministry of National Education and local universities, permit the development of skills in the area of advanced technology.

Associations

Dassault Systèmes is involved in associations to support the digital economy and promote corporate social responsibility.

To assist the development of the digital economy in France and Europe, and particularly the development of small- and medium-size businesses, Dassault Systèmes is thus a member of the AFDEL (Association Française des Editeurs de Logiciels) in France, the ESA (European Software Association), Digital Europe in Brussels and Pacte PME in France.

In addition, with respect to sustainable development, DS sponsors the WBCSD (World Business Council for Sustainable Development), an international organization based in Geneva, TERI (The Energy and Resource Institute) in India, the IMS (Institut de mécénat social) in France and the "CSR Europe" in Brussels.

Around the world, DS's different brands are also involved in associations. For example:

– the U.S. company Dassault Systèmes Simulia Corp. sponsored the "First Lego League" program to promote science and technology among students aged 9 to 14 years old. In the context of their involvement to protect the environment, the employees of Dassault Systèmes Simulia Corp. joined voluntary actions with local authorities to clean the banks of the Woonasquatucket River, which pass by the company's offices. Dassault Systèmes Simulia Corp. encourages its employees to perform volunteer half-days with local associations, which provided support to 16 associations. Finally, employees of Dassault Systèmes Simulia Corp. participate in the "PanMassachussets Challenge" alongside employees of Dassault Systèmes SolidWorks Corp. (see below);

– the U.S. company Dassault Systèmes Delmia Corp. works together with several local associations, making financial contributions and contributions in kind, either through voluntary actions of its employees, or by gifts of food to local food banks;

– the company Dassault Systèmes SolidWorks Corp. participated for the sixth time in the "PanMassachussetts Challenge", an event to collect funds for the treatment and research institute Dana Farber Cancer Institute. In all, more than $2 million were raised by the employees of DS SolidWorks in eight years. Finally, employees at DS SolidWorks participated in other bicycle races to raise funds for the benefit of associations researching multiple sclerosis, cancers affecting children and diabetes.

DS makes available for any shareholder who requests it the social report relating to Dassault Systèmes SA required by articles L. 2323-68 *et seq.* of the French Labor Code.

17.2 Shareholdings and Stock Options of the Directors and Executive Officers

17.2.1 Options to subscribe Dassault Systèmes shares

As of December 31, 2009, there were 15 active stock option subscription plans for the benefit of certain Group management and employees. Two stock option subscription plans expired during 2009.

The exercise price of stock options granted pursuant to the plans was fixed (i) by reference to the market value of the Dassault Systèmes shares on the date of grant of the stock options and (ii) without a discount from such market value, with the exception of the plan 2008-01, for which a discount of 3% was applied.

The general meeting of shareholders on May 22, 2008, 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 not give a right to more than 20% of the Company's share capital.

The Board of Directors used this authorization on September 25, 2008, to grant 1,436,600 stock subscription options to 502 beneficiaries and on November 27, 2009, to grant 1,851,500 options to 539 beneficiaries. In respect of the latter grant, in compliance with the Code AFEP-MEDEF, the exercise of the options granted to executive directors (*dirigeants mandataires sociaux*) is subject to performance conditions.

The following tables provide certain information on the Company's stock options plans in effect during 2009.

(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	1998-04	1998-05	1998-08	1998-09	1998-10	1998-11	1998-12	2002-01	2002-02
Meeting of Board	Sept. 15, 1999	Sept. 15, 1999	Mar. 29, 2001	Mar. 29, 2001	June 29, 2001	Oct. 05, 2001	Oct. 05, 2001	May 28, 2002	May 28, 2002
Shareholders' Meeting	Jan. 26, 1998	Jan. 26, 1998	Jan. 26, 1998	Jan. 26, 1998	Jan. 26, 1998	Jan. 26, 1998	Jan. 26, 1998	May 28, 2002	May 28, 2002
Number of options granted	3,297,000	320,000	2,909,600	553,300	138,000	1,387,400	328,650	1,363,563	355,300
– to *mandataires sociaux*	1,841,750	–	1,672,250	–	–	655,000	–	651,433	–
Charles Edelstenne	791,170	–	569,540	–	–	–	–	–	–
Bernard Charlès	863,580	–	882,710	–	–	525,000	–	526,433	–
Thibault de Tersant	187,000	–	220,000	–	–	130,000	–	125,000	–
– to the top 10 beneficiary employees (excluding *mandataires sociaux)*	844,000	103,500	736,000	176,600	116,403	424,100	101,000	454,000	139,000
Maximum number of shares	3,297,000	320,000	2,909,600	553,300	138,000	1,387,400	328,650	1,363,563	355,300
Number of beneficiaries	556	290	531	513	44	400	434	378	401
Exercise price in euro	37.00	37.00	52.00	52.00	49.00	35.00	35.00	45.50	45.50
First exercise date	Sept. 15, 2001	Sept. 15, 1999	Mar. 29, 2003	Mar. 29, 2001	June 29, 2001	Oct. 05, 2002	Oct. 05, 2002	May 28, 2003	May 28, 2003
Last exercise date	Sept. 14, 2009	Sept. 14, 2009	Mar. 28, 2011	Mar. 28, 2011	June 28, 2011	Oct. 04, 2011	Oct. 04, 2011	May 27, 2012	May 27, 2012
Number of options exercised in 2009	244,937	38,738	–	7,450	5,610	5,539	10,550	–	6,113
Number of options cancelled in 2009	2,823,650	14,300	3,850	10,700	–	1,900	100	6,600	2,200
Number of options outstanding as of Dec. 31, 2009	–	–	2,777,510	158,930	37,105	1,244,673	46,756	1,277,392	98,866
Number of options exercised between Jan. 1, 2010 and Feb. 28, 2010	–	–	–	4,800	15,610	4,339	475	–	988
Number of options cancelled between Jan. 1, 2010 and Feb. 28, 2010	–	–	3,150	–	–	500	–	1,350	–
Number of outstanding options as of Feb. 28, 2010(1)	–	–	2,774,360	154,130	21,495	1,239,834	46,281	1,276,042	97,878
Number of options exercised as of Feb. 28, 2010	405,285	254,673	–	282,490	108,297	108,217	224,457	440	208,096
Number of options exercisable as of Feb. 28, 2010	–	–	2,774,360	154,130	21,495	1,239,834	46,281	1,276,042	97,878

Stock option plan	2002-03	2002-04	2002-05	2002-06	2006-01	2006-02	2008-01	2008-02	Total
Meeting of Board	Jan. 20, 2003	Jan. 20, 2003	Mar. 29, 2005	Mar. 29, 2005	Oct. 9, 2006	June 6, 2007	Sept.25, 2009	Nov.27, 2009	
Shareholders' Meeting	May 28, 2002	May 28, 2002	May 28, 2002	May 28, 2002	June 8, 2005	June 8, 2005	May 22, 2008	May 22, 2008	
Number of options granted	3,325,000	675,000	967,150	232,850	1,405,700	1,325,900	1,436,600	1,851,500	21,872,513
– to *mandataires sociaux*	1,500,000	–	80,000	–	150,000	150,000	150,000	170,000	7,020,433
Charles Edelstenne	–	–	–	–	–	–	–	–	1,360,710
Bernard Charlès	1,200,000	–	–	–	50,000	50,000	50,000	50,000	4,197,723
Thibault de Tersant	300,000	–	80,000	–	100,000	100,000	100,000	120,000	1,462,000
– to the top 10 beneficiary employees (excluding *mandataires sociaux)*	1,060,000	219,000	405,000	104,000	410,000	407,000	440,000	490,000	6,629,603
Maximum number of shares	3,325,000	675,000	967,150	232,850	1,405,700	1,325,900	1,436,600	1,851,500	21,872,513
Number of beneficiaries	803	533	264	88	447	462	502	539	
Exercise price in euro	23.00	23.00	39.50	39.50	47.00	47.50	38.15	39.00	
First exercise date	Jan. 20, 2004	Dec. 31, 2004	Mar. 30, 2007	Mar. 30, 2006	Oct. 10, 2009	June 7, 2010	Sept. 25, 2009	Nov. 27, 2013	
Last exercise date	Jan. 19, 2013	Jan. 19, 2013	Mar. 28, 2012	Mar. 28, 2012	Oct. 8, 2013	June 5, 2014	Sept. 24, 2015	Nov.26, 2017	
Number of options exercised in 2009	158,798	11,930	950	14,700	–	–	–	–	505,315
Number of options cancelled in 2009	100	–	22,600	12,150	42,800	36,300	27,600	5,200	3,010,050
Number of options outstanding as of Dec. 31, 2009	2,365,669	105,405	830,300	83,300	1,214,000	1,198,100	1,388,200	1,846,300	14,672,506
Number of options exercised between Jan. 1, 2010 and Feb. 28, 2010	22,184	4,025	2,800	–	–	–	400	–	55,621
Number of options cancelled between Jan. 1, 2010 and Feb. 28, 2010	650	–	6,100	–	6,200	4,600	53,200	–	75,750
Number of outstanding options as of Feb. 28, 2010(1)	2,342,835	101,380	821,400	83,300	1,207,800	1,193,500	1,334,600	1,846,300	14,541,135
Number of options exercised as of Feb. 28, 2010	963,140	526,220	12,250	110,100	–	–	400	–	3,204,065
Number of options exercisable as of Feb. 28, 2010	2,342,835	101,380	821,400	83,300	1,207,800	–	444,600	–	10,611,335

(1) For information regarding the dilution which would result from the exercise of the options, see also Section 21.1.1 "Share Capital at February 28, 2010".

The Company's internal rules provide for periods during which it is forbidden to exercise stock options, particularly if inside information is held or 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.

The General Shareholders' Meeting scheduled for May 27, 2010, will be asked to renew on an anticipated basis the authorization to grant share subscription or purchase options which will in principle expire on August 22, 2011 (see also Chapter 26 of this annual report "Shareholders' Meeting").

At December 31, 2009, the only Company *mandataires sociaux* (the three of the Company's directors who are also executive officers) were Charles Edelstenne, Bernard Charlès and Thibault de Tersant.

See Section 15.1 above regarding options granted to executive directors (*mandataires sociaux*).

See Section 14.1 and Chapter 18 regarding DS shares held by the Company's executive directors (*mandataires sociaux*).

The following table sets forth, on a global basis, (i) the total number and weighted average exercise price of stock options granted to the ten Group employees who received the largest number of Company stock options during 2009 and who are not members of the Company's Board of Directors and (ii) the total number and weighted average exercise price of shares subscribed by the ten Group employees who have exercised the largest number of Company stock options during 2009 and who are not members of the Board.

(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 nº 1998-4	Plan nº 1998-11	Plan nº 2002-03	Plan nº 2008-01
Stock options granted in 2009 to the ten employees of DS SA who received the largest number of DS stock options	490,000	€39.00	–	–	–	490,000
Stock options exercised in 2009 by the ten employees of DS who exercised the largest number of DS stock options	144,610	€28.62	57,400	760	86,450	–

17.2.2 Options to subscribe SolidWorks shares

The Company's subsidiary Dassault Systèmes SolidWorks Corporation created a SolidWorks stock option subscription plan in 1998 for employees of SolidWorks and its subsidiaries. In connection with this plan, 6,787,365 stock options were granted, including 2,800,000 subscription options to the senior management of the Company. As of December 31, 2009, with the exception of 20,000 stock options giving the right to subscribe to 0.08% of Dassault Systèmes SolidWorks Corp.'s share capital, which are held by an employee who is not a DS executive officer, there are no more options outstanding under this plan.

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 the Company'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 %(4)
At December 31, 2009				
Groupe Industriel Marcel Dassault	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(2)	251,807	0.21%	–	–
Treasury shares	150,000	0.13%	–	–
Directors and senior management(3)	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(4)***	***100.00%***
At December 31, 2008				
Groupe Industriel Marcel Dassault	51,887,334	43.65%	69,189,040	48.56%(4)
Charles Edelstenne(1)	7,682,647	6.46%	15,340,769	10.77%
SW Securities LLC(2)	251,807	0.21%	–	–
Treasury shares	1,300,000	1.09%	–	–
Directors and senior management(3)	581,816	0.49%	586,776	0.41%
Public	57,158,722	48.09%	57,355,275	40.26%
Total	***118,862,326***	***100.00%***	***142,471,860(4)***	***100.00%***
At December 31, 2007				
Groupe Industriel Marcel Dassault	51,787,334	44.04%	63,317,846	46.34%(4)
Charles Edelstenne(1)	7,658,122	6.51%	15,316,129	11.21%
SW Securities LLC(2)	255,204	0.22%	–	–
Directors and senior management(3)	112,037	0.09%	118,497	0.09%
Public	57,791,856	49.14%	57,893,906	42.36%
Total	***117,604,553***	***100.00%***	***136,646,378(4)***	***100.00%***

(1) Including shares held in trust for the benefit of his family.

(2) *Because SW Securities L.L.C. is a subsidiary of the Group, shares held by SW Securities L.L.C. do not have voting rights.*

(3) *"Senior management" includes the senior officers listed in this Annual Report, other than Mr. Edelstenne.*

(4) See the following paragraph for an explanation.

The total number of votes published on the Company's web site is different from the number set forth in the table above. The number of votes published each month by the Company 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. 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, the Groupe Industriel Marcel Dassault declared to the AMF an unadjusted percentage of voting rights of 49.57% at December 31, 2009, 48.04% at December 31, 2008 and 46.25% at December 31, 2007.

At December 31, 2009, the total number of voting rights amounted to 148,154,860 (the number of votes which may be exercised, not including shares for which voting rights have been suspended, was 147,753,053) and, on February 28, 2010, the total number was 148,227,177 (the number of votes which may be exercised was 147,788,148). The total number of voting rights is published by the Company each month in accordance with regulations and provides information to investors for calculating changes in their percentage holdings for purposes of disclosing when they have crossed specific ownership thresholds.

The investment managers Orbis Investments Management Limited and Orbis Asset Management Limited (together, “Orbis”) informed the Company that during 2007 their collective holdings passed 2.5% of the Company’s share capital, and that as of March 2008 they held more than 2.5% of voting rights, through the collective investment schemes which they manage.

To the knowledge of the Company, based on shareholder obligations to declare their equity interest or voting rights if it exceeds or falls below certain levels, there are no other shareholders (except as indicated in the table above) who held more than 2.5% 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, 2009.

Although the Company 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 (American Depositary Shares) are now traded on the over-the-counter market. At February 26, 2010, there were 2,156,445 ADSs outstanding and 65 record holders of ADSs, holding either for themselves or for third parties.

In January 2010, the Company commissioned a survey on the Company’s shares from an external specialized services provider. The survey indicated that approximately 259 institutional investors (including Orbis, as mentioned above), each holding more than 2,000 shares, held in the aggregate approximately 43% of the Company’s share capital as of December 31, 2009.

As of the date of this report, the Company holds 187,222 treasury shares, 150,000 shares having been repurchased by the Company as part of the share repurchase program authorized by the general shareholders’ meeting on May 22, 2008, and 37,222 shares having been repurchased by the Company as part of the share repurchase program authorized by the general shareholders’ meeting on June 9, 2009. These treasury shares represented approximately 0.16% of the Company’s outstanding share capital as of February 28, 2010, and carry no right to vote or to dividends.

As of December 31, 2009, 60,228,146 outstanding shares (i.e. approximately 50.88% of the share capital) were held in registered form, representing 89,865,365 voting rights (i.e. approximately 60.82% 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 23,653 shares at December 31, 2009, 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 (ie, fully paid-up shares held in registered form by the same shareholder for at least two years).

18.3 Controlling Shareholder

Groupe Industriel Marcel Dassault SAS (“GIMD”) is the principal shareholder of Dassault Systèmes with, as of December 31, 2009, 43.84% of the share capital and 49.57% of the voting rights of the Company as indicated in the notification filed by GIMD with the AMF on February 5, 2010. Since GIMD holds more than 40% of the Company’s voting rights and no other shareholder holds a greater number of voting rights, GIMD is presumed to control Dassault Systèmes. GIMD is wholly-owned by the members of the Dassault family.

In order to ensure that GIMD’s presumed 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, Laurent Dassault and Charles Edelstenne, are members of the Supervisory Board of GIMD but are not members of any Board committee of the Company.

Because GIMD owns more than one third but less than half of the shares and voting rights in the Company, under applicable regulations, GIMD may not increase its participation by more than 2% of the total number of shares or voting rights of the Company in less than twelve consecutive months, unless it launches a public tender offer on all the equity securities issued by the Company.

18.4 Shareholder Agreements

To the Company's knowledge, there is no shareholders' agreement or other convention between the shareholders of Dassault Systèmes. 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 Company's shares.

CHAPTER 19 – RELATED PARTY TRANSACTIONS

The Group'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 thus licenses its products to Dassault Aviation and certain of its subsidiaries, Dassault Aviation's President and Chief Executive Officer, Mr. Charles Edelstenne, also being the Company's Chairman, using commercial terms consistent with those used by the Company's other customers of similar size. The Company recorded software revenue from Dassault Aviation of €8.2 million for the year ended December 31, 2009 (€11.4 million for 2008 and €13.9 million for 2007).

Dassault Systèmes also provides services and technical support under market conditions to Dassault Aviation and certain of its subsidiaries. This activity generated revenues of €15.1 million in the year ended December 31, 2009 (€14.3 million for 2008 and €10.1 million for 2007).

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 (30% interest) and Geometric Software Solutions Co. Ltd. (70% interest), located in India. The Company accounts for 3D PLM as an equity investment and shows the Company's share of its results under "Income from equity investees". This joint venture provides services only to the Dassault Systèmes Group, which retains the resulting intellectual property. Services purchased from 3D PLM by Dassault Systèmes amounted to €20.9 million in 2009 (€19.9 million for 2008 and €16 million for 2007).

See Note 25 to the Company's consolidated financial statements for further information on related party transactions.

See also Section 26.1 of this annual report regarding "regulated agreements", as well as the Special Report of the Statutory Auditors regarding "regulated agreements" under Section 20.4.3.

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 the approval of the annual shareholders' meeting of Dassault Systèmes scheduled for May 27, 2010.

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 2007 and 2008 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**	**2009**	**2008**
New licenses revenue		€289,767	€407,549
Periodic licenses, maintenance and product development revenue		810,062	746,816
Software revenue	4	**1,099,829**	**1,154,365**
Services and other revenue		151,515	180,416
Total revenue		**1,251,344**	**1,334,781**
Cost of software revenue		(56,583)	(56,759)
Cost of services and other revenue		(139,372)	(155,188)
Research and development		(302,504)	(309,627)
Marketing and sales		(356,702)	(387,261)
General and administrative		(108,401)	(109,328)
Amortization of acquired intangibles		(41,586)	(42,885)
Other operating income and expense, net	8	(15,165)	198
Operating income		**231,031**	**273,931**
Financial (expense) revenue and other, net	9	(5,627)	6,942
Income from equity investees		1,462	1,986
Income before income taxes		**226,866**	**282,859**
Income tax expense	10	(56,852)	(81,992)
Net income		**€170,014**	**€200,867**
Attributable to:			
Equity holders of the Company		€169,741	€200,499
Minority interest		€273	€368
Earnings per share			
Basic net income per share	11	€1.44	€1.71
Diluted net income per share	11	€1.43	€1.68

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income

(in thousands)	Year ended December 31, 2009	2008
Net income	**€170,014**	**€200,867**
Available for sale securities	(20)	28
Derivative gains (losses) on cash flow hedges	21,281	(9,184)
Foreign currency translation adjustment	(28,443)	43,878
Tax on items taken directly to or transferred from equity	(7,328)	3,162
Other comprehensive income, net of tax	**(14,510)**	**37,884**
Total comprehensive income, net of tax	**€155,504**	**€238,751**
Attributable to:		
Equity holders of the Company	€155,231	€238,383
Minority interest	€273	€368

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets

(in thousands)	Notes	Year ended December 31, 2009	2008
Assets			
Cash and cash equivalents	12	€939,057	€794,145
Short-term investments	12	118,902	46,298
Trade accounts receivable, net	13	322,313	329,395
Income tax receivable		38,934	58,603
Other current assets	13	82,536	69,786
Total current assets		**1,501,742**	**1,298,227**
Property and equipment, net	14	59,559	69,262
Investments and other non current assets	15	26,630	14,295
Deferred tax assets	10	50,997	38,302
Intangible assets, net	17	229,392	280,606
Goodwill	18	431,388	441,353
Total non current assets		**797,966**	**843,818**
Total assets		**€2,299,708**	**€2,142,045**
Liabilities			
Trade accounts payable		€67,682	€70,147
Accrued compensation and other personnel costs		117,658	123,440
Unearned revenue		243,694	250,739
Income tax payable		11,096	8,665
Other current liabilities	19	45,592	70,043
Total current liabilities		**485,722**	**523,034**
Deferred tax liabilities	10	47,103	26,082
Borrowings	22	200,000	200,000
Other non-current liabilities	19	118,120	82,376
Total non-current liabilities		**365,223**	**308,458**
Common stock		118,368	118,862
Share premium		125,439	141,980
Treasury stock		(5,629)	(43,933)
Retained earnings and other reserves		1,353,453	1,221,477
Other items		(143,981)	(129,471)
Parent shareholders' equity		**1,447,650**	**1,308,915**
Minority interest		1,113	1,638
Total equity	21	**1,448,763**	**1,310,553**
Total equity and liabilities		**€2,299,708**	**€2,142,045**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands)	Notes	Year ended December 31, 2009	2008
Net income attributable to equity holders of the Company		**€169,741**	**€200,499**
Minority interest		273	368
Net income		170,014	200,867
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sale of real estate	8	–	(17,529)
Depreciation of property and equipment	14	23,066	22,956
Amortization of intangible assets	17	46,330	43,473
Deferred income taxes	10	(773)	7,171
Tax benefits from employee stock-option plans		1,478	7,206
Non-cash share-based payment expense	6	22,442	20,287
Other		6,994	18,510
Net cash from operations before changes in working capital		**269,551**	**302,941**
Changes in operating assets and liabilities:			
Decrease in trade accounts receivable		2,930	8,405
Decrease (Increase) in other current assets		8,615	(10,160)
(Decrease) Increase in accounts payable and accrued expenses		(10,364)	22,784
Increase (Decrease) in income taxes payable		20,102	(31,808)
(Decrease) Increase in unearned revenue		(2,932)	31,569
Increase (Decrease) in other liabilities		10,030	(14,712)
Net cash provided by operating activities		**297,932**	**309,019**
Proceeds from sale of property	14	407	36,000
Additions to property, equipment and intangibles		(16,254)	(53,577)
Purchases of short-term investments		(198,400)	(87,265)
Proceeds from sales and maturities of short-term investments		124,471	70,470
Payment for acquisition of businesses, net of cash acquired	16	–	(29,072)
Purchases of financial assets	15	(6,370)	–
Other		479	681
Net cash used in investing activities		**(95,667)**	**(62,763)**
Proceeds from exercise of stock options		15,479	57,514
Cash dividends paid	21	(54,782)	(53,676)
Repurchase of common stock	21	–	(78,960)
Other		(168)	–
Net cash used in financing activities		**(39,471)**	**(75,122)**
Effect of exchange rate changes on cash		(17,882)	25,765
Increase in cash and cash equivalents		**144,912**	**196,899**
Cash and cash equivalents at beginning of period		**794,145**	**597,246**
Cash and cash equivalents at end of period		**€939,057**	**€794,145**
Supplemental disclosure			
Income taxes paid		€36,237	€60,542
Cash paid for interest, net		€7,600	€7,604

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	Equity holders	Minority interest	Total Equity
January 1, 2008	**€117,604**	**€112,249**	**€–**	**€1,056,982**	**€(167,355)**	**€1,119,480**	**€1,270**	**€1,120,750**
Net income	–	–	–	200,499	–	200,499	368	200,867
Net gains recognized directly in equity	–	–	–	–	37,884	37,884	–	37,884
Cash dividends paid	–	–	–	(53,676)	–	(53,676)	–	(53,676)
Exercise of stock-options	1,920	52,862	–	–	–	54,782	–	54,782
Treasury stock transactions	(662)	(23,131)	(43,933)	(11,234)	–	(78,960)	–	(78,960)
Share-based payments	–	–	–	20,287	–	20,287	–	20,287
Other changes	–	–	–	8,619	–	8,619	–	8,619
December 31, 2008	**118,862**	**141,980**	**(43,933)**	**1,221,477**	**(129,471)**	**1,308,915**	**1,638**	**1,310,553**
Net income	–	–	–	169,741	–	169,741	273	170,014
Net losses recognized directly in equity	–	–	–	–	(14,510)	(14,510)	–	(14,510)
Cash dividends paid	–	–	–	(54,032)	–	(54,032)	(750)	(54,782)
Exercise of stock-options	506	15,014	–	–	–	15,520	–	15,520
Treasury stock transactions	(1,000)	(31,555)	38,304	(5,749)	–	–	–	–
Share-based payments	–	–	–	22,442	–	22,442	–	22,442
Other changes	–	–	–	(426)	–	(426)	(48)	(474)
December 31, 2009	**€118,368**	**€125,439**	**€(5,629)**	**€1,353,453**	**€(143,981)**	**€1,447,650**	**€1,113**	**€1,448,763**

The accompanying notes are an integral part of these consolidated financial statements.

Dassault Systèmes
Notes to the Consolidated Financial Statements

Note 1. Description of Business

Dassault Systèmes, which refers to Dassault Systèmes SA and its subsidiaries (the “Company”), develops and sells three-dimensional (“3D”) and Product Lifecycle Management (“PLM”) software solutions powered by 3D representation. The Company provides software solutions and consulting services that enable its customers to innovate in products and services; accelerate product design in order to satisfy market demand; create and manufacture products more cost effectively; and simulate their end-customers’ experiences. The Company largely markets and sells its software solutions through indirect selling channels. With respect to the sales of the Company’s PLM solutions, International Business Machines Corporation (“IBM”) has been a long-standing strategic sales partner.

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 Velizy-Villacoublay, France. The Dassault Systèmes SA shares are listed in France on Euronext Paris. These consolidated financial statements were established under the responsibility of the Board of Directors on March 26, 2010.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation 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 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 in full.

Impact of Recently Issued Accounting Standards

The following standards and interpretations which became mandatory from January 1, 2009 and were published in the Official Journal of the European Union at December 31, 2009, were applied for the first time in 2009:

- Amendment to IFRS 2, "Share-based payments" on vesting conditions and cancellations, mandatory for financial years beginning on or after January 1, 2009.
- Amendment to IFRS 7, "Financial instruments, disclosures", on disclosures about fair value measurement and liquidity risk.
- IAS 1 (Revised), "Presentation of financial statements", mandatory for financial years beginning on or after January 1, 2009.
- IAS 23 (Revised), "Borrowing Costs", mandatory for financial years beginning on or after January 1, 2009.
- IFRIC 13, "Customer Loyalty Programmes", mandatory for financial years beginning on or after January 1, 2009.
- IFRIC 9 / IAS 39 Amended, "Reassessment of embedded derivatives", mandatory for financial years beginning on or after January 1, 2009.
- Amendments to IAS 32 "Financial instruments" and IAS 1 "Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation", mandatory for financial years beginning on or after January 1, 2009.

IFRS 8, "Operating segments", was early adopted in 2007. IFRS 8 replaces IAS 14, "Segment reporting", and is mandatory for financial years beginning on or after January 1, 2009.

The Company undertakes no other early application of any standard or interpretation or associated amendments, including the following which were already published in the Official Journal of the European Union at December 31, 2009:

- IFRS 3 (Revised), "Business combination", mandatory for financial years beginning on or after July 1, 2009.
- IAS 27 (Revised) "Consolidated and separate financial statements", mandatory for financial years beginning on or after July 1, 2009.
- Amendment to IAS 39 "Financial Instruments: Recognition and measurement – Eligible hedged items", mandatory for financial years beginning on or after July 1, 2009.
- IFRIC 17 "Distributions of Non-cash assets to owners", mandatory for financial years beginning on or after July 1, 2009.

The Company does not currently expect adoption of these new standards, interpretations and amendments to have a material impact on the financial statements.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform with current year presentation.

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 our products; estimating the fair value and/or goodwill impairment; determining when a decline in value of our 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 our 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 weighted average exchange rates for the year. Translation gains or losses are recorded in the Other items of 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 current year statement of income.

REVENUE RECOGNITION

The Company derives revenue from three 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) its marketing and distribution agreement with IBM; and (3) consulting and training services and other revenue, including commissions received for sales support. 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 our software. Our software license revenue consists of perpetual and periodic license sales of software products. Software license revenue is recognized when: persuasive evidence of an arrangement exists, delivery and acceptance of the software has occurred, the software license fee is fixed or determinable, and collectibility is probable. In instances when any of the four criteria are not met, we defer recognition of software license revenue until all criteria are met. Revenue related to the licensing of software through value-added resellers (VAR) 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 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.

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 either the renewal rate specified in each contract or the price charged when sold separately.

Marketing and Distribution Agreement with IBM – Under the Company's agreement with IBM, the Company licenses its products to IBM who then sublicenses the products to end-users. The Company provides maintenance to IBM but does not contract directly with IBM customers. In addition, the Company provides training to IBM employees for new product releases, participates with IBM in a worldwide marketing arrangement and is involved in other product development initiatives for both the Company's and IBM's products.

Royalties under this arrangement are earned as revenue is recognized by IBM from its sublicensing of products and services. Royalties are recognized in software revenue when earned from IBM and reported to us. In general, this results in recognition of license royalties when IBM sublicenses software to end-users and maintenance royalties over the period during which IBM is required to provide support to end-users. Royalty payments are generally made within 30 days after the end of the month in which the royalties are earned.

The Company's agreement with IBM provides for increases in the share of licensing revenue to be retained by IBM if certain annual growth targets are met by IBM. This incentive is also linked to IBM meeting a certain level of sales and marketing expenses for the distribution of CATIA and ENOVIA. This incentive is recorded as a reduction to software revenue.

Services and Other Revenue – Services and other revenue consists primarily of fees from consulting services and training, commissions received in connection with our sales support activities, and revenue generated by hardware resale activities. 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. Commissions are recognized when earned. Revenue derived from hardware resale activities is recognized upon delivery.

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.

COMPUTER SOFTWARE COSTS / RESEARCH AND DEVELOPMENT

Costs incurred to develop computer software products include mainly payroll and other headcount-related costs associated with development of products of the Company. 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;
- the availability of 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 was the key criteria to capitalize development expenditure. Actually the risks and uncertainties inherent in the software development process make it difficult to demonstrate technological feasibility before a working prototype has been completed. Prototype is generally completed 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.

Computer software costs include primarily software license expense for software products included in our software, maintenance costs, CD duplication costs and delivery expense.

GOVERNMENT GRANTS AND OTHER GOVERNMENT ASSISTANCE

The Company receives grants from various governmental authorities to finance certain research and development activities (including research and development ("R&D") 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 costs 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 include the impact of restructuring activity and other generally non-recurring events, such as certain real estate transactions and costs related to site closings or moving from one site to another.

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.

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 for 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 through financial income.

Investments – Investments include, principally, available-for-sale equity securities at fair value, loans 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 fair values of securities are determined based on prevailing market prices. 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. Each derivative instrument is measured at its fair value and changes in the derivative's 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 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: buildings, 30 years; computer equipment, 18 months to 5 years; office furniture and equipment, 5 to 10 years; leasehold improvements are amortized over the shorter of the life of the assets or the remaining lease term, not exceeding 10 years. Repair and maintenance costs are expensed as incurred.

INTANGIBLE ASSETS

Intangible assets primarily include acquired technology, contractual customer relationships and trademarks. Costs related to intangible assets are capitalized and amortized using the straight-line method over their estimated useful lives, which range from 2 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 given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. 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 minority 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 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. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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 benefit 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 Mainstream 3D segment. The PLM market serves customers seeking to optimize their industrial processes from the design stage through to manufacturing and maintenance. The Mainstream 3D 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, 2009				Year ended December 31, 2008			
(in thousands)	PLM	Mainstream 3D	Elim.	Total	PLM	Mainstream 3D	Elim.	Total
Revenue:								
Software revenue	€839,112	€260,829	€(112)	€1,099,829	€878,385	€276,221	€(241)	€1,154,365
Services and other revenue	152,129	253	(867)	151,515	187,002	991	(7,577)	180,416
Total revenue	**991,241**	**261,082**	**(979)**	**1,251,344**	**1,065,387**	**277,212**	**(7,818)**	**1,334,781**
Operating income	***€132,295***	***€98,736***	***€–***	***€231,031***	***€170,338***	***€103,593***	***€–***	***€273,931***

Information about certain non-cash and balance sheet items is as follows:

	Year ended December 31, 2009				Year ended December 31, 2008			
(in thousands)	PLM	Mainstream 3D	Elim.	Total	PLM	Mainstream 3D	Elim.	Total
Depreciation of property and equipment and amortization of intangible assets	€62,231	€7,165	€–	€69,396	€59,423	€7,006	€–	€66,429
Non-cash share-based payment expense	22,442	–	–	22,442	20,287	–	–	20,287
Total assets	1,916,447	383,261	–	2,299,708	1,765,926	376,119	–	2,142,045
Total liabilities	695,892	155,053	–	850,945	660,650	170,842	–	831,492
Additions to property, equipment and intangibles	13,924	2,330	–	16,254	45,201	8,376	–	53,577
Goodwill	€402,527	€28,861	€–	€431,388	€411,479	€29,874	€–	€441,353

The data by geographic operations of the Company is established according to the geographical location of the consolidated companies.

	2009				2008			
(in thousands)	France	Americas	Other	Total	France	Americas	Other	Total
Revenue	€454,096	€496,922	€300,326	€1,251,344	€451,128	€734,767	€148,886	€1,334,781
Total assets	747,038	1,229,388	323,282	2,299,708	579, 498	1,309,309	253,238	2,142,045
Additions to property, equipment and intangibles	9,234	6,365	655	16,254	37,307	13,639	2,631	53,577

The Company also receives data from IBM that identifies the location of IBM's end-user customers. Using such information, revenue – including revenue not derived from IBM – by geographic area would be as follows:

	Year ended December 31,	
(in thousands)	2009	2008
France	€150,600	€156,473
Europe – other than France	426,932	463,729
Americas	386,322	410,126
Asia Pacific	287,490	304,453
Total revenue	***€1,251,344***	***€1,334,781***

Note 4. Software Revenue and Transactions with IBM

SOFTWARE REVENUE

Software revenue is comprised of the following:

	Year ended December 31,	
(in thousands)	2009	2008
New licenses revenue	€289,767	€407,549
Periodic licenses and maintenance revenue	805,190	741,280
Product development revenue	4,872	5,536
Software revenue	***€1,099,829***	***€1,154,365***

TRANSACTIONS WITH IBM

Pursuant to the Company's long-standing, mutually non-exclusive agreement with IBM, IBM markets and distributes a substantial portion of the Company's PLM products worldwide, primarily CATIA and ENOVIA. There is no contractual obligation for either IBM or the Company to continue to market and distribute the Company's products according to the present agreement.

Revenue obtained through the commercial relationship with IBM represents 23% and 27% of consolidated revenues of the Company for the years ended December 31, 2009, and 2008, respectively.

Changes in the relationship with IBM are discussed in Note 23. Commitments and contingencies.

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)	**2009**	**2008**
Personnel costs	€470,916	€469,056
Social security costs	126,906	122,826
Total personnel costs	***€597,822***	***€591,882***

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"). Individual Training Rights can be accumulated over six years and the related costs are expensed as incurred.

As of December 31, 2009, accumulated Individual Training Rights were approximately 186,000 hours.

Note 6. Share-based Payments

As of December 31, 2009, compensation expense related to share-based payment awards of €24.1 million is recorded respectively in cost of services and other revenue for €0.6 million, in research and development for €13.3 million, in marketing and sales for €4.9 million, and in general and administrative for €5.3 million.

As of December 31, 2008, compensation expense related to share-based payment awards of €19.4 million is recorded respectively in cost of services and other revenue for €0.5 million, in research and development for €11.3 million, in marketing and sales for €3.7 million, and in general and administrative for €3.9 million.

A reconciliation for changes during 2008 and 2009 of unvested options and restricted and service awards to which IFRS 2, "Share-based Payment" is applicable is as follows:

	Number of awards
Unvested at January 1, 2008	**3,774,182**
Granted	2,100,441
Vested	(548,107)
Forfeited	(306,879)
Unvested at December 31, 2008	**5,019,637**
Granted	2,001,500
Vested	(1,689,376)
Forfeited	(153,338)
Unvested at December 31, 2009	**5,178,423**

As of December 31, 2009, total compensation cost related to unvested awards expected to vest but not yet recognized was €32.9 million, and the Company expects to recognize this expense over a weighted average period of 2.15 years.

STOCK OPTION PLANS

Since 1996 the Board of Directors has adopted 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:

	2009		2008	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding at beginning of year	**16,336,371**	**€39.38**	**17,213,322**	**€38.33**
Granted	1,851,500	39.00	1,436,600	38.15
Exercised	(505,315)	30.73	(1,919,759)	28.54
Forfeited	(3,010,050)	37.28	(393,792)	44.07
Outstanding at end of year	**14,672,506**	**€40.05**	**16,336,371**	**€39.38**
Exercisable	*10,698,012*	*€39.56*	*12,428,671*	*€37.94*

A summary of the weighted average remaining contractual life and the weighted average exercise price of options outstanding as of December 31, 2009 is presented below:

	Outstanding options			Exercisable options	
Range of exercise price	Number of shares	Weighted average remaining life (years)	Weighted average exercise price	Number of shares	Weighted average exercise price
€17 to €30	2,554,935	3.01	€22.87	2,554,935	€22.87
€30 to €35	1,502,469	1.75	34.50	1,502,469	34.50
€35 to €40	4,148,100	5.93	38.77	1,371,706	38.87
€40 to €46	1,277,392	2.41	45.50	1,277,392	45.50
€46 to €52	5,189,610	2.57	49.79	3,991,510	50.48
€17 to €52	**14,672,506**	**3.50**	**€40.05**	**10,698,012**	**€39.56**

The weighted average grant-date fair value of options granted in 2009 and 2008 was €10.56 and €10.90, respectively.

The fair value of stock options granted in 2009 was estimated on the date of grant using a Black-Scholes option pricing model. Assumptions used in 2009 are as follows: weighted-average expected life of 6 years, expected volatility rate of 30%, expected dividend yield of 1.2% and risk-free interest rate of 2.97%.

The expected volatility was determined using a combination of the historical volatility of the Company's stock and the implied volatility of the Company's exchange-traded options adjusted for other factors, such as a comparison to the Company's peer group.

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 €1.3 million and €1.6 million for the years ended December 31, 2009 and 2008 respectively.

EXECUTIVE STOCK GRANTS

Pursuant to an authorization granted by the shareholders at the shareholders' meeting held on June 6, 2007, the Board of Directors decided to grant to our Chief Executive Officer ("CEO") 150,000 shares and 150,000 shares, in 2009 and 2008 respectively. Such shares shall be vested at the end of an acquisition period of 2 years, subject to the condition that the CEO be a director of the Company at the acquisition date. 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.

Stock grants are measured at fair value on the date of grant based on the quoted price of the Company's common stock.

Note 7. Government Grants

Government grants and other government assistance amounting to €26.5 million and €25.3 million were recorded as a reduction to research and development expenses in 2009 and 2008, respectively. Government grants and other government assistance amounting to €1.3 million and €1.6 million were recorded as a reduction to cost of services and other revenue expenses in 2009 and 2008, respectively.

Note 8. Other Operating Income and Expense, Net

	Year ended December 31,	
(in thousands)	**2009**	**2008**
Gain on sale of real estate(1)	€ –	€17,529
Headquarter relocation costs(2)	(2,322)	(12,105)
Restructuring costs(3)	(10,194)	(4,296)
Acquisition costs(4)	(2,649)	–
Other	–	(930)
Other operating income and expense, net	***€(15,165)***	***€198***

(1) In 2008, consideration received for the sale of part of the Company's headquarters in Suresnes (France) of €36.0 million less net book value of €18.5 million. See Note 14. Property and Equipment.

(2) Comprised primarily of rent and operating expenses for vacated premises following relocation of the Company's Headquarters in 2008, as well as relocation costs related to the move of the Company's headquarters.

(3) Primarily composed of severance costs relating to the termination of employees following the Company's decision to rationalize its R&D organization principally in Germany, the United States of America and Israel.

(4) Transaction costs relating to the acquisition of IBM's PLM operations (see Note 23. Commitments and Contingencies). These costs were expensed as the transaction is expected to close after the adoption of IFRS 3 (Revised), "Business combinations".

Note 9. Financial (Expense) Revenue and Other, Net

Financial revenue and expenses and other, net for the years ended December 31, 2009 and 2008 are as follows:

	Year ended December 31,	
(in thousands)	**2009**	**2008**
Interest income[1]	€10,668	€21,560
Interest expense[2]	(8,009)	(7,660)
Foreign exchange losses, net[3]	(7,767)	(6,892)
Other, net	(519)	(66)
Financial (expense) revenue and other, net	***€(5,627)***	***€6,942***

(1) The decrease in interest income is due primarily to the decrease in interest rates on investments.

(2) In 2006, the Company borrowed €200 million under the loan facility (see Note 22. Borrowings), which bears interest at Euribor plus 0.18% per annum, and entered into interest rate swap agreements to fix interest payable at 3.36% (see Note 20. Derivatives). The Company recorded interest expense of €6.7 million and €6.7 million for the years ended December 31, 2009 and 2008, respectively.

(3) Foreign exchange losses, net are primarily composed of realized and unrealized exchange losses on receivables denominated in U.S. dollars and Japanese Yen.

Note 10. Income Taxes

Deferred tax assets and (liabilities) are as follows:

	Year ended December 31,	
(in thousands)	**2009**	**2008**
Deferred tax assets:		
Accelerated depreciation and amortization for financial statement purposes	€23,160	€23,397
Profit sharing and pension accruals	5,139	7,071
Provisions and other expenses	42,024	43,443
Net tax loss and tax credit carryforward assets	46,382	51,871
Valuation reserves	(20,174)	(26,747)
Total deferred tax assets	**96,531**	**99,035**
Deferred tax liabilities:		
Accelerated depreciation and amortization for tax purposes	(26,489)	(22,648)
Amortization of acquired intangibles	(48,288)	(58,007)
Other	(17,860)	(6,160)
Total deferred tax liabilities	**(92,637)**	**(86,815)**
Net deferred tax asset	***€3,894***	***€12,220***

The decrease in deferred tax assets is primarily attributable to a decrease in profit sharing accruals and in provision and other non deductible expenses.

In 2009 and 2008, deferred tax liabilities relate primarily to intangible assets acquired in business combinations. In 2009, the increase in deferred tax liabilities resulted primarily from the increase in the fair market value of hedging financial instruments.

The schedule of deferred tax assets and liabilities is as follows:

(in thousands)	Year ended December 31, 2009	2008
Current deferred tax assets	€29,468	€24,733
Non-current deferred tax assets	21,529	13,569
Total deferred tax assets	**50,997**	**38,302**
Current deferred tax liabilities	(6,993)	(906)
Non-current deferred tax liabilities	(40,110)	(25,176)
Total deferred tax liabilities	**(47,103)**	**(26,082)**
Net deferred tax asset	***€3,894***	***€12,220***

Current deferred tax assets relate primarily to profit sharing expenses and provisions and other expenses not currently deductible.

Non current deferred tax liabilities mainly include the tax effect of intangible assets created through acquisitions (primarily Dassault Systèmes Enovia Corp.).

The components of income before income taxes are as follows:

(in thousands)	Year ended December 31, 2009	2008
France	€109,692	€144,981
Foreign	117,174	137,878
Income before income taxes	***€226,866***	***€282,859***

The significant components of income tax expense are as follows:

(in thousands)	Year ended December 31, 2009	2008
France	€37,441	€41,322
Foreign	20,184	33,499
Current taxes	**57,625**	**74,821**
Change in deferred taxes	(773)	7,171
Income tax expense	***€56,852***	***€81,992***

Differences between the income tax provision and the provision computed using the statutory French income tax rate are as follows:

(in thousands)	Year ended December 31, 2009	2008
Taxes computed at the statutory rate of 34.43% for 2009 and for 2008	€78,110	€97,388
Foreign tax rate differentials	2,765	3,575
R&D tax credit and other tax credits(1)	(11,619)	(10,919)
Tax exempt income(2)	(10,432)	(9,830)
Change in valuation allowance(3)	(7,928)	(9,491)
Current year losses not benefited	673	4,310
Share-based payments(4)	6,086	2,028
Other, net	(803)	4,931
Income tax expense	**€56,852**	**€81,992**
Effective tax rate	***25.1%***	***29.0%***

(1) R&D tax credit and other tax credits derived mainly from tax research credits in France in 2009 and in 2008;

(2) Income received by the Company in connection with certain intercompany financing arrangements is taxed at a reduced rate;

(3) In 2009, the Company merged entities in Germany and restructured certain activities in Israel. As a result, the Company was able to utilize tax losses carried forward that were reserved for as of December 31, 2008. In 2008, the merger of certain entities in France and in the United States of America enabled the Company to utilize tax losses carried forward that were reserved for as of December 31, 2007;

(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.

At December 31, 2009, there were net tax operating losses and tax credit carryforwards of €92.3 and €10.0 million respectively, which are scheduled to expire after 2015.

The Company has not provided any deferred income taxes on the undistributed profits of its foreign subsidiaries based upon its determination that such profits will not 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)	**2009**	**2008**
Net income attributable to Equity holders of the Company	€169,741	€200,499
Weighted average number of shares outstanding	117,571,433	117,331,757
Dilutive effect of stock-options	956,212	1,921,408
Diluted weighted average number of shares outstanding	118,527,645	119,253,165
Basic net income per share	€1.44	€1.71
Diluted net income per share	€1.43	€1.68

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 in the United States of America, and are comprised of the following:

	Year ended December 31,	
(in thousands)	**2009**	**2008**
Bank accounts	€124,944	€133,275
Cash equivalents	814,113	660,870
Cash and cash equivalents	***€939,057***	***€794,145***

At December 31, 2009, and 2008, cash and cash equivalents included approximately 54% and 64% of deposits denominated in U.S. dollars, respectively.

Short-term investments of €118.9 and €46.3 million in 2009 and 2008, respectively, were primarily comprised of mutual funds and bank certificates of deposit held with large financial institutions. Such short-term investments are liquid and have stated maturities of one year or less at each balance sheet date. At December 31, 2009, and 2008, short-term investments included approximately 23% and 51% 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, 2009	2008
Trade accounts receivable	€328,601	€334,687
Allowance for trade accounts receivable	(6,288)	(5,292)
Trade accounts receivable, net	***€322,313***	***€329,395***

The balances of trade accounts receivable with IBM were €52.6 and €60.3 million as of December 31, 2009 and 2008, respectively, substantially all of which relates to software revenue. Management believes that the financial position of IBM mitigates the potential credit risk related to the concentration of its trade accounts receivable with IBM. At December 31, 2009, 99% of such accounts receivable were denominated in U.S. dollars (94% in 2008), with the remainder mainly denominated in euros.

The maturities of trade accounts receivable were as follows at December 31, 2009 and 2008:

(in thousands)	Year ended December 31, 2009	2008
Less than 3 months past due	€49,161	€60,592
3 to 6 months past due	15,062	11,498
More than 6 months past due	10,983	7,616
Trade accounts receivable past due	**75,206**	**79,706**
Trade accounts receivable not yet due	253,395	254,981
Total trade accounts receivable	***€328,601***	***€334,687***

Other current assets

Other current assets consist of the following:

(in thousands)	Year ended December 31, 2009	2008
Value added tax	€29,409	€32,826
Prepaid expenses	17,849	20,311
Derivatives(1)	19,062	–
Other current assets	16,216	16,649
Total other current assets	***€82,536***	***€69,786***

(1) See Note 20. Derivatives

Note 14. Property and Equipment

Property and equipment consist of the following:

	Year ended December 31, 2009			Year ended December 31, 2008		
(in thousands)	Gross	Accumulated depreciation	Net	Gross	Accumulated depreciation	Net
Land and buildings	€ –	€ –	€ –	€ –	€ –	€ –
Computer equipment	88,956	(69,780)	19,176	86,229	(63,431)	22,798
Office furniture and equipment	42,511	(26,262)	16,249	43,909	(23,315)	20,594
Leasehold improvements	41,554	(17,420)	24,134	39,437	(13,567)	25,870
Total	***€173,021***	***€(113,462)***	***€59,559***	***€169,575***	***€(100,313)***	***€69,262***

The change in the carrying amount of property and equipment as of December 31, 2009 is as follows:

(in thousands)	Land and buildings	Computer equipment	Office furniture and equipment	Leasehold improvements	Total
Net property and equipment as of January 1, 2009	€ –	€22,798	€20,594	€25,870	€69,262
Acquisitions	–	9,567	1,901	3,426	14,894
Disposals	–	(348)	(180)	(313)	(841)
Depreciation for the period	–	(12,817)	(5,426)	(4,823)	(23,066)
Exchange differences	–	(24)	(640)	(26)	(690)
Net property and equipment as of December 31, 2009	***€ –***	***€19,176***	***€16,249***	***€24,134***	***€59,559***

The change in the carrying amount of property and equipment as of December 31, 2008 is as follows:

(in thousands)	Land and buildings	Computer equipment	Office furniture and equipment	Leasehold improvements	Total
Net property and equipment as of January 1, 2008	€18,594	€15,120	€10,880	€16,538	€61,132
Acquisitions	–	19,227	14,098	15,776	49,101
Acquisitions through business combinations	–	75	65	102	242
Disposals(1)	(18,471)	(973)	(317)	(265)	(20,026)
Depreciation for the period	(123)	(11,162)	(4,625)	(7,046)	(22,956)
Exchange differences	–	511	493	765	1,769
Net property and equipment as of December 31, 2008	***€ –***	***€22,798***	***€20,594***	***€25,870***	***€69,262***

(1) In 2008 the net decrease in land and buildings was a result of the sale of part of the Company's headquarters with a net book value of €18.5 million. The Company leased part of the land and buildings related to its premises in Suresnes, France, under capital leases. In March 2007, the Company exercised the option to purchase these assets for a total consideration of €1. The Company sold these assets in February 2008 for a basis consideration of €36.0 million subject to additional contingent consideration. The Company remained in these offices under an operating lease until the transfer in November 2008 of its headquarters to a new location in Vélizy, France.

Note 15. Investments and Other Non-Current Assets

Investments and other non-current assets consist of the following:

	Year ended December 31,	
(in thousands)	2009	2008
Investments	€10,969	€3,431
Derivatives, non-current[1]	6,836	–
Loans receivable, deposits and other non-current assets	8,825	10,864
Investments and other non current assets	***€26,630***	***€14,295***

(1) See Note 20. Derivatives

Investments include investments in associates and available-for-sale equity securities. The available-for-sale investments are measured at fair value. Gains and losses resulting from changes in fair value are recognized in shareholders' equity. Investments in associates are measured under the equity method.

In 2009 the increase in investments reflected in the acquisition of minority interests in Intercim and blueKiwi investments for a combined consideration of €6.0 million.

Loans receivable, deposits and other non current assets represented receivables measured at amortized cost.

Note 16. Business Combinations

IBM PLM

In October 2009, the Company and IBM signed a definitive agreement whereby the Company would acquire the IBM business unit dedicated exclusively to the marketing, sale and support of the Company's PLM software ("IBM PLM") (see Note 23. Commitments and Contingencies). The Company expects to complete the acquisition on March 31, 2010.

Engineous

On July 21, 2008, the Company completed its acquisition of 100% of Engineous Software, Inc. for cash consideration of approximately €25.7 million (including €0.4 million of direct transaction costs). Engineous Software, Inc. is a U.S. company that develops process automation, integration and optimization software. As a result of this transaction, an amount of €12.5 million was recorded in 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	Estimated weighted-average useful life
Customer relationships	€8,390	10 years
Technology	2,902	7 years
Trademarks	126	4 years
Total amortizable intangible assets acquired	***€11,418***	

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.

Note 17. Intangible Assets

Intangible assets consist of the following:

	Year ended December 31, 2009			Year ended December 31, 2008		
(in thousands)	**Gross**	**Accumulated amortization**	**Net**	**Gross**	**Accumulated amortization**	**Net**
Software	€254,173	€(172,645)	€81,528	€259,882	€(154,756)	€105,126
Customer relationships	215,113	(73,752)	141,361	221,659	(55,251)	166,408
Other intangible assets	15,644	(9,141)	6,503	15,414	(6,342)	9,072
Total intangible assets	***€484,930***	***€(255,538)***	***€229,392***	***€496,955***	***€(216,349)***	***€280,606***

The change in the carrying amount of intangible assets as of December 31, 2009 is as follows:

(in thousands)	**Software**	**Customer relationships**	**Other intangible assets**	**Total intangible assets**
Net intangible assets as of January 1, 2009	**€105,126**	**€166,408**	**€9,072**	**€280,606**
Additions	1,360	–	–	1,360
Disposals, net	(74)	–	–	(74)
Amortization for the period	(23,246)	(20,661)	(2,423)	(46,330)
Exchange differences	(1,638)	(4,386)	(146)	(6,170)
Net intangible assets as of December 31, 2009	***€81,528***	***€141,361***	***€6,503***	***€229,392***

The change in the carrying amount of intangible assets as of December 31, 2008 is as follows:

(in thousands)	**Software**	**Customer relationships**	**Other intangible assets**	**Total intangible assets**
Net intangible assets as of January 1, 2008	**€117,103**	**€171,062**	**€10,270**	**€298,435**
Engineous acquisition	2,902	8,390	126	11,418
Other additions	4,980	141	116	5,237
Disposals, net	(102)	–	(141)	(243)
Other changes to intangible assets	(659)	(2,794)	–	(3,453)
Amortization for the period	(22,711)	(19,266)	(1,496)	(43,473)
Exchange differences	3,613	8,875	197	12,685
Net intangible assets as of December 31, 2008	***€105,126***	***€166,408***	***€9,072***	***€280,606***

Total intangible amortization expense was €46.3 and €43.5 million for the years ended December 31, 2009, and 2008, respectively. The future amortization expense relating to all intangible assets that are currently recorded on the consolidated balance sheets is estimated to be the following at December 31, 2009:

(in thousands)	Estimated amortization expense
2010	€41,535
2011	36,332
2012	33,343
2013	31,172
2014 and thereafter	87,010

Note 18. Goodwill

The change in the carrying amount of goodwill as of December 31, 2009 and 2008 is as follows:

	Year ended December 31,	
(in thousands)	2009	2008
Goodwill as of January 1,	**€441,353**	**€417,800**
Engineous acquisition	–	12,527
ICEM acquisition	–	(1,984)
Other changes to goodwill	(281)	(2,991)
Exchange differences	(9,684)	16,001
Goodwill as of December 31,	***€431,388***	***€441,353***

The Company performed an annual impairment test in the fourth quarter of 2009 and 2008; no impairment of goodwill was identified as a result of these tests.

For the purpose of the impairment test, the Company identified 6 cash-generating units ("CGUs") or groups of CGUs corresponding to the Company's organization of 6 brands. 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 of the acquirer's CGUs, 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 Mainstream 3D segment.

Goodwill allocated to each CGU or groups of CGUs is as follows:

	2008	Other changes to goodwill	Exchange differences	2009
PLM				
CATIA	€101,730	€(127)	€(227)	€101,376
DELMIA	25,584	(582)	(67)	24,935
ENOVIA	123,457	–	(3,649)	119,808
SIMULIA	160,659	428	(5,468)	155,619
Services	4,838	–	578	5,416
Mainstream 3D				
Mainstream 3D	25,085	–	(851)	24,234
Total Goodwill	***€441,353***	***€(281)***	***€(9,684)***	***€431,388***

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 discount rates before taxes are between 12% and 13%. Cash flows beyond that five- to ten-year period have been extrapolated using a steady growth rate of 3% and 4%, respectively, reflecting long-term growth rates in the software industry.

At December 31, 2009, based on management estimates, the Company concludes that the value in use of each CGU or groups of CGUs exceeded significantly 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)	**2009**	**2008**
Value added tax and other taxes	€30,957	€34,938
Provisions, current(1)	3,847	4,955
Accrued expenses	3,890	19,955
Derivatives, current(2)	3,551	5,417
Other current liabilities	3,347	4,778
Total other current liabilities	***€45,592***	***€70,043***
Provisions, non-current(1)	€36,945	€35,083
Post-employment benefits(3)	26,112	23,353
Employee profit sharing, non-current	25,566	21,850
Derivatives, non current(2)	2,035	–
Other non-current liabilities	27,462	2,090
Total other non-current liabilities	***€118,120***	***€82,376***

(1) See reconciliation of provisions below
(2) See Note 20. Derivatives
(3) See Note 24. Pension benefits

The change in the carrying value of provisions as of December 31, 2009 is as follows:

(in thousands)	**Restructuring**	**Tax risks**	**Claims and litigation**	**Total Provisions**
Provisions as of January 1, 2009	**€4,955**	**€33,622**	**€1,461**	**€40,038**
Additions	8,999	7,792	209	17,000
Utilization	(8,545)	(2,897)	(142)	(11,584)
Reversal of unused amounts	–	(3,769)	–	(3,769)
Exchange differences and other changes	(166)	(727)	–	(893)
Provisions as of December 31, 2009	***€5,243***	***€34,021***	***€1,528***	***€40,792***

Note 20. Derivatives

Fair values

The fair market values of derivative instruments were determined by financial institutions using quoted market prices and option pricing models.

All financial instruments that relate to the foreign currency hedging strategy of the Company usually have maturity dates of less than 26 months when maturity of interest rate swap instruments is about three years. Management believes counter-party risk on financial instruments is minimal since the Company deals with major banks and financial institutions.

The Company describes its management policy about market risk 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 noted 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 2009, the portion of hedging instruments' gains or losses excluded from the assessment of effectiveness and the ineffective portions of hedges amounted to €(1.5) million (2008: €2.1 million) and was recorded in financial revenue in the statement of income.

In 2008 cash flow hedges in Japanese yen related to the fourth quarter revenue were discontinued starting October 1, 2008. Losses in connection with discontinued forward exchange contract Japanese yen/euros and collars Japanese yen/euros were recorded in financial revenue in the statement of income for an amount of €3.2 million.

At December 31, 2009 and 2008, the fair value of instruments used to manage the currency exposure was as follows:

	Year ended December 31,			
	2009		2008	
(in thousands)	**Nominal amount**	**Fair value**	**Nominal amount**	**Fair value**
Collars Japanese yen/euros(1)	€125,591	€14,899	€170,134	€2,569
Forward exchange contract U.S. dollars/Japanese yen – purchase(2)	133,972	6,600	–	–
Forward exchange contract U.S. dollars/euros – purchase(2)	104,817	3,740	–	–
Forward exchange contract U.S. dollars/British pounds – purchase(2)	22,907	583	–	–
Forward exchange contract Japanese yen/euros(3) – sale	5,632	36	38,748	(5,618)
Forward exchange contract British pounds/euros – sale	574	24	–	–
Forward swap British pounds/euros(4)	22,263	16	–	–
Forward swap Japanese yen/euros(4)	105,136	(136)	–	–

(1) In 2008, includes collars with a notional amount of €12.7 million and a fair value of €(2.7) million that were discontinued starting October 1, 2008.

(2) Instruments entered into by the Company to hedge the foreign currency exchange risk of the firm commitment to acquire the IBM's PLM operations.

(3) In 2008, includes a forward exchange contract with a notional amount of €8.6 million and a fair value of €(2.1) million that was discontinued starting October 1, 2008.

(4) Derivatives not designated as hedging instruments. Changes in the derivatives' fair value were recorded in financial revenue in the statement of income. These instruments also relate to the IBM PLM acquisition.

Interest rate risk

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 22. Borrowings). In December 2005, 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.

At December 31, 2009 and 2008, the fair value of instruments used to manage the interest rate risk was as follows:

	Year ended December 31,			
	2009		2008	
(in thousands)	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps (from 2006 to 2010)	€200,000	€(3,416)	€200,000	€(2,368)
Interest rate swaps (from 2010 to 2012)	200,000	(2,034)	–	–

Note 21. Shareholders' Equity

Shareholders' equity activity

As of December 31, 2009, Dassault Systèmes had 118,367,641 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 makes adjustments to 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, 2009 and 2008.

Shareholders' equity includes foreign currency translation adjustment of €(176.2) and €(147.8) million as of December 31, 2009 and 2008, respectively.

Dividend Rights

The Company 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 €11.9 and €11.8 million as of December 31, 2009 and 2008, 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 in net income of the year increased by retained earnings from prior years and after deduction for legal reserve 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 of the Board of Directors.

A dividend on ordinary shares relating to the periods ended December 31, 2008 and December 31, 2007 was paid in the immediately subsequent year, amounting to €54.0 and €53.7 million, respectively.

Dividends per share were €0.46 and €0.46 as of December 31, 2008 and December 31, 2007, respectively.

A dividend of €0.8 million was paid to minority interests in 2009.

Stock repurchase programs

The general meeting of shareholders authorized the Board to implement a share repurchase program limited to 10 percent of the Company's share capital. Under this authorization, the Company may not buy shares at a price exceeding €50 per share or above a maximum aggregate amount of €500 million. Under the Company's share repurchase program, the Company repurchased 2,261,986 shares in 2008 for an aggregate amount of €79.0 million out of which 1,000,000 and 661,986 shares were canceled as of December 31, 2009 and December 31, 2008, respectively. No shares were repurchased in the year ended December 31, 2009.

Components of other comprehensive income

(in thousands)	Year ended December 31, 2009	2008
Cash flow hedges:		
Gains (losses) arising during the year	€17,482	€(10,945)
Less: reclassification adjustments for losses included in the income statement	(3,799)	(1,761)
	€21,281	**€(9,184)**
Available-for-sale financial assets:		
(Losses) gains arising during the year	€(20)	€28
Less: reclassification adjustments for gains (losses) included in the income statement	–	–
	€(20)	**€28**

Note 22. 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.

Note 23. Commitments and Contingencies

Leases

The Company leases computer equipment, premises and office equipment under operating leases. Rent expense under operating leases was €38.7 and €34.9 million, for the years ended December 31, 2009, and 2008, respectively.

At December 31, 2009, future minimum annual rental commitments under non-cancelable lease obligations were as follows:

(in thousands)	Operating leases
2010	€38,084
2011	34,350
2012	27,832
2013	24,698
2014	24,159
2015 and thereafter	117,728
Total minimum lease payments	***€266,851***

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-cancellable 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 €189.9 million in the aggregate and have been included in the table presented above.

IBM PLM acquisition

The Company and IBM announced their intent to integrate the IBM PLM sales force within the Company and to sign a new global alliance to expand PLM in all industries. In October 2009 the Company and IBM signed a definitive agreement whereby the Company would acquire the IBM sales and client support business operations encompassing the Company's PLM software application portfolio, as well as customer contracts and related assets, for approximately $600 million in cash less assumed liabilities.

Litigation

The Company is involved in litigation 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 24. Post-Employment Benefits

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. In addition, the Company has certain other plans in countries other than the United States, which are not significant and which are combined with the French plans for presentation purposes.

French plans and others

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.

Assumptions

Weighted-average assumptions used to determine the benefit obligation:

	Year ended December 31,	
French plans and others	**2009**	**2008**
Discount rate	5.50%	5.75%
Expected return on plan assets	5.00%	5.00%
Rate of compensation increase	3.00%	3.00%

Weighted-average assumptions used to determine the net periodic benefit cost:

	Year ended December 31,	
French plans and others	**2009**	**2008**
Discount rate	5.75%	5.25%
Expected return on plan assets	5.00%	5.00%
Rate of compensation increase	3.00%	3.00%

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:

(in thousands)	Year ended December 31,	
French plans and others	**2009**	**2008**
Service cost	€2,432	€2,209
Interest cost	1,410	1,287
Expected return on plan assets	(526)	(553)
Net amortization and deferral	(183)	(530)
Curtailment / settlement	128	(793)
Net periodic benefit cost – French plans and other	***€3,261***	***€1,620***

Obligations and funded status

Changes in the funded status of the benefit plans were as follows:

(in thousands)	Year ended December 31,	
French plans and others	**2009**	**2008**
Change in benefit obligations		
Benefit obligations at beginning of year	€27,457	€26,505
Service cost	2,432	2,209
Interest cost	1,410	1,287
Employee contributions	107	83
Plan amendement	(206)	–
Curtailment	128	(557)
Change in scope	603	–
Actuarial gain	(402)	(1,571)
Benefits paid	(891)	(800)
Exchange rate differences	(111)	301
Benefit obligations at end of year	***€30,527***	***€27,457***
Change in plan assets		
Fair value of plan assets at beginning of year	10,338	11,000
Employer contribution	867	1,247
Employee contributions	107	83
Actual return on plan assets	733	(1,192)
Change in scope	–	–
Benefits paid	(891)	(800)
Fair value of plan assets at end of year	***€11,154***	***€10,338***
Funded status	(19,373)	(17,119)
Unrecognized actuarial gain	(6,860)	(6,556)
Unrecognized prior service cost	121	322
Accrued benefit cost – French plans and others	***€(26,112)***	***€(23,353)***

Plan assets

All plan assets for the French plans are invested in an insurance contract with Sogecap, a life-insurance company that is part of the Société Générale group. To date, the Company has contributed €6.8 million to this insurance contract.

The weighted average asset allocations, by asset category, are as follows:

French plans and other	Year ended December 31, 2009	Year ended December 31, 2008
Debt securities	74%	76%
Equity securities	26%	24%
Total	***100%***	***100%***

Cash flows

The Company does not expect to make any additional contributions to its French pension plans in 2010.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

(in thousands)

French plans and other	
2010	€(1,980)
2011	(813)
2012	(731)
2013	(751)
2014	(1,491)
2015-2019	(10,192)

U.S. Plans

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. The projected benefit obligation was determined using the prospective method. Weighted-average assumptions used for the U.S. plans were as follows:

Assumptions

Weighted-average assumptions used to determine the benefit obligation:

U.S. plans	Year ended December 31, 2009	Year ended December 31, 2008
Discount rate	6.00%	6.00%
Expected return on plan assets	8.00%	8.00%
Rate of compensation increase	3.00%	3.00%

Weighted-average assumptions used to determine the net periodic benefit cost:

U.S. plans	Year ended December 31, 2009	Year ended December 31, 2008
Discount rate	6.00%	6.00%
Expected return on plan assets	8.00%	8.50%
Rate of compensation increase	3.00%	3.00%

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:

(in thousands)	Year ended December 31,	
U.S. plans	**2009**	**2008**
Service cost	€1,349	€1,266
Interest cost	1,311	1,163
Expected return on plan assets	(1,189)	(1,272)
Net amortization and deferral	483	247
Curtailment / settlement	(593)	(358)
Net periodic benefit cost – U.S. plans	***€1,361***	***€1,046***

Obligations and funded status

Changes in the funded status of the benefit plan were as follows:

(in thousands)	Year ended December 31,	
U.S. plans	**2009**	**2008**
Change in benefit obligations		
Benefit obligations at beginning of year	€22,244	€20,929
Service cost	1,349	1,266
Interest cost	1,311	1,163
Curtailment	(863)	(610)
Actuarial loss	528	27
Benefits paid	(371)	(301)
Exchange rate differences	(816)	(230)
Benefit obligations at end of year	***€23,382***	***€22,244***
Change in plan assets		
Fair value of plan assets at beginning of year	14,749	16,743
Employer contribution	628	1,208
Actual return on plan assets	2,556	(2,554)
Benefits paid	(371)	(301)
Exchange rate differences	(589)	(347)
Fair value of plan assets at end of year	***€16,973***	***€14,749***
Funded status	(6,409)	(7,495)
Unrecognized actuarial loss	7,238	9,070
Unrecognized prior service cost	79	100
Prepaid benefit cost – U.S. plans	***€908***	***€1,675***

Plan assets

The weighted average asset allocations, by asset category, are as follows:

	Year ended December 31,	
U.S. plans	**2009**	**2008**
Debt securities	54%	54%
Equity securities	43%	43%
Other	3%	3%
Total	***100%***	***100%***

Cash flows

The Company does not expect to make any additional contributions to its U.S. pension plans in 2010.

(in thousands)

U.S. plans

2010	€(398)
2011	(444)
2012	(511)
2013	(595)
2014	(711)
2015-2019	(5,827)

Note 25. Related-party Transactions

Compensation of key management personnel

The table below summarizes compensation granted to key management personnel composed of 12 executive officers in 2009 and 13 executive officers in 2008:

	Year ended December 31,	
(in thousands)	**2009**	**2008**
Short-term benefits(1)	€7,210	€7,160
Share-based compensation(2)	11,831	11,502
Compensation of key management personnel	***€19,041***	***€18,662***

(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 stock grants).

Other transactions with related parties

The Company licenses its products for internal use to Dassault Aviation, a former direct shareholder 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 €8.2 million and €11.4 million for the years ended December 31, 2009 and 2008, respectively.

The Company also provides service and support to Dassault Aviation. Such activity generated service revenues of €15.1 million and €14.3 million in the years ended December 31, 2009 and 2008, respectively.

The balances of trade accounts receivable with Dassault Aviation were €7.7 million, and €9.2 million at December 31, 2009 and 2008, 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 in which the Company owns 30% interest and which is accounted for under the equity method. Services purchased from 3D PLM amounted to €20.9 million in 2009 (€19.9 million in 2008).

Note 26. Principal Dassault Systèmes Companies

The principal Dassault Systèmes' companies included in the scope of consolidation as at December 31, 2009 are as follows:

Country	Consolidated companies	% of interest
France	Dassault Data Services SAS	95%
France	Dassault Systèmes Europe SAS	100%
France	Dassault Systèmes Provence SAS	100%
France	Dassault Systèmes SAS	100%
Austria	Dassault Systèmes Austria GmbH	100%
Belgium	Dassault Systèmes Belgium SA	100%
Germany	Dassault Systèmes Deutschland GmbH	100%
Germany	TransCAT PLM GmbH	100%
Israel	Dassault Systèmes Israel Ltd	100%
Italy	Dassault Systèmes Italia Srl	100%
Russia	Dassault Systèmes Russia Corp.	100%
Spain	Dassault Systèmes Espana S.L.	100%
Sweden	Dynasim AB	100%
Switzerland	Dassault Systèmes Switzerland Ltd	98%
Switzerland	TransCAT PLM AG	100%
Turkey	Dassault Systèmes Istanbul Inovasyon Technoloji Ltd Sti	100%
United Kingdom	Dassault Systèmes United Kingdom Ltd	100%
United Kingdom	ICEM Ltd and its subsidiaries	100%
United Kingdom	TransCAT PLM Ltd	100%
United States	Dassault Systèmes Americas Corp. and its subsidiaries	100%
United States	Dassault Systèmes Corp.	100%
United States	Dassault Systèmes Delmia Corp. and its subsidiaries	100%
United States	Dassault Systèmes Enovia Corp. and its subsidiaries	100%
United States	Dassault Systèmes Holding LLC	100%
United States	Dassault Systèmes Simulia Corp. and its subsidiaries	100%
United States	Rand North America Corp.	70%
United States	Dassault Systèmes SolidWorks Corp. and its subsidiaries	100%
United States	Spatial Corp. and its subsidiaries	100%
United States	Dassault Systèmes Services LLC	100%
Canada	Dassault Systèmes Holding Canada Inc.	100%
Canada	Dassault Systèmes Canada Innovation Technologies Inc.	100%
Canada	Safework Inc.	100%
India	Dassault Systèmes India Private Ltd	100%
India	3D PLM Software Solutions Ltd	30%(1)
Japan	Dassault Systèmes Kabushiki Kaisha and its subsidiaries	100%

(1) Accounted for under the equity method. All other entities are consolidated.

20.2 Pro forma Financial Information

Not applicable.

20.3 Parent Company Financial Statements

Presentation of the parent company financial statements and the valuation methods used

The parent company financial statements for the year ended December 31, 2009, have been prepared and presented in accordance with the requirements of the accounting law of April 30, 1983, and the related decree of November 29, 1983. In accordance with the requirements of L. 232-6 of the French Commercial Code, the parent company financial statements have been prepared in the same manner and according to the same valuation methods as during the preceding year.

As a result of its listing in a member state of the European Union and in accordance with regulation CE nº 1606/2002 of July 19, 2002, the Company's consolidated financial statements for the year 2009 have been prepared according to the International Financial Reporting Standards ("IFRS").

Results of operations of the parent company

Operating results in 2009 decreased 2.4% to €548.7 million from €562.1 million in 2008. Software revenue amounted to €468.7 million in 2009, compared to €477.0 million in 2008, a decrease of 1.7%. Capitalized production was €0.5 million in 2009, compared to €6.3 million in 2008, reflecting the lack of significant capitalized projects during 2009.

The portion of revenue earned from export sales increased to €375.2 million, or 68.6% of total revenue.

Operating costs remained globally stable at €434.4 million in 2009, principally due to the cost reduction program. Despite the stability, employee costs increased €7.0 million, and Cost of services increased €20.4 million principally due to a change in services billing for ENOVIA. This increase was offset by earned royalties of approximately the same amount. In connection with the cost reduction program adopted in light of the difficult economic environment, purchases and other external expenses decreased €21.2 million principally through reductions in sub-contracting, publications and fees. Operating income declined 10.6% to €114.3 million. Financial results for 2009 were positive at €22.6 million, compared to a loss of €(2.2) million for the preceding year, an increase of €24.8 million. This change was principally caused by the increase in dividends received from €32.9 million in 2008 to €74.4 million in 2009 and the net increase in provisions for a decline in value of equity interests amounting to €59.3 million for 2009 from €28.0 million in 2008.

Net income after tax, corporate profit-sharing and non-recurring events amounted to €108.9 million for 2009, compared to €115.3 million for 2008.

At December 31, 2009, cash and short-term investments amounted to €461.6 million, compared to €249.2 million at December 31, 2008.

20.3.1 Parent Company Financial Statements

Balance Sheet

(in thousands)	Notes	Gross	Amortization or provision for depreciation	2009 Net	2008 Net
		Years ended December 31,			
ASSETS					
FIXED ASSETS	3, 4	**€1,651,691**	**€160,495**	**€1,491,196**	**€1,551,480**
Intangible assets		**106,626**	**39,364**	**67,262**	**54,263**
Goodwill		52,915	–	52,915	41,763
Concessions, patents, licenses, trademarks		50,591	39,364	11,227	10,633
Assets in progress, advances and on-account payments		3,120	–	3,120	1,867
Tangible assets		**65,150**	**31,646**	**33,504**	**37,502**
Plant & equipment		51,863	27,173	24,690	26,769
Buildings		–	–	–	–
Other tangible assets		12,987	4,473	8,514	10,610
Fixed assets in progress		300	–	300	123
Long-term investments		**1,479,915**	**89,485**	**1,390,430**	**1,459,715**
Investments in subsidiaries		1,410,264	87,253	1,323,011	1,358,071
Receivables from subsidiaries		67,312	2,223	65,089	66,390
Loans		1,300	–	1,300	899
Deposits and guarantees		1,039	9	1,030	1,800
Treasury stock being cancelled		–	–	–	32,555
CURRENT ASSETS		**€681,000**	**€2,102**	**€678,898**	**€541,095**
Inventories		**227**	**–**	**227**	**1,664**
Advances and on-account payments		**447**	**–**	**447**	**173**
Operating receivables		**218,704**	**2,102**	**216,602**	**290,000**
Trade accounts receivable and equivalents	5	157,552	2,102	155,450	221,744
Other operating receivables	6	61,152	–	61,152	68,256
Investment securities	7.1	**445,903**	–	**445,903**	**234,180**
Treasury shares	7.2	**5,628**	**–**	**5,628**	**11,378**
Cash assets		**10,091**	**–**	**10,091**	**3,700**
Prepayments	8	**€5,712**	**€ –**	**€5,712**	**€9,314**
Unrealized exchange losses		**€2,572**	**€ –**	**€2,572**	**€12,181**
TOTAL ASSETS		**€2,340,975**	**€162,597**	**€2,178,378**	**€2,114,070**

(in thousands)	Notes	Years ended December 31, 2009 Before AGM's resolutions	2008 Before AGM's resolutions
LIABILITIES			
SHAREHOLDERS' EQUITY	9	**€1,657,908**	**€1,617,471**
Capital		118,368	118,862
Share premium		125,439	141,980
Contribution premiums		269,978	269,978
Legal reserve		11,886	11,760
Retained earnings		1,009,358	948,209
Earnings for the financial year		108,874	115,307
Regulated provisions		13,896	11,353
Accelerated depreciation		109	22
Provisions for contingencies and liabilities	10	**19,156**	**29,752**
DEBTS		**€498,575**	**€451,830**
Financial debts	11	**223,472**	**215,697**
Loans and debts with credit institutions		206,441	200,441
Sundry loans and financial debts		17,031	15,256
Operating debts	13	**275,103**	**236,133**
Accounts payable and equivalents		93,396	87,147
Tax and social security debt		71,842	67,801
Other operating debt		109,865	81,185
Unearned revenue	14	**€558**	**€3,801**
Unrealized exchange gains		**€2,181**	**€11,216**
TOTAL LIABILITIES		**€2,178,378**	**€2,114,070**

Income Statement

(in thousands)	Notes	Years ended December 31, 2009	2008
Operating revenue (I)		**€548,660**	**€562,106**
Sales of equipment		1,354	5,445
Royalties and services		545,706	549,206
Net sales	16	**547,060**	**554,651**
Of which exports		*375,170*	*402,801*
Capitalized production		486	6,260
Reversals of provisions, amortization and transfers of expenses		183	960
Other revenue		931	235
Operating expenses (II)		**€434,390**	**€434,330**
Purchases of materials		1,232	3,991
Other purchases and external expenses		174,831	196,046
Taxes, duties and similar payments		9,340	11,229
Salaries and wages		109,074	106,676
Social security contributions		58,556	53,986
Appropriations to amortization of fixed assets		13,715	15,541
Appropriations to provisions for depreciation of current assets		1,007	412
Appropriations to provisions for contingencies and liabilities		576	1,103
Other expenses		66,059	45,346
OPERATING INCOME (III = I – II)		**€114,270**	**€127,776**
Financial income (IV)		**€119,495**	**€64,653**
Other interest and similar revenue		76,684	37,245
Reversals of provisions and transfers of expenses		21,149	4,873
Exchange gains		16,501	13,683
Net revenue from disposals of investment securities		5,161	8,852
Financial expenses (V)		**€96,876**	**€66,831**
Appropriations to provisions		70,896	40,197
Interest and similar expenses		8,484	9,727
Exchange losses		17,496	16,500
Net expenses on disposals of investment securities		–	407
FINANCIAL INCOME/LOSS (VI = IV – V)	18	**€22,619**	**€(2,178)**
CURRENT INCOME (III + VI)		**€136,889**	**€125,598**
Extraordinary revenue (VII)		**€12,827**	**€43,253**
From management transactions		9,397	5,846
From capital transactions		3,430	37,407
Reversals of extraordinary provisions		–	–
Extraordinary expenses (VIII)		**€16,457**	**€23,712**
On management transactions		3	37
On capital transactions		7,693	15,526
Appropriations to amortization and provisions		8,761	8,149
EXTRAORDINARY INCOME (IX = VII – VIII)		**€(3,630)**	**€19,541**
Obligatory and optional employee profit-sharing (X)		**€17,892**	**€17,343**
Optional profit-sharing		7,209	8,140
Obligatory employee profit-sharing		10,683	9,203
Corporate income tax (XI)	19	**€6,493**	**€12,489**
NET INCOME (III + VI + IX – X –XI)		**€108,874**	**€115,307**

Notes to the Parent Company Financial Statements

Note 1 – Description of Business and key events of the year

Activity

Dassault Systèmes SA is the parent company of the Group Dassault Systèmes, world leader of Product Lifecycle Management ("PLM") software solutions powered by three-dimensional (3D) representation.

The main activity of Dassault Systèmes SA, the holding company of Group Dassault Systèmes, is the research and development as well as the commercialisation of its products. Dassault Systèmes SA software applications allow businesses to digitally define and simulate their products, as well as the processes and resources required to manufacture, maintain, and recycle them while minimizing the impact on the environment.

Significant operations on long term financial investment

The review in 2009 of the equity securities value lead to an additional net provision for shareholding impairment of €60 million.

All the assets and liabilities of Athys, a company which was fully acquired after two acquisitions in 2003 and 2006, were transferred to the sole shareholder, Dassault Systèmes SA, in July 2009.

Following the recapitalization of Dassault Systèmes K.K., Dassault Systèmes SA's interest in the latter increased from €2.7 million to €32.5 million.

Dividend payment

The Combined General Meeting of Shareholders held on June 9, 2009, approved a dividend of €54.7 million, with €54.0 million distributed to the shareholders, since €0.7 million would relate to the dividend on treasury shares.

Stock option plan

The General Meeting of Shareholders of May 22, 2008, authorized the Board of Directors to grant options to subscribe to shares of Dassault Systèmes SA to certain employees of Dassault Systèmes SA or its French or foreign subsidiaries. The maximum number of options that may be granted by the Board and not yet exercised may not provide the right to subscribe for a number of shares exceeding 20% of the share capital of Dassault Systèmes SA.

Pursuant to this authorization, during the year ended December 31, 2009, the Board of Directors allocated 1,851,500 stock options (see Note 9.2).

Stock repurchase program

The General Meeting of Shareholders of June 9, 2009 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 €50 per share or for an aggregate amount not exceeding €500 million.

No shares were repurchased during the year 2009. During the fiscal year 2008, Dassault Systèmes SA repurchased 2,261,896 of its own shares for an aggregate amount of approximately €79 million.

Shareholder base

On December 31, the share capital of Dassault Systèmes SA was held by:

(in %)	2009	2008
Public	48.7	48.1
Groupe Industriel Marcel Dassault	43.9	43.6
Mr. Charles Edelstenne, Chairman of the Board of Directors	6.5	6.5
Treasury shares	0.1	1.1
SW Securities LLC	0.2	0.2
Directors and executive officers[1]	0.6	0.5
Total	**100.0**	**100.0**

(1) Not including Mr. Charles Edelstenne

On December 31, the voting rights in Dassault Systèmes SA were held by:

(in %)	2009	2008
Public	39.3	40.3
Groupe Industriel Marcel Dassault	49.7	48.5
Mr. Charles Edelstenne, Chairman of the Board of Directors	10.4	10.8
Directors and executive officers[1]	0.6	0.4
Total	**100.0**	**100.0**

(1) Not including Mr. Charles Edelstenne

Post balance sheet events

Acquisition of IBM PLM and evolution of the IBM relationship:

In October 2009, Dassault Systèmes SA and IBM signed a definitive agreement whereby Dassault Systèmes would acquire the IBM PLM business unit. The transaction is expected to be completed on March 31, 2010. As a result, Dassault Systèmes would acquire the IBM PLM sales, marketing, services and support operations, as well as customer contracts and related assets. The Company and IBM are also defining the next steps in their long-standing relationship in order to establish Dassault Systèmes as a strategic IBM global alliance partner.

Note 2 – Accounting rules and methods

The financial year lasts for 12 months from January 1 to December 31.

The annual financial statements for the year ended December 31, 2009, 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, and the independence of financial years, and assuming the business is a going concern.

The valuation of the items recognized in the accounts was carried out using the historical cost method.

Only significant information is disclosed.

Dassault Systèmes SA applies the accounting rules on the definition, valuation, amortization and depreciation of assets relating, in particular, to Regulations 2002-10 of December 12, 2002 and 2004-6 of November 23, 2004, of the *Comité de la Réglementation Comptable* (French Accounting Regulation Committee). The main methods used are as follows:

2.1 Intangible and tangible assets

Intangible and tangible assets 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 in connection with merger operations. Their book value is reviewed in light of the estimated value of their underlying assets.

Acquisition cost is composed of the purchased price and any additional expenses relating to the acquisition. The amortization basis depends on the acquisition costs less any market value net of disposal costs at the end of their term of use.

Intangible assets are amortized using the straight-line method over their expected period of use, with the exception of certain software which is amortized using the accelerated method over one year.

The amortization terms and methods for tangible assets are presented below:

1) Declining balance method:

New IT equipment	3 to 7 years
New office equipment	3 to 5 years

2) Straight-line method:

Secondhand IT equipment	3 years
Laptop computers	2 years
Transport equipment	4 years
Fixtures and fittings	over the term of the lease
Office furniture	over the term of the lease

2.2 Financial investments

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.

Periodically and at least at the annual closing period, Dassault Systèmes SA reviews the fair value of its investments. A provision for depreciation is booked if inventory value is less than acquisition book value. In particular, the inventory value of securities takes into account the amount of shareholders’ equity, long-term profitability and strategic factors.

2.3 Investments in securities

Investments in securities are recorded at their acquisition price and are depreciated, where applicable, by referring to their stock market value at the end of the year. Investments in securities acquired in foreign currencies are converted at the closing exchange rate.

2.4 Receivables and debts

Trade accounts receivable and related items are valued at their nominal value. A provision for depreciation is recorded when the inventory value is lower than the historical value taking into account, in particular, their age.

2.5 Foreign currencies 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 in 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 the “Unrealized exchange losses / gains” item. In the event of unrealized losses, a provision for contingencies (exchange loss) is recorded.

2.6 Net sales

Dassault Systèmes SA 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) its marketing and distribution agreement with IBM.

Software license revenue represents fees earned from granting customers licenses to use our software. The software license revenue consists of perpetual and periodic license sales of software products. Software license revenue is recognized when: (i) Dassault Systèmes SA can demonstrate that an arrangement exists, (ii) delivery and acceptance of the software has occurred, the software license fee is fixed or determinable, and (iii) collectability is probable. In instances when any of the four criteria are not met, the revenue recognition of software license is deferred until all criteria are met. Revenue related to the licensing of software through value-added resellers (VAR) is generally recognized when evidence of a sale to an end-user customer is provided to Dassault Systèmes SA, assuming all other revenue recognition criteria have been 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.

Product development revenue relates to the development of additional functionalities of standard products requested by clients and is recognized when 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 determined based upon either the renewal rate specified in each contract or the price charged when sold separately.

Marketing and Distribution Agreement with IBM

Under Dassault Systèmes SA's agreement with IBM, Dassault Systèmes SA licenses its products to IBM who then sublicenses the products to end-users. Dassault Systèmes SA provides maintenance to IBM but does not contract directly with IBM customers. In addition, Dassault Systèmes SA provides training to IBM employees for new product releases, participates with IBM in a worldwide marketing arrangement and is involved in other product development initiatives for both Dassault Systèmes SA's and IBM's products.

Royalties under this arrangement are earned as revenue is recognized by IBM from its sublicensing of products and services. In general, this results in recognition of license royalties when IBM sublicenses software to end-users and maintenance royalties over the period during which IBM is required to provide support to end-users. Dassault Systèmes SA records revenue when the licensing fees are received.

Dassault Systèmes SA's agreement with IBM provides for increases in the share of licensing revenue to be retained by IBM if certain annual growth targets are met by IBM. This incentive is also linked to IBM meeting a certain level of sales and marketing expenses for the distribution of CATIA and ENOVIA. This incentive is recorded as a reduction to software revenue.

2.7 Research & Development ("R&D") expenses

R&D expenses are recorded as expenses for the year during which they are incurred unless an analysis of technical criteria shows that they should be capitalized.

In all cases, the application of this accounting principle has resulted in all research and development costs being expensed in the period incurred.

2.8 Derivatives

Dassault Systèmes SA utilizes financial derivatives in order to manage and reduce its foreign currency exposure and the change in interest rates. Dassault Systèmes SA's policy is to manage globally the positions without taking systematic currency covers.

Interest rate derivatives:

The financial profits and losses resulting from the utilisation of derivatives are recorded in the income statement in the same manner as the profits and losses from the covered transactions when the derivatives are considered as hedging transactions from an accounting perspective. Otherwise, if the instruments do not qualify as hedging, they are evaluated as follows:

- the unrealized losses on negotiated financial instruments are fully reserves for;
- the unrealized gains on negotiated financial instruments are recognized in the income statement upon settlement;
- the unrealized gains and losses incurred on derivatives traded on organized markets are immediately recognized in the income statement.

Exchange rate derivatives:

Exchange rate derivatives are included in Dassault Systèmes SA's currency position. The unrealized gains and losses on these derivatives are taken into account in determining the provision for unrealized exchange rate losses.

Notes to the Balance Sheet

Note 3 – Changes in fixed assets

(in thousands)	Gross 12/31/2008	Contributions merged companies	Increases 2009	Reductions 2009	Gross 12/31/2009
Intangible assets	**€90,092**	**€11,158**	**€5,376**	**€ –**	**€106,626**
Goodwill	41,763	11,152	–	–	52,915
Patents, licenses and trademarks	46,462	6	4,123	–	50,591
Assets in progress	1,867	–	1,253	–	3,120
Tangible assets	**€58,925**	**€72**	**€7,153**	**€1,000**	**€65,150**
Buildings	–	–	–	–	–
Material fixtures and fittings	18,146	25	1,062	220	19,013
Technical facilities, tools and equipment	27,813	–	5,075	38	32,850
Other tangible assets	12,843	47	528	431	12,987
Vehicles	295	–	–	–	295
Office furniture	5,890	29	413	152	6,180
Office and corporate equipment	6,658	18	115	279	6,512
Fixed assets in progress	123	–	488	311	300
Long-term investments	**€1,489,845**	**€11**	**€38,297**	**€48,238**	**€1,479,915**
Total gross fixed assets	***€1,638,862***	***€11,241***	***€50,826***	***€49,238***	***€1,651,691***

Fixed assets in progress, and advances and on-account payments on fixed assets are recorded under the fixed asset item to which they relate.

The increase in intangible assets in 2009 was due to the inclusion in intangible assets of the technical deficits from the transfer of all the assets and liabilities of Athys SA in July 2009 for €11.2 million and by the acquisition of Dynasim AB's intellectual property for €2.0 million in December 2009.

Long-term investments are mainly composed of the securities of subsidiaries and receivables from subsidiaries (€1,478 million), details of which are presented in the information concerning subsidiaries and shareholdings, loans and advances granted to employee and deposits and guarantees.

The increase in long-term investments during 2009 was principally due to the following changes:

- capital contributions made by Dassault Systèmes SA to Dassault Systèmes K.K. for €29.9 million, Dassault Systèmes Holding Canada Inc for €1.7 million and Dynasim AB for €0.5 million,
- the purchase of MatrixOne shares for €0.5 million,
- a new loan to the subsidiary Dassault Systèmes Deutschland GmbH for €3.0 millions,
- additional loans to its employees as part of the package of measures to assist with the move to Vélizy-Villacoublay for €0.5 million.

The reduction in long-term investments during 2009 was principally due to the following changes:

- cancellation of 1,000,000 treasury shares in March 2009 for €32.6 million,
- cancellation of Athys SA securities for €8.6 million following its transfer of all assets and liabilities in July 2009,
- reimbursement of loans by Dassault Systèmes K.K. for €0.8 million, and Dassault Systèmes Canada Innovation Technologies Inc. for €1.3 million,
- cancellation of the Athys SA loan for €3.2 million following its transfer of all assets and liabilities in July 2009.

Note 4 – Changes in amortization and provisions

(in thousands)	Amortization at 12/31/2008	Contributions merged companies	Amortization in 2009	Reversals and transfers 2009	Amortization at 12/31/2009
Intangible assets	**€35,830**	**€6**	**€3,528**	**€ –**	**€39,364**
Patents, licenses and trademarks	35,830	6	3,528	–	39,364
Tangible assets	**€21,423**	**€43**	**€10,186**	**€6**	**€31,646**
Buildings	–	–	–	–	–
Material fixtures and fittings	1,915	11	1,696	1	3,621
Technical facilities, tools and equipment	17,275	–	6,277	–	23,552
Other tangible assets	2,233	32	2,213	5	4,473
Vehicles	165	–	45	–	210
Office furniture	177	14	515	2	704
Office and corporate equipment	1,891	18	1,653	3	3,559
Long term investments	**€30,131**	**€ –**	**€68,323**	**€8,969**	**€89,485**
Total Amortization	**€87,384**	**€49**	**€82,037**	**€8,975**	**€160,495**

The amortization of intangible assets in 2009 included €0.6 million relating to the amortization over 8 years of Delmia GmbH's intellectual property acquired in December 2008 for €4.5 million, and €2.2 million relating to the amortization of the financial information system.

In 2009 the amortization of long-term investments related principally to the decline in value of the equity securities of Dassault Systèmes Israel Ltd for €61.4 million and of Dynasim AB for €6.8 million so as to reflect their inventory value.

In 2009 the reversals in long-term investment amortization related principally to the increase in value of the equity securities of Dassault Systèmes Deutschland GbmH for €8.9 million so as to reflect their inventory value.

Note 5 – Trade accounts receivable and related items

Trade accounts receivable and related items are broken down as follows:

(In thousands)	12/31/09	12/31/08
Trade accounts receivable	€92,887	€153,552
Bills receivable	–	51
Invoices not yet issued	64,665	70,024
Provision for depreciation of trade accounts receivable	(2,102)	(1,883)
Total trade accounts receivable and related items	**€155,450**	**€221,744**

The due date of all trade accounts receivable and related items is less than one year.

The decrease in trade accounts receivable of €60.7 million was principally due to:

– the decrease in intercompany trade accounts receivable from €123.4 million in 2008 to €68.0 million at December 31, 2009, reflecting the implementation of centralized payment processes at Group level, and by the incorporation of receivables for the recapitalization of Dassault Systèmes K.K. for €29.8 million during 2009,

– the decrease of third party trade accounts receivable from €29.0 million in 2008 to €23.8 million at December 31, 2009.

Note 6 – Other operating receivables

Other operating receivables consist of the following elements:

(In thousands)	12/31/09	12/31/08
Corporate tax	€25,775	€41,067
Value added tax	9,907	11,188
Current accounts with debit balances	12,950	10,328
Accrued credit notes	10,495	5,087
Capital instruments	1,283	–
Other	742	586
Total other operating receivables	**€61,152**	**€68,256**

The due date of other operating receivables is less than one year.

The change in corporate tax receivables between December 31, 2008, and December 31, 2009, was due to:

- the decrease in advance tax payments from €54.0 million in 2008 to €32.1 million in 2009,
- the increase in research tax credit from €23.3 million in 2008 to €27.9 million in 2009 (these amounts are related to research tax credits of entities included in the tax integration agreement – Dassault Systèmes SA, Dassault Data Services SAS, and Dassault Systèmes Provence SAS),
- the increase in withholding tax from €0.7 million in 2008 to €2.6 million in 2009.

Note 7 – Cash assets

7.1 Investment securities

(In thousands)	12/31/09	12/31/08
Investment securities	€445,903	€234,180

On December 31, 2009, 98.82% of the investment securities were denominated in euro compared to 83.44% on December 31, 2008, and 1.18% in USD compared to 16.56% on December 31, 2008.

Of the investments in investment securities, €414.1 million have been placed in monetary investments, and €31.8 million have been placed in diversified investment structures.

7.2 Treasury shares

	Number of shares	Average price *(in Euros)*	Total shares *(in thousands)*
Treasury shares as at January 1, 2009	**300,000**	**€38**	**€11,378**
Delivery of executive stock grants	(150,000)	38	(5,750)
Treasury shares as at December 31, 2009	**150,000**	**€38**	**€5,628**

Note 8 – Pre-recorded expenses

Pre-recorded expenses comprised:

(In thousands)	12/31/09	12/31/08
Real estate rentals	€–	€617
Equipment rentals	51	373
Insurance	–	100
IT maintenance	5,541	6,112
Other	120	2,112
Total prepayments	**€5,712**	**€9,314**

Note 9 – Shareholders' equity

9.1 Share capital

Movements on share capital during the year ended December 31, 2009 were as follows:

	Number of shares	Par value *(in Euros)*	Capital *(in Euros)*
Shares as at January 1, 2009	**118,862,326**	**€1**	**€118,862,326**
Shares issued pursuant to the share option plans (refer to note 9.2)	505,315	1	505,315
Capital reduction by canceling shares	(1,000,000)	1	(1,000,000)
Shares as at December 31, 2009	**118,367,641**	**€1**	**€118,367,641**

9.2 Stock option plans

The table below summarizes the options exercised since each plan was introduced:

	Plan December 15, 1997	Plan January 28, 1998	Plan November 9, 1998		Plan September 15, 1999		Plan March 29, 2001		Plan June 29, 2001	Plan October 5, 2001		SUB TOTAL
		1998-1	1998-02	1998-03	1998-04	1998-05	1998-08	1998-09	1998-10	1998-11	1998-12	CARRY-FORWARD
Number of options allocated	1,031,840	750,000	2,468,730	354,750	3,297,000	320,000	2,909,600	553,300	138,000	1,387,400	328,650	13,539,270
Option exercise price	25.92	26.37	29.58	29.58	37	37	52	52	49	35	35	
Exercise dates	From 12/15/99 to 12/14/07	From 01/28/98 to 01/27/08	From 11/09/00 to 11/08/08	From 11/09/98 to 11/08/08	From 09/15/01 to 09/14/09	From 09/15/99 to 09/14/09	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 10/05/02 to 10/04/11	From 10/05/02 to 10/04/11	
Number of options exercised through 2006	571,503	719,000	651,275	239,809	79,709	153,325	–	110,825	46,177	58,324	131,837	2,761,784
Number of options exercised in 2007	413,890	2,900	349,803	21,865	56,640	16,925	–	104,565	24,985	16,297	55,786	1,063,656
Number of options exercised in 2008	–	300	1,391,819	46,413	23,999	45,685	–	53,650	15,915	23,718	25,809	1,627,308
Number of options exercised in 2009	–	–	–	–	244,937	38,738	–	7,450	5,610	5,539	10,550	312,824
Number of options canceled	46,447	27,800	75,833	46,663	2,891,715	65,327	132,090	117,880	8,208	38,849	57,912	3,508,724
Number of options in circulation on December 31, 2009	–	–	–	–	–	–	2,777,510	158,930	37,105	1,244,673	46,756	4,264,974

	SUB TOTAL CARRY-FORWARD	Plan May 28, 2002		Plan January 20, 2003		Plan March 29, 2005		Plan October 9, 2006	Plan June 6, 2007	Plan Sept 25, 2008	Plan Nov 27, 2009	TOTAL
		2002-01	2002-02	2002-03	2002-04	2002-05	2002-06	2006-01	2006-02	2008-01	2008-02	
Number of options allocated	13,539,270	1,363,563	355,300	3,325,000	675,000	967,150	232,850	1,405,700	1,325,900	1,436,600	1,851,500	26,477,833
Option exercise price		45.5	45.5	23	23	39.5	39.5	47	47.5	38.15	39	
Exercise dates		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	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	
Number of options exercised through 2006	2,761,784	–	66,305	71,725	385,120	5,700	4,300	–	–	–	–	3,294,934
Number of options exercised in 2007	1,063,656	440	96,481	504,841	107,245	–	61,600	–	–	–	–	1,834,263
Number of options exercised in 2008	1,627,308	–	37,609	205,592	17,900	2,800	28,550	–	–	–	–	1,919,759
Number of options exercised in 2009	312,824	–	6,113	158,798	11,930	950	14,700	–	–	–	–	505,315
Number of options canceled	3,508,724	85,731	49,926	18,375	47,400	127,400	40,400	191,700	127,800	48,400	5,200	4,251,056
Number of options in circulation on December 31, 2009	4,264,974	1,277,392	98,866	2,365,669	105,405	830,300	83,300	1,214,000	1,198,100	1,388,200	1,846,300	14,672,506
Comments						exercisable beginning March 30, 2007	exercisable beginning 50% per annum from March 30, 2006, to 2007	exercisable beginning Oct. 10, 2009	exercisable beginning June 7, 2010	exercisable beginning 33% per annum from September 25, 2009, to 2012	exercisable beginning Nov 27, 2013	

9.3 Movements in shareholders’ equity

The movements in shareholders’ equity during the year ended December 31, 2009 were as follows:

(in thousands)	2008 Before AGM’s resolutions	Appropriation of 2008 earnings by AGM	Effect of exercising options and canceling shares	Net income for 2009 fiscal year	Other	2009 Before AGM’s resolutions
Share capital	**€118,862**	€–	€(494)	€–	€–	**€118,368**
Share premium	**141,980**	–	(16,541)	–	–	**125,439**
Contribution premium	**269,978**	–	–	–	–	**269,978**
Legal reserve	**11,760**	126	–	–	–	**11,886**
Retained earnings	**948,209**	61,149	–	–	–	**1,009,358**
Income (loss) for the fiscal year	**115,307**	(115,307)	–	108,874	–	**108,874**
Regulated provisions(1)	**11,375**	–	–	–	2,630	**14,005**
Shareholders’ equity	**€1,617,471**	**€(54,032)**	**€(17,035)**	**€108,874**	**€2,630**	**€1,657,908**

(1) The regulated provisions mainly originate from the obligatory company profit sharing scheme set up for the benefit of Dassault Systèmes SA’s employees.

Note 10 – Provisions for contingencies and liabilities

Movements of provisions for contingencies and liabilities were as follows:

(in thousands)	Opening balance on 01/01/09	Appropriation for 2009 fiscal year	Reversals for 2009 fiscal year(1)	Closing balance on 12/31/09
Provisions for retirement payments	€7,913	€465	€–	€8,378
Provisions for long-service awards	2,135	(15)	–	2,120
Provisions for exchange losses	12,180	2,572	12,180	2,572
Other provisions for contingencies and liabilities	7,524	4,454	5,892	6,086
Total provisions	**€29,752**	**€7,476**	**€18,072**	**€19,156**

(1) The majority of the reversals of provisions were used during the fiscal year.

Dassault Systèmes SA’s commitment in terms of retirement payments was evaluated by 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 seniority and annual salary of the employee 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.

Retirement commitments on December 31, 2009 were calculated using the prospective method with the following assumptions: retirement between 60 and 64 years of age, 5.50% discount rate, 3% average increase in salaries and a 5% investment profitability rate.

In 1998, Dassault Systèmes SA took out an insurance policy with Sogecap, a life insurance company affiliated with the Société Générale, intended to cover the retirement payment commitments. Pursuant to this policy, Dassault Systèmes SA has invested a total of €6.1 million.

The appropriation for exchange losses during the year relates to unrealized exchange losses generated owing to currency fluctuations, mainly those of the U.S. dollar and the Japanese yen.

Change in other provisions for contingencies and liabilities between December 31, 2008 and December 31, 2009 corresponded especially to:

– a new provision of €4.3 million for an obligation to deliver shares in November 2011,

– reversal of a provision of €5.8 million for an obligation to deliver shares in June 2009 pursuant to free share grants.

Note 11 – Financial debts

At December 31, 2009, financial debts were as follows:

(In thousands)	**Gross**	**Due dates less than one year**	**Due dates over one year**
Loans and debts with credit institutions	€200,149	€149	€200,000
Banks	6,292	6,292	–
Obligatory employee profit-sharing scheme	17,031	2,243	14,788
Total financial debts	**€223,472**	**€8,684**	**€214,788**

Financial debt with due dates over one year relate to an €200 million multi-currency credit facility and obligatory employee profit sharing.

Dassault Systèmes SA entered into the multi-currency credit facility in December 2005 for €200 million. This agreement provides 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 + 0.18% per annum.

Note 12 – Elements concerning related companies

(In thousands)	**12/31/09**	**12/31/08**
Loans granted (balance at the year end)	€65,976	€67,668
Interest received or provisioned during the year on loans granted	2,225	3,387
Dividends collected during the year	74,363	32,943
Current accounts with debit balances (at year end)	12,950	10,323
Interest received or provisioned during the year on granted current accounts	146	773
Current accounts with credit balances (at the year cut-off date)	103,690	52,433
Interest paid or provisioned during the year on current accounts obtained	839	2,075
Trade accounts receivable and related items	95,601	133,375
Accounts payable and related items	38,824	43,335

Loans granted to subsidiaries and inter-company current accounts are repaid according to market conditions.

€74.3 million in dividends was received during the 2008 fiscal year, composed as follows:

– €30.0 million received from Dassault Systèmes Provence SAS,

– €17.2 million received from Dassault Systèmes Americas Corp.,

– €14.3 million received from Dassault Data Service SAS,

– €2.8 million received from Dassault Systèmes Simulia Corp.,

– €0.1 million received from 3D PLM Software Private Ltd.

Note 13 – Operating debts

Accounts payable and related items were as follows:

(in thousands)	12/31/09	12/31/08
Suppliers	€34,078	€47,032
Suppliers of fixed assets	222	609
Invoices not received	59,096	39,506
Total accounts payable and related items	**€93,396**	**€87,147**

The maturity for accounts payable and related items was as follows:

(In thousands)	Gross	Due dates less than one year	Due dates over one year
Suppliers	€34,078	€34,078	€–
Suppliers of fixed assets	222	222	–
Invoices not received	59,096	32,182	26,914
Total accounts payable and related items	**€93,396**	**€66,482**	**€26,914**

In accordance with L. 441-6-1 and D. 441-4 du Code de Commerce (Commercial Law) related to information regarding payment due dates, at December 31, 2009, the balance of Dassault Systèmes SA's trade accounts payable to its suppliers amounted to €34,298 million made up as follow:

- 72.84% payable within 30 days,
- 23.62% payable within 60 days,
- 1.86% payable within 90 days,
- 0.46% payable within 120 days, and
- 1.22% over 120 days.

Tax and social security debts were as follows:

(in thousands)	12/31/09	12/31/08
Value added tax	€9,621	€10,352
Other taxes and duties	711	929
Obligatory and optional profit-sharing	13,937	13,731
Accrued vacations	23,412	22,248
Other employee expenses	24,161	20,541
Total tax and social security debts	**€71,842**	**€67,801**

Other operating debts were as follows:

(in thousands)	12/31/09	12/31/08
Current accounts with credit balances	€103,690	€52,446
Discounts to be granted and credit notes to be established	5,939	23,929
Financial instruments	–	4,738
Other	236	72
Total other operating debts	**€109,865**	**€81,185**

The increase in current accounts with credit balances was due to the implementation of centralized management of the Group's treasury during 2009.

Note 14 – Unearned revenue

Unearned revenue consists of the following elements:

(in thousands)	12/31/09	12/31/08
Software royalties	€214	€3,801
Other revenue	344	–
Total unearned revenue	**€558**	**€3,801**

Note 15 – Financial commitments

15.1 Financial instruments

In order to manage its exchange rate risk, Dassault Systèmes SA generally uses forward exchange contracts, exchange options and exchange rate collars. In 2009, Dassault Systèmes SA signed, for its own part as well as for its subsidiaries, forward exchange contracts to cover exchange rate risks on its firm commitment to purchase the IBM PLM business unit. The contracts entered into on behalf of its subsidiaries were subject to internal hedging instruments contracts between Dassault Systèmes SA and its subsidiaries.

The Company has also taken out a revolving credit facility that bears interest at a variable rate (See Note 11). The Company has entered into interest rate swap agreements that have the effect of modifying its interest obligations relating to this facility so that the interest becomes fixed at 3.36% until 2010, and afterwards at an average rate of 3.08% from 2010 to 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. A change in control of Dassault Systèmes SA could require immediate repayment.

On December 31, 2009, the financial instruments portfolio was as follows:

	Year ended December 31, 2009	
(in thousands)	Nominal amount	Fair value
Interest rate swaps (from 2006 to 2010)	€200,000	€(3,416)
Interest rate swaps (from 2010 to 2012)	200,000	(2,034)
Collars Japanese yen/Euros	125,591	14,899
Forward exchange contract U.S. dollars/Japanese yen – purchase	133,972	6,600
Forward exchange contract U.S. dollars/Euros – purchase	104,817	3,740
Forward exchange contract U.S. dollars/British pounds – purchase	22,907	583
Forward exchange contract Japanese yen/U.S. dollars – sale	133,972	(6,600)
Forward exchange contract Euros/U.S. dollars – sale	76,350	(2,718)
Forward exchange contract British pounds/U.S. dollars – sale	22,907	(583)
Forward exchange contract Japanese yen/Euros – sale	5,632	36
Forward exchange contract British pounds/Euros – sale	574	24
Forward swap British pounds/Euros	22,263	16
Forward swap Japanese yen/Euros	105,136	(136)

On December 31, 2008, the financial instruments portfolio was as follows:

(in thousands)	Year ended December 31, 2008	
	Nominal amount	Fair value
Interest rate swaps	€200,000	€(2,368)
Collars Japanese yen/Euros	170,134	2,569
Forward exchange contract Japanese yen/Euros	38,748	(5,618)

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 26 months for the exchange rate hedging instruments and in approximately 2 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 the future corporate tax debt

The increases and reductions in the future corporate tax debt have been evaluated on the basis of the standard corporate tax rate, plus extraordinary contributions for the application periods of such contributions. They originate from time lags between the tax regime and the accounting recognition of revenue and expenses.

(in thousands)	12/31/09	12/31/08
Nature of temporary differences		
Provision for obligatory profit-sharing	€8,854	€9,203
Provision for retirement payments	8,378	7,912
Unrealized exchange gains	2,181	11,216
Provision for contingencies	1,166	1,166
Depreciation of receivables	2,987	3,532
Other rate	902	1,838
Total temporary differences	**€24,468**	**€34,867**
Net reduction of the future corporate tax debt (34.43% tax rate)	€8,424	€12,005

15.3 Other commitments

On December 31, 2009, commitments stood at €208 million for real estate and equipments rentals, including commitments relating to the lease for the headquarters in Vélizy-Villacoublay, effective as from June 30, 2008 for 12 years (compared to €189.7 million on December 31, 2008).

In October 2009, the Company and IBM signed a definitive agreement whereby Dassault Systèmes would acquire the IBM business unit dedicated exclusively to the marketing, sale and support of the Company's PLM software ("IBM PLM"). The transaction is expected to be completed on March 31, 2010, for $600 million in cash, less assumed liabilities. Under this expected agreement, Dassault Systèmes would acquire the IBM PLM sales, marketing, services and support operations, as well as customer contracts and related assets.

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, 2009, unused, accumulated Individual Training Rights amounted to approximately 155,995 hours.

Notes on the income statement

Note 16 – Breakdown of net sales

(in thousands)	12/31/09	12/31/08
Sales of equipment	€1,354	€5,445
Software (royalties and other product developments)	468,731	477,057
Services (including technical support)	13,908	13,616
Other revenue	63,067	58,533
Total net sales	**€547,060**	**€554,651**

The breakdown of net royalty sales by geographic zone is as follows:

(in thousands)	12/31/09	12/31/08
Europe	€269,182	€258,914
The Americas	87,575	107,155
Asia	111,563	110,988
Others	411	–
Total net software sales	**€468,731**	**€477,057**

Note 17 – Statutory auditors' fees

The amount of statutory auditors' fees appearing in the income statement for the year was made up as follows:

(in thousands)	12/31/09	12/31/08
Certification of the individual and consolidated financial statements	€1,073	€1,070
Incidental assignments	86	85
Total statutory auditors' fees	**€1,159**	**€1,155**

Note 18 – Financial income / loss

The financial income for the 2009 year was €22.6 million compared to loss of €(2.2) million for the 2008 year.

The main reasons for this increase were:

– an increase of dividends received, €74.3 million in 2009 compared to €32.9 million in 2008 (see note 12),

– a net gain on the provision for exchange rate losses of €9.6 million compared to a net expense of €8.0 million in 2008,

– a net increase of €59.3 million on provision for depreciation of equity securities compared to €28.0 million in 2008

Note 19 – Breakdown of income tax

The breakdown of income tax between current income and extraordinary income for the year ended December 31, 2009, is as follows:

(in thousands)	Income before tax	Tax (charge) profit	Income after tax
Current income	€136,889	€(15,943)	€120,946
Extraordinary income[(1)]	(21,522)	9,450	(12,072)
Breakdown of income tax	**€115,367**	**€(6,493)**	**€108,874**

(1) Including obligatory and optional employee profit sharing.

The effective income tax rate for the year ended December 31, 2009 was 5.63% (2008: 9.77%). The decrease in the effective rate was mainly due to an increase in the research tax credit recognized by Dassault Systèmes SA in 2009.

Following the removal of Athys SAS from the scope of consolidation owing to the transfer of all its assets and liabilities, the tax group consisted of 6 entities at the end of December 2009.

Under the tax integration agreement, it is agreed that the tax charge of the tax-integrated company will be the same as it would have been if such subsidiary had not been a member of the group.

Without the tax integration agreements, Dassault Systèmes' tax charge would have been €7.9 million in 2009.

Additional Information

Note 20 – Compensation of executive officers

The total gross compensation in euro paid by Dassault Systèmes SA to managing directors during 2009 was as follows:

Salaries	€3,095,000
Benefits in kind	€18,900
Directors' fees	€73,500 (1)
Total	€3,187,400

(1) 2008 directors' fees paid in 2009. 2009 directors' fees to be paid in 2010 will represent €76,500.

Following the authorizations granted to the Board of Directors by the General Meeting of Shareholders, the Board granted 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, and 150,000 shares on November 27, 2009 to the Chief Executive Officer ("CEO"). Such shares shall be vested at the end of an acquisition period of 3, 2, 2, 2 and 2 years respectively, 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 a performance condition was also added.

In addition, the CEO is required to hold the vested shares until the end of a 2-year lock-up period. Moreover, the CEO is held to keep in nominative form at least 15% of shares such obtained, until the termination of his functions.

Note 21 – Average headcount and breakdown by category

Employees by category	**12/31/09**	**12/31/08**
Managers	1,706	1,614
Supervisors and technicians	56	52
Employees	125	128
Total average headcount	**1,887**	**1,794**

Note 22 – Identity of the consolidating company

The Company's business is included in the consolidated financial statements of Groupe Industriel Marcel Dassault SA, whose registered office is located at 9 Rond-Point des Champs-Elysées – Marcel Dassault, 75008 Paris.

Note 23 – Information Relating to Subsidiaries and Shareholdings

(In thousands of Euros)	Gross inventory value of securities	Net inventory value of securities	% holdings	Capital and issue premiums	Reserves and amounts carried-forward	Net profit or (loss) for last fiscal year	Net sales	Dividends collected	Loans and advances	Guarantees and sureties
Dassault Data Services SAS	€892	€892	€95	€3,000	€13,519	€5,899	€55,608	€14,250	–	€–
Dassault Systèmes K.K.	32,525	32,525	100	32,667	(6,244)	(485)	98,848	–	–	–
Dassault Systèmes Provence SAS	32,248	32,248	100	32,394	8,403	10,736	26,259	30,000	–	–
Dassault Systèmes Israel Ltd	64,883	3,483	100	24,372	(39,036)	2,212	19,928	–	5,288	–
Dassault Systèmes Deutschland GmbH	51,354	32,301	100	14,282	(8,170)	(2,233)	37,568	–	4,250	–
Dassault Systèmes Italia Srl	381	381	100	423	(433)	(736)	8,174	–	250	–
Dassault Systèmes (Switzerland) Ltd	68	68	100	67	25	111	715	–	–	–
3D PLM Software Solutions Ltd	90	90	30	192	14,405	5,760	20,886	85	–	–
Dassault Systèmes Holding Canada Inc.(1)	20,892	20,892	100	19,365	(764)	(13)	–	–	–	–
Dassault Systèmes UK Ltd	–	–	100	137	490	80	12,325	–	–	–
MatrixOne SAS	550	550	100	4,276	(3,778)	(4)	5,829	–	–	–
Dassault Systèmes SAS	30,040	30,040	100	24,638	1,282	2,387	123,481	–	–	–
Dassault Systèmes Corp.(2)	643,059	643,059	100	1,142,078	40,279	1,520	–	17,230	–	–
Dassault Systèmes Americas Corp.	278,106	278,106	10	351,265	(43,539)	20,763	128,865	12,798	–	5,101
Dassault Systèmes Simulia Corp.	242,977	242,977	10	130	41,636	21,722	106,542	–	–	–
Dynasim AB	9,540	2,740	100	2,126	(1,275)	1,038	1,497	–	–	–
Dassault Systèmes Europe SAS	37	37	100	37	(4,273)	(2,212)	–	–	53,648	–
Dassault Systèmes Espana S.L.	3	3	100	3	160	25	1,241	–	365	–
Dassault Systèmes Belgium SA	392	392	99	392	69	167	1,084	–	–	–
Dassault Systèmes India Ltd	1,334	1,334	100	1,183	461	316	4,366	–	–	–
Dassault Systèmes Holdco SAS	37	37	100	37	(8)	(4)	–	–	–	–
Allegorithmic(3)	850	850	16		Data not available				1,050	–
	€1,410,258	**€1,323,005**						**€74,363**	**€64,851**	**€5,101**

(1) Canadian holding company holding 100% of Safework Inc. and Dassault Systèmes Canada Innovation Technologies Inc.

(2) U.S. holding company holding 100% of SolidWorks Corporation 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.

(3) Equity interests

The Company has not granted any other significant guarantee or endorsement 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)	2005	2006	2007	2008	2009
Share capital					
Share capital	115,038,378	115,770,290	117,604,553	118,862,326	118,367,641
Number of shares authorized and issued	115,038,378	115,770,290	117,604,553	118,862,326	118,367,641
Statement of income data					
Revenue	534,068,279	565,717,509	550,223,231	554,651,006	547,060,093
Result before income tax, profit sharing, amortization and provisions	216,659,888	213,511,588	221,238,407	210,541,064	228,213,442
Result before income tax, profit sharing, amortization and provisions and charges transferred	211,983,870	205,226,123	218,039,395	202,315,635	198,578,445
Income tax	58,042,657	52,252,284	40,856,300	12,489,386	6,492,806
«Participation»	11,550,478	10,683,531	9,720,962	9,202,886	10,683,300
«Intéressement»	7,306,112	7,801,959	8,195,662	8,140,149	7,208,561
Net income	123,372,773	120,438,429	135,676,022	115,307,017	108,874,103
Data per share					
Result after income tax and profit sharing and before amortization and provisions	1.17	1.16	1.35	1.45	1.47
Basic net income per share	1.07	1.04	1.15	0.97	0.92
Dividend per share	0.42	0.44	0.46	0.46	
Personnel					
Average headcount	1,572	1,612	1,719	1,794	1,887
Personnel costs paid during the year	82,088,686	88,365,157	94,626,307	102,594,289	106,372,002
Social charges paid during the year	41,898,868	43,373,183	46,070,049	53,986,160	58,556,427

20.4 Reports of the Statutory Auditors for 2009

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 shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended 31 December 2009

Statutory Auditor's Report on the annual financial statements

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 2009, on:

- the audit of the accompanying annual financial statements of Dassault Systèmes, S.A.
- the justification of our assessments,
- the specific verifications and information required by French law.

These annual 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 2009 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 2.6 to the financial statements summarizes the accounting principles and methods relating to the recognition of revenue from software sales, mainly composed of fees received under the distribution agreement with IBM.
- 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.

In our assessment of the applicable accounting rules and principles adopted by your company, we checked the appropriateness of the above-mentioned accounting principles and the information disclosed in the financial statements.

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 favor, 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 and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, 29 March 2010

The Statutory Auditors

PricewaterhouseCoopers Audit
(French original signed by:)

Xavier Cauchois

Ernst & Young Audit
(French original signed by:)

Jean-François Ginies

20.4.2 Report of the Statutory Auditors on the consolidated financial statements

Statutory auditors’ report on the consolidated financial statements

For the year ended 31 December 2009

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.

Dassault Systèmes S.A.

Statutory auditors’ report on the consolidated financial statements

For the year ended 31 december 2009

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 2009, 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 2009 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 software revenue including for the royalties received from IBM and the sales made with direct customers or through value-added resellers.

- 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 29 March 2010

The statutory auditors

PricewaterhouseCoopers Audit	Ernst and Young
Xavier Cauchois	Jean-François Ginies

20.4.3 Special report of the Statutory Auditors regarding related-party transactions

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
S.A. au capital de €2.510.460

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG Audit
Faubourg de l'Arche
11, allée de l'Arche
92037 Paris-La Défense Cedex
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

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.

Year ended 31 December 2009

Statutory Auditors' Report on Related Party Agreements and Commitments

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are not required to ascertain the existence of any such agreements and commitments but to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us. We are not required to comment as to whether they are beneficial or appropriate. 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.

No agreements or commitments

We hereby inform you that we have not been advised of any agreements or commitments concluded in the course of the year which are covered by article L. 225-38 of the French commercial code (*Code de Commerce*).

Agreements and commitments authorized during the year and which were the subject of a Statutory Auditors' Report on Related Party Agreements and Commitments presented to the shareholders' meeting on 9 June 2009 and approved by the latter

1. With Mr Bernard Charlès

a. Indemnity in the event of the removal of Mr Bernard Charlès from corporate office

Nature, purpose and conditions

At its meeting on 23 September 2003, the Board of Directors had authorized the decision to grant Mr Bernard Charlès an indemnity in the event of his removal from corporate office or in the event of the termination of his employment contract. Moreover, given the suspension of his employment contract (reported in the agreement described below), Mr Bernard Charlès made the decision to waive his termination indemnity in respect of his employment contract.

In accordance with the TEPA Act (French law for work, employment and purchasing power) of 21 August 2007, which requires that the indemnity due in the event of removal from corporate office be conditional on performance targets being met by the beneficiary, the Board of Directors, at its meeting of 28 March 2008, authorized a commitment by your company to pay Mr Bernard Charlès an indemnity in the event of his removal from office as *directeur general* (General Manager) subject to the condition of meeting performance targets established for the calculation of his variable remuneration. Your shareholders' meeting on 22 May 2008 had approved this agreement.

At its meeting of 27 March 2009 the Board of Directors specified and restricted the conditions under which this indemnity would be due, taking into account the recommendations of the remuneration committee in accordance with the recommendations that are part of 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 pro-rated 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 an imposed departure (*départ contraint*) within the following twelve months. It could also be paid in a scenario of an imposed departure (*départ contraint*) 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.

However, 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.

Agreements and commitments authorized in prior years and which remained current during the year

However, in accordance with the French commercial code (*Code de Commerce*), we have been advised that the following agreements and commitments which were approved in prior years remained current during the year.

1. With Mr Bernard Charlès

a. Suspension of the employment contract

Nature, purpose and conditions

Mr Bernard Charlès combined the functions of *directeur général* of your company with an employment contract as innovation director. Since Mr Bernard Charlès can no longer devote sufficient time to the proper exercise of his salaried position of innovation director, in its meeting of 28 March 2008, the Board of Directors authorized the suspension of Mr Bernard Charlès' employment contract for so long as the latter performs his corporate office, retroactively to 1 January 2008. Your shareholders' Meeting on 28 May 2008 approved this agreement. The Board of Directors, at its meeting on 26 March 2010, took note of Bernard Charlès' resignation as innovation director.

b. Amendment to the directeur général's employment contract

Nature, purpose and conditions

In its meeting on 23 September 2003, the Board of Directors authorized the conclusion of an amendment to Mr Bernard Charlès' employment contract, notably for the purpose of providing for a fixed indemnity equivalent to twenty-four months of the last gross annual remuneration he would have received in respect of his employment contract, in the event of dismissal for any reason other than serious or willful misconduct.

It is to be noted that Mr Bernard Charlès has decided to waive his termination indemnity with respect to his employment contract given the suspension of his employment contract.

2. With Dassault Systemes Americas Corp. (formerly Enovia 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 Enovia Corp. This agreement was authorized by the Board of Directors in 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 (formerly AIG Europe)

Nature and purpose

"Senior executive liability" insurance policy

Conditions

A "senior executive liability" insurance policy was taken out with AIG Europe and authorized by the Board of Directors in 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 €141,971.11 exclusive of taxes.

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.

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.

Neuilly-sur-Seine et Paris-La Défense, 29 March 2010

The Statutory Auditors

PricewaterhouseCoopers Audit	Ernst & Young Audit
French original signed by	*French original signed by*
Xavier Cauchois	Jean-François Ginies

20.5 Date of the Last Financial Statements

December 31, 2009.

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 below for a description of the Company's dividend distribution policy for the past four financial years.

20.8 Legal and Arbitration Proceedings

The Company is involved in litigation from time to time in the ordinary course of business. To the Company's knowledge, there is no outstanding or threatened proceeding, litigation or arbitration which is likely to have, or which has had in the twelve months preceding the publication of this annual report, a material effect 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, alleges, 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. A proposed settlement on behalf of the issuers in the coordinated litigation was approved by most of the issuer defendants, including MatrixOne, Inc., and was preliminarily approved by the trial court in September 2005. However, in light of a New York federal appeals court ruling in December 2006, which held that six focus cases involving allegations substantially similar to those asserted against MatrixOne, Inc., could not be certified as class actions, the proposed settlement between the plaintiffs and the issuers, including MatrixOne, Inc., was terminated on June 25, 2007. The plaintiffs have since filed amended complaints in the six focus cases, which the issuer and underwriter defendants separately moved to dismiss. On March 26, 2008, the court issued an order in which it denied in substantial part the motions to dismiss the amended complaints in the six focus cases. In February 2009, the parties reached an agreement-in-principle to settle the litigation in its entirety. A stipulation of settlement was filed with the District Court on April 2, 2009. On June 9, 2009, the District Court preliminarily approved the proposed global settlement. Notice was provided to the class, and a settlement fairness hearing, at which members of the class had an opportunity to object to the proposed settlement, was held on September 10, 2009. On October 6, 2009, the District Court issued an order granting final approval to the settlement. Several objectors have since appealed the order approving the settlement, and those appeals remain pending. MatrixOne is continuing to actively defend its interests in this litigation.

While we cannot guarantee the outcome of these proceedings, the Company believes that the final result of this lawsuit will have no material effect on its consolidated financial condition, results of operations, or cash flows.

20.9 Significant Change in the Issuer's Financial or Trading Position since December 31, 2009

Except for the information set forth in Section 5.1.5 "History of the Company – 2009", Chapter 10 "Capital Resources", Chapter 12 "Trend Information", Chapter 13 "Profit Forecasts or Estimates" and in Section 21.1.4 regarding share repurchases, there has been no significant change in the financial or trading position of the Company since December 31, 2009.

CHAPTER 21 – ADDITIONAL INFORMATION

21.1 Share Capital

21.1.1 Share capital at February 28, 2010

At February 28, 2010, the Company's share capital was €118,426,012, divided into 118,426,012 fully paid-up shares with a nominal value of €1.00 per share. The Company's share capital was €118,367,641 on December 31, 2009.

At February 28, 2010, issued share options, whether or not exercisable, would, if all were exercised, result in the issuance of 14,541,135 new shares, representing approximately 12.28% 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 Friday, February 26, 2010 (€42.30 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 8,089,433 new shares, representing approximately 6.83% of the Company's share capital at that date. The dilutive effect per share at December 31, 2009, is set forth in Note 11 to the consolidated financial statements.

In connection with the acquisition of SolidWorks in 1997, Dassault Systèmes issued shares for the purpose of distribution to the holder 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 Group, SW Securities LLC. No further stock options or warrants for DS shares issued by SolidWorks remain outstanding at this time. At December 31, 2009, as at February 28, 2010, SW Securities LLC held 251,807 shares, or approximately 0.21% of the Company's share capital at these dates. 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 Section 17.2 "Shareholdings and Stock Options of the Directors and Executive Officers", 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 has not issued any securities which do not represent an interest in its share capital.

Pledges of assets

At December 31, 2009, 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, 1,250 shares of Dassault Systèmes in registered form were pledged as of March 15, 2010. Shares held by DS 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 DS 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)
December 31, 2006	Exercise of share subscription options	1	115,770,290	115,770,290	731,912
December 31, 2007	Exercise of share subscription options	1	117,604,553	117,604,553	1,834,263
February 29, 2008	Exercise of share subscription options	1	117,645,813	117,645,813	41,260
August 29, 2008	Exercise of share subscription options	1	119,011,171	119,011,171	1,365,358
September 25, 2008	Share capital reduction through cancellation of treasury shares	1	118,349,185	118,349,185	(661,986)
December 31, 2008	Exercise of share subscription options	1	118,862,326	118,862,326	513,141
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

The changes in share capital resulting from the operations through December 31, 2009, 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 summary of delegations and authorizations granted by the general meeting of shareholders to the Board of Directors and with effect during the 2009 financial year and as of the date of this Annual Report includes authorizations to increase share capital and to purchase and cancel the Company's own shares.

Summary of delegations	General Meeting	Use
Authorization to purchase Dassault Systèmes' shares	June 9, 2009	The use of this authorization is described in paragraph 21.1.4 of this document
Authorization to cancel previously repurchased shares in the framework of the share buy-back program	June 9, 2009	The use of this authorization is described in paragraph 21.1.4 of this document
Delegation to increase share capital, with or without preemptive rights, or through the incorporation of reserves, profit or premiums, by a maximum nominal amount of €15 million, and to issue debt securities giving access to share capital up to a maximum nominal amount of €750 million	June 9, 2009	Not used
Delegation 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 above paragraph	June 9, 2009	Not used
Delegation to increase share capital for the purpose of compensating contributions in kind within the limit of 10% of share capital	June 9, 2009	Not used
Delegation to increase share capital for the benefit of members of a corporate savings plan (*plan d'épargne d'entreprise*) of Dassault Systèmes SA and its related companies, up to a limit of €10 million nominal amount	June 9, 2009	Not used
Authorization to grant free shares, within the limit of 1% of capital	June, 6 2007	The use of this authorization is described in paragraph 15.1 of this document
Authorization to grant stock subscription or purchase options	May 22, 2008	The use of this authorization is described in paragraphs 15.1 and 17.2 of this document

Because the authorization given by the General Shareholders' Meeting on June 6, 2007, to grant free shares to employees or officers will expire on August 6, 2010, the Board recommends that the General Shareholders' Meeting scheduled for May 27, 2010, renew the authorization for the same period of 38 months and under the same conditions. The renewal also would increase the maximum number of free shares which may be granted from 1.0% of the Company's share capital to 1.5%.

The Board also recommends that the General Shareholders' Meeting renew on an anticipated basis the authorization to grant share subscription or purchase options, which will expire on July 22, 2011, to align its period of effectiveness with the authorization to grant free shares noted above (see also Section 26.2 of this annual report).

In addition, in accordance with the law, the general meeting of shareholders will be asked to authorize the Board of Directors to carry out capital increases reserved for the employees of the Company or its affiliates and members of corporate savings plans, up to a maximum nominal amount of €10 million.

21.1.4 Company shares

a) Use of the share repurchase authorizations granted by the shareholders in May 2008 and June 2009

In connection with the terms of article L. 225-209 of the French Commercial Code, the general meeting of shareholders of May 22, 2008, 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 June 9, 2009, 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 €50. This authorization will expire at the end of the shareholders meeting approving the financial statements for the year ended December 31, 2009, on May 27, 2010.

The new share repurchase program to be proposed to the general meeting of shareholders on May 27, 2010, is described in paragraph b) below.

During the year 2009, in connection with the above authorizations, the Company did not repurchase any of its own shares and undertook the following actions with respect to shares previously repurchased:

- in March 2009, 1,000,000 shares, which had been allocated for cancellation were cancelled through a reduction of share capital,
- in June 2009, 150,000 shares, which had been allocated to cover the Company's obligations resulting from free share grants decided in 2007 were transferred to the beneficiary (see paragraph 15.1 above).

Following these transactions, on December 31, 2009, the Company held directly 150,000 of its own shares, nominal value €1, which had been repurchased at an average price of €37.52, representing 0.12% of share capital at that date, and which were allocated to cover the Company's obligations resulting from free share grants.

Finally, on January 7, 2010, the Company purchased 37,222 of its shares at an average price of €41.36, representing a total cost of €1,539,501.92, which were entirely allocated to cover the Company's obligations resulting from free share grants.

The transaction costs paid by the Company in connection with these share repurchases amounted to €1,841.24 (all taxes included).

As a result, on March 26, 2010, the Company held directly 187,222 of its shares.

During the financial year 2009 and the period from January 1 to March 26, 2010, 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.

b) Description of the share repurchase program proposed to the General Meeting of Shareholders on May 27, 2010

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 May 27, 2010.

In connection with the terms of article L. 225-209 of the French Commercial Code, the Board of Directors will propose to the general meeting of shareholder scheduled for June 9, 2009, to authorize the Board to put in place a new share repurchase program. Such authorization will terminate the current share repurchase program.

On March 26, 2010, the Company held 187,222 of its own shares directly and 251,807 shares indirectly.

At that same date, all of the 187,222 shares held following share repurchases carried out by Dassault Systèmes SA were allocated to cover the Company's obligations resulting from free share grants decided in 2008 and 2009.

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 free 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 May 27, 2010, 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 DS shares representing up to 10% of the Company's share capital at the date of the shareholders' meeting authorizing the program. At February 28, 2010, the most recent date for determining the corporate capital, this 10% limit would correspond to a limit of 11,842,601 shares.

The Board of Directors could also repurchase shares for a maximum price of €60 per share, and within the limits set by applicable regulations. The maximum amount which could be paid for the repurchase of DS shares would be €500 million.

The authorization granted would be valid until the general meeting of shareholders approving the financial statements for the year ended December 31, 2010.

21.2 Memorandum and Articles of Association

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 sell services to users specifically in the area of training, demonstration, methodology, display and utilization;
- to supply and sell computer resources, together or separate from software or services; and

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.

The purposes of Dassault Systèmes SA also include:

- the creation, acquisition, rental and management lease of any on-going business, signing leases, and the establishment and operation of any facilities;
- the acquisition, operation or sale of any intellectual or industrial property rights, as well as any knowhow in the field of computers; and
- more generally, taking an interest in any business or company created or to be created, as well as carrying out any legal, economic, financial, industrial, civil, commercial, personal or real property transaction connected directly or indirectly, in whole or in part, with the purposes above or any similar or related purposes.

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 and 37 of the Company's by-laws; see also paragraph 21.2.9 below). 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 30 of the Company's by-laws; see also paragraph 21.2.5 below). Shares issued upon the exercise of share subscription options between January 1 and the date of payment of the dividend distributed for the preceding year are not entitled to receive such dividend.

The agreements 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 32 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 33 of the Company's by-laws).

21.2.5 Shareholder meetings

Notice

Under Article 26 of the 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.

Admission to shareholder meetings

Under Article 28 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 at least three days before the date of the shareholder meeting, or it will not be taken into consideration.

A shareholder can only have himself represented by his spouse or by another shareholder provided with a mandate. Shareholders who are legal persons will be represented by the physical persons authorized to represent them to third parties or by any person to whom such physical person has delegated his authority. The physical person representing the legal person is not required to be himself a shareholder of the Company.

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 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 (Article 30 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 role call or secret ballot, by optical or electronic means, as decided by the secretariat of the meeting with 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.

Double voting rights (Article 30 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 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 shares newly 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 DS 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 above) and the obligation to declare when holdings exceed 2.5% (see Section 21.2.7 below), 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 Commercial Code, 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 five 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 Commercial Code. 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 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.

The General Meeting of shareholders scheduled for May 27, 2010, will be asked to approve a modification to Article 13 of the Company's by-laws to take into account the modifications resulting from *Ordonnance* 2009-105 of January 30, 2009, and the decree for its application 2009-557 of May 19, 2009, in connection with passing share ownership thresholds by aligning the period for notification of passing such share ownership thresholds with the period established by law of four trading days (see also Section 26.1 “Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting of May 27, 2010”).

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 35 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 37 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.

21.3 Market Information

Shares of Dassault Systèmes have been listed on Compartiment A of Euronext Paris (ISIN Code FR0000130650) since June 28, 1996. Its shares were also listed on the NASDAQ Stock Market's Global Market ("NASDAQ") in the form of American Depositary Shares ("ADSs") under the symbol DASTY until October 16, 2008. One ADS represents one ordinary share (see Section 18.1 "Shareholder Base").

Shares issued upon the exercise of share subscription option between January 1 and the date of payment of the dividend distributed with respect to the preceding year do not receive the dividend. These shares are listed on a second line on Euronext Paris under the symbol DSYNV until the date the dividend is paid.

MARKET PRICE (IN EUROS) AND TRADING VOLUMES OF DASSAULT SYSTÈMES SHARES FROM SEPTEMBER 1, 2008

	Number of shares traded	Last trading price of the month	Highest market price during the month	Lowest market price during the month
September 2008	10,137,640	37.63	42.97	36.07
October 2008	14,907,472	32.33	38.59	27.95
November 2008	11,568,051	30.39	35.12	24.50
December 2008	6,683,384	32.33	32.49	28.33
January 2009	9,624,109	29.61	34.05	25.60
February 2009	5,733,774	27.64	32.10	26.63
March 2009	6,082,009	29.26	29.73	25.00
April 2009	7,358,747	31.20	31.46	27.93
May 2009	5,321,089	31.53	32.50	29.47
June 2009	6,224,585	31.46	33.62	30.67
July 2009	6,358,444	35.10	35.21	29.07
August 2009	3,216,689	35.65	36.56	33.62
September 2009	5,164,558	38.09	39.94	34.61
October 2009	5,237,847	39.32	41.73	36.83
November 2009	3,382,446	38.32	39.71	37.58
December 2009	3,177,669	39.75	40.16	36.51
January 2010	3,122,267	41.69	43.33	39.82
February 2010	4,159,024	42.30	42.52	38.68
March 2010	5,200,919	43.80	44.71	42.64

(Source: Bloomberg)

CHAPTER 22 – MATERIAL CONTRACTS

Other than contracts entered into in the ordinary course of business, the Group's material contracts are principally the distribution agreements with its value-added resellers, as described in Section 6.2.4 "Sales and marketing" of this Annual Report, and the strategic partnership contracts described in Section 6.2.3 "Extended enterprise partnerships". The Group's distribution agreement with IBM was modified to take account of the acquisition IBM PLM. See Section 5.1.5 "History of the Company – 2009" and Section 6.2.4 "Sales and Marketing".

DS has also entered into related party agreements described in Chapter 19 "Related Party Transactions" of this Annual Report.

In addition, the Company established a credit agreement in 2005, which terminates at the end of 2012, for a total amount of €200 million, as described in Chapter 10 "Capital Resources".

Finally, in 2008 DS signed a long-term lease (for 12 full, consecutive years) for its corporate headquarters campus in Vélizy-Villacoublay, France, as described under Section 9.6 "Tabular Disclosure of Contractual Obligations" of this Annual Report.

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' 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 consulted 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 2010 is set forth below. The timetable is based on information known as of the date hereof.

- First quarter results: April 29, 2010
- Second quarter results: July 29, 2010
- Third quarter results: October 28, 2010
- Fourth quarter results: February 2011

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 DS 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 2009

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.

A. 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.com) and/or on the website of the Company (www.3ds.com).

01/09/2009	Declaration of the number of outstanding shares and voting rights as of December 31, 2008
01/16/2009	Dassault Systèmes Releases Preliminary Non-GAAP Financial Results for the 2008 Fourth Quarter and Full Year
02/09/2009	Declaration of the number of outstanding shares and voting rights as of January 30, 2009
02/11/2009	DS Reports Growth in Revenue and Earnings for 2008
03/09/2009	Declaration of the number of outstanding shares and voting rights as of February 28, 2009
04/01/2009	Publication of the Board of Directors' decision pursuant to the French "TEPA" law
04/03/2009	Filing of the Annual Report 2008 – *Document de référence*
04/06/2009	Dassault Systèmes schedules first quarter results webcast and conference call for April 30, 2009
04/10/2009	Declaration of the number of outstanding shares and voting rights as of March 31, 2009
04/16/2009	DS Releases Preliminary First Quarter 2009 Financial Results
04/30/2009	DS Reports First Quarter 2009 Financial Results In Line With Preliminary Annoucement
05/11/2009	Information relating to the General Shareholders' Meeting of Dassault Systèmes to be held on June 9, 2009
05/11/2009	Declaration of the number of outstanding shares and voting rights as of April 30, 2009
06/10/2009	Declaration of the number of outstanding shares and voting rights as of May 31, 2009
06/12/2009	Dassault Systèmes – General Meeting of Shareholders of June 9, 2009 (dividend distribution)
07/30/2009	DS Reports Second Quarter 2009 Financial Results At High End of Company Objectives
08/05/2009	Half-year 2009 financial report
08/05/2009	Availability of Dassault Systèmes' 2009 Half-Year Financial Report (IFRS half-year consolidated accounts)
08/05/2009	Declaration of the number of outstanding shares and voting rights as of July 31, 2009
09/11/2009	Declaration of the number of outstanding shares and voting rights as of August 31, 2009
10/07/2009	Declaration of the number of outstanding shares and voting rights as of September 30, 2009
10/29/2009	DS Reports Third Quarter EPS and Operating Margin Above Company Objectives
11/09/2009	Declaration of the number of outstanding shares and voting rights as of October 31, 2009
12/02/2009	Remuneration elements of the Executive Officers ("Dirigeants mandataires sociaux")
12/07/2009	Declaration of the number of outstanding shares and voting rights as of November 30, 2009
01/08/2010	Declaration of the number of outstanding shares and voting rights as of December 31, 2009
01/13/2010	Disclosure of trading in own shares
02/08/2010	Declaration of the number of outstanding shares and voting rights as of January 31, 2010
02/11/2010	DS reports 2009 Fourth Quarter Results with operating margin expansion and earnings growth
03/08/2010	Declaration of the number of outstanding shares and voting rights as of February 28, 2010

NB.: Transactions in the Company's shares by the directors and executive officers of the Company are set forth in Section 15.2 "Transactions in the Company's Shares by the Management of the Company".

B. Documents filed with the Clerk's Office.

The following information is available on the web site of Infogreffe (www.infogreffe.fr).

Filing date	Documents
03/27/2009	Extract from the minutes of the Board of Directors meeting on March 27, 2009, regarding a capital increase followed by a reduction in corporate capital
03/27/2009	By-laws (*statuts*) as of March 27, 2009
06/09/2009	Extract from the minutes of the Shareholders' meeting on June 9, 2009, regarding a modification of the article 14 of the by-laws
06/09/2009	By-laws (*statuts*) as of June 9, 2009
06/09/2009	Extract from the minutes of the Shareholders' meeting on June, 2009, regarding the replacement of the deputy statutory auditor

C. 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).

04/08/2009	Announcement of the shareholders' meeting on June 9, 2009
05/11/2009	Announcement convening the shareholders' meeting on June 9, 2009
07/01/2009	Announcement regarding the definitive annual accounts 2009 (including the statutory auditors certificate and the preliminary annual financial statements approved by the shareholders' meeting on June 9, 2009 without any change) filed with the AMF, in the Annual Report 2008 under nº 09-0184

The following information was published in journals for legal announcements.

04/08/2009	Announcement of a shareholders' meeting on June 9, 2009, in La Tribune
05/12/2009	Announcement convening a shareholders' meeting on June 9, 2009, in Les Petites Affiches de Seine et Oise

D. 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).

03/12/2009	IBM and Dassault Systèmes Help European Automaker Create Digital Design Infrastructure to Speed Up Delivery of Fuel Efficient Cars
03/17/2009	Great Wall Motor Drives New Era of Eco-Design with Dassault Systèmes PLM Solutions
06/29/2009	Renault Chooses Dassault Systèmes Full V6 PLM to Improve the Company's Productivity and Product Quality
10/26/2009	Dassault Systèmes and IBM Announce Intent to Integrate IBM PLM Sales Operation into DS
02/11/2010	Dassault Systemes Provides P&G with Technology to Simplify and Optimize the Packaging and Artwork Process
03/03/2010	MEYER WERFT Selects Dassault Systèmes V6 Solution and IBM to Implement Next Generation Shipbuilding PLM
03/09/2010	Dassault Systemes and Leading German Automaker sign Strategic Five-Year Agreement for Sustainable Innovation
03/30/2010	Leading Apparel Company VF Corporation Selects Dassault Systemes' PLM Solutions
04/01/2010	Dassault Systemes and IBM Announce Completed Transaction and Integration of IBM PLM Sales Operation into DS

CHAPTER 25 – INFORMATION ON HOLDINGS

Other than Dassault Systèmes SolidWorks Corp. (a U.S. company whose headquarters are located at 300 Baker Avenue, Concord, MA 01742, USA, 100% held indirectly by the Company, and whose business focuses on Mainstream 3D), no other subsidiary or equity holding of Dassault Systèmes SA represents more than 10% of the Company's consolidated net income.

See Section 7.2 "Principal Subsidiaries of the Group" for other information on the Group'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 26 to the consolidated financial statements.

CHAPTER 26 – SHAREHOLDERS' MEETING

26.1 Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting of May 27, 2010

Parent company financial statements and allocation of the results

We invite you to approve the parent company financial statements of Dassault Systèmes SA for the financial year ended December 31, 2009, prepared on the basis of French accounting principles as they have been presented in Section 20.3 of this annual report.

Dassault Systèmes 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 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 €108,874,103.43[(1)] has been realized for the financial year ended December 31, 2009, which we invite you to allocate as follows in light of the fact that the legal reserve amounting to €11,886,232.64 and thus representing 10.04% of the corporate capital at December 31, 2009, is already provided for:

- for distribution to the 118,367,641shares constituting the share capital as of December 31, 2009, of a dividend of . . . €54,449,114.86
  (€0.46 × 118,367,641 shares)
- to be retained . . . €54,424,988.57
  Which, increased by the retained earning from the prior financial years (€1,009,358,314.18) causes the amount to be retained to . . . €1,063,783,302.75

(1) This profit, increased by the retained earnings from the prior financial years, results in a distributable profit amounting to €1,118,232,417.61.

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".

Should you accept this proposal, for individuals who are tax residents in France, the amount distributed to shareholders shall be wholly eligible at their option either to the rebate of 40% (as provided by Article 158-3-2° of the French Tax code), or to the 18% levy at source (*prélèvement libératoire*) excluding social security charges (as provided by Article 117 quater of the French Tax code). Since January 1st, 2008 French Tax law provides for a withholding payment of social security charges due by individuals complying with the above conditions except where shares benefiting from a dividend payment are registered in a *Plan d'épargne en actions*.

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:

	2008	2007	2006
Dividend	€0.46	€0.46	€0.44
Number of shares eligible to dividends	118,862,326	117,604,553	115,770,290

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 2009 is €246,667, which resulted in a corporate tax of €84,927.

Approval of the consolidated financial statements

In addition to the 2009 parent company annual financial statements, we invite you to approve the Company's consolidated financial statements for the financial year ended December 31, 2009 prepared in accordance with IFRS as set forth in Section 20.1 of this annual report.

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, 2009:

1) Insurance policy “directors and officers liability” entered into with insurance company AIG Europe (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, provided certain conditions are met, of 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 enquiry or an investigation conducted against Dassault Systèmes (decided at the Board meeting on September 23, 2003);

4) Decision to pay to Mr. Bernard Charlès an indemnity in case of departure. 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 (approved at the Board meeting on September 23, 2003, modified on March 28, 2008 pursuant to the French law “TEPA” of August 21, 2007 and on March 27, 2009, pursuant to the Code AFEP-MEDEF). See also Section 16.1 “Report on Corporate Governance and Internal Control”. Mr. Charlès's employment contract has been suspended for the period during which he holds his mandate as director (decided at the Board meeting on March 28, 2008). The Board of Directors, at its meeting on March 26, 2010, acknowledged the resignation of Mr. Bernard Charlès with respect to his employment contract as Director of Innovation.

The Statutory Auditors have prepared a special report pursuant to Article L. 225-40 of the French Code of commerce as set forth in Section 20.4.3 of this annual report.

Renewal of the mandates of three directors

In order to give effect to the staggering of director mandates recommended by the Code AFEP-MEDEF, Mr. Charles Edelstenne, Mr. Bernard Charlès and Mr. Thibault de Tersant have terminated their mandates in advance by resigning from the Board of Directors with effect during the General Shareholders' Meeting of May 27, 2010.

We propose that you renew their mandates for a period of four years as provided for under the Company's Articles of Association as amended by the General Shareholders' Meeting of June 9, 2009.

Set Directors' Fees

The General Shareholders' Meeting is asked to increase the maximum amount of Directors' fees from the current level of €250,000 to €275,000 for 2010 and subsequent years.

Appoint the Statutory Auditor, Ernst & Young et Autres, and renew the appointment of its Deputy Statutory Auditor, Auditex

Ernst & Young Audit was appointed Statutory Auditor on June 2, 1998 and its appointment was renewed on June 2, 2004. The appointment of Ernst & Young Audit will terminate at the General Shareholders' Meeting on May 27, 2010. We therefore propose that you appoint Ernst & Young et Autres, which belongs to the same network as Ernst & Young Audit, for a period of six years, until the General Shareholders' Meeting approving the financial statements for the financial year ending December 31, 2015. The appointment of its Deputy Statutory Auditor Auditex (which is a member of the Ernst & Young network) also terminates this year. We propose that you renew the appointment for the same period.

The amount of fees paid to Ernst & Young Audit are set forth in Chapter 2 of this annual report.

Authorization to repurchase shares of the Company

The authorization to repurchase shares of the Company granted to the Board of Directors in 2009 will expire at the General Shareholders' Meeting of May 27, 2010 approving the financial statements for the financial year ended December 31, 2009. Pursuant to this authorization, share repurchases have been made in January 2010, as described in paragraph 21.1.4 of this annual report. 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, 2010.

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, 2010, for a maximum purchase price of €60 per share and within the limits provided by the applicable rules. The maximum amount of funds dedicated to repurchase of 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 below,

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 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 allocations 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 directors (*mandataires sociaux*) 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 of this annual report, where all relevant information is presented.

In view of the cancellation of the shares repurchased, 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. No use was made of the authorization to cancel repurchased shares granted by the General Shareholders’ Meeting of June 9, 2009.

Amendment of the Articles of Association

We propose that the Articles of Association of Dassault Systèmes be amended to increase the maximum age of the Chairman of the Board of Directors to 80 years old.

In addition, to avoid the need to frequently modify the terms of the Articles of Association related to passing specified thresholds of share ownership to keep up with changes in the relevant legislation, we propose to delete the paragraphs related to ownership of more than the levels of share capital which are provided for under law and thus apply to Dassault Systèmes, for which the regulations are set forth in the Code of Commerce. With respect to the levels specified by our Articles of Association, we propose to align the period required for declaration to the Company of ownership exceeding such thresholds on four trading days in conformity with the period for declarations now applicable to ownership interests exceeding the thresholds established by law.

Free share grants

The authorization given by the General Shareholders’ Meeting on June 6, 2007, to the Board of Directors to make free share grants to employees or officers will expire on August 6, 2010. We propose that you renew this authorization.

Free share grants made on the basis of this authorization may not give right to a total number of share exceeding 1.5% of the Company’s share capital on the date of the General Shareholders’ Meeting on May 27, 2010. The preceding authorization set a maximum of 1.0% of the Company’s share capital.

Information relevant to the use by the Board of Directors of the authorization given in 2007 by the General Shareholders’ Meeting is set forth in Chapter 15 “Remuneration and Benefits” and Section 16.1 “Report on Corporate Governance and Internal Control”.

The authorization would be given for a period of 38 months and would replace the preceding authorization of this nature given by the General Shareholders’ Meeting of June 6, 2007.

Share subscription or purchase options

The authorization given by the General Shareholders' Meeting to the Board of Directors on May 22, 2008, to grant share subscription or purchase options will expire on July 22, 2011. Nevertheless, to harmonize the calendar for authorizing grants of (i) free shares (which expires this year as indicated above) and (ii) share subscription or purchase options, and, because the Board of Directors believes that granting share subscription or purchase options to the Group's officers and employees continues to be an appropriate means for encouraging their interest in the Company's results of operations and developing their loyalty, we propose that you renew the Board's authorization to grant share subscription or purchase options.

The authorization would be given for a period of 38 months, and options granted but not yet exercised may not give the right to subscribe or purchase shares representing more than 15% of the Company's share capital (the preceding authorization allowed up to 20% of the Company's share capital). Information relevant to the use by the Board of Directors of the authorization given in 2008 by the General Shareholders' Meeting, as well as an all the Company's option plans, is set forth in Section 17.2 "Shareholdings and Stock Options of the Directors and Executive Officers" and in Chapter 15 "Remuneration and Benefits" and Section 16.1 "Report on Corporate Governance and Internal Control".

The Company's Board of Directors has used the authorization given by the General Shareholders' Meeting in 2008 to grant share subscription options but has not granted any share purchase options.

In compliance with the Code AFEP-MEDEF, share subscription or purchase options granted to officers will be granted without a price discount and will be dependent on meeting performance conditions.

This authorization would terminate the effectiveness of any unused portion of any authorization previously granted to the Board of Directors to grant share subscription or purchase options and, in particular, the authorization given by the General Shareholders' Meeting of May 22, 2008.

According to French law, we invite you to permit the Board of Directors to increase share capital reserved for the benefit of employees of Dassault Systèmes SA and its related companies who are members of a *plan d'épargne d'entreprise*. The maximum nominal amount of such capital increases would be €10 million based on the issuance of new shares or securities giving a right to the Company's share capital. This new delegation will cancel and replace the authorization granted by the General Shareholders' Meeting of June 9, 2009.

You will find all complementary information on the proposed resolutions in the draft resolutions submitted to you.

26.2 Draft Resolutions Proposed by the Board of Directors to the General Meeting of Shareholders on May 27, 2010

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, 2009, 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 €246,667 and results in a corporate income tax of €84,927.

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 Group 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, 2009, 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 €108,874,103.43(1) as follows, in light of the fact that the legal reserve amounting to €11,886,232.64 and thus representing 10.04% of the corporate capital at December 31, 2009, is already provided for:

- for distribution to the 118,367,641 shares constituting the share capital as of December 31, 2009, of a dividend of €54,449,114.86
  (€0.46 × 118,367,641 shares)
- to be retained €54,424,988.57
  Which, increased by the retained earning from the prior financial years (€1,009,358,314.18) brings the amount to be retained to €1,063,783,302.75

(1) This profit, increased by the retained earnings from the prior financial years (€1,009,358,314.18) results in a distributable profit amounting to €1,118,232,417.61.

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".

For individuals who are tax residents in France, the amount distributed to shareholders shall be wholly eligible at their option either to the rebate of 40% (as provided by Article 158-3-2° of the French Tax code), or to the 18% levy at source (*prélèvement libératoire*) excluding social security charges (as provided by Article 117 quater of the French Tax code). Since January 1, 2008 French Tax law provides for a withholding payment of social security charges due by individuals complying with the above conditions, except where shares benefiting from a dividend payment are registered in a *Plan d'épargne en actions*.

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:

	2008	2007	2006
Dividend	€0.46	€0.46	€0.44
Number of shares eligible to dividends	118,862,326	117,604,553	115,770,290

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, 2009, and approves the continuation of the agreements previously approved and which continued during the financial year ended December 31, 2009.

FIFTH RESOLUTION

Renewal of the mandate of a director

The General Meeting acknowledges the resignation of Mr. Charles Edelstenne and renews his mandate 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, 2013.

SIXTH RESOLUTION

Renewal of the mandate of a director

The General Meeting acknowledges the resignation of Mr. Bernard Charlès and renews his mandate 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, 2013.

SEVENTH RESOLUTION

Renewal of the mandate of a director

The General Meeting acknowledges the resignation of Mr. Thibault de Tersant and renews his mandate 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, 2013.

EIGHTH RESOLUTION

Set Directors' Fees

The General Shareholders' Meeting sets the maximum amount of Directors' fees at €275,000 for the current year and subsequent years until otherwise decided at a General Shareholders' Meeting. The General Shareholders' Meeting gives all power to the Board of Directors to allocate the Directors' fees in the manner it determines.

NINTH RESOLUTION

Appointment of a Statutory Auditor

The General Meeting, after the reading of the report of the Board of Directors, decides to appoint Ernst & Young et Autres, located at 41, rue Ybry, 92576 Neuilly-sur-Seine, as Statutory Auditor for a period of six years until the General Meeting of Shareholders approving the financial statements for the financial year ending December 31, 2015.

Ernst & Young et Autres has already informed the Company that it accepts its appointment.

TENTH RESOLUTION

Renewal of the appointment of a Deputy Statutory Auditor

The General Meeting, after the reading of the report of the Board of Directors, decides to renew the appointment of Auditex, located at 11 allée de l'Arche – Faubourg de l'Arche – 92400 Courbevoie, as Deputy Statutory Auditor for a period of six years until the General Meeting of Shareholders approving the financial statements for the financial year ending December 31, 2015.

Auditex has already informed the Company that it accepts the renewal of its appointment.

ELEVENTH RESOLUTION

Authorization to repurchase shares of the Company

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 the Company 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 twelfth 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 allocations 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 though 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.

The Company may not purchase shares at a unit price which exceeds €60 (excluding acquisition costs), and in any case 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, 2010.

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 June 9, 2009, in its eighth resolution.

EXTRAORDINARY GENERAL MEETING

TWELFTH 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, 2010.

THIRTEENTH RESOLUTION

Modification of Article 16.1 of the by-laws

The General Meeting, after review of the report of the Board of Directors, modifies Article 16.1 of the by-laws of the Company which henceforth will provide as follows:

"From among its individual members, the Board of Directors shall elect a Chairman and set his term of office, which term may not exceed his term of office as Director.

The Chairman may not be more than eighty years of age. Should he pass that age, he shall be considered to have resigned automatically.

In the case of a temporary incapacity or death of the Chairman, the Board of Directors may appoint a Director to assume the role of Chairman. Should the Chairman be temporarily incapacitated, this appointment is given for a limited duration and is renewable. In the case of the death of the Chairman, this appointment shall last until the election of a new Chairman."

FOURTEENTH RESOLUTION

Modification of Article 13 of the by-laws

The General Meeting, after review of the report of the Board of Directors, modifies Article 13 of the by-laws of the Company as follows:

All of the paragraphs of Article 13.4 of the by-laws are deleted.

Article 13.5 of the by-laws becomes Article 13.4 and henceforth will provide as follows:

"In addition to the legal obligation to inform the Company of the upward or downward crossing of the thresholds of capital or voting rights in accordance with the conditions set forth in Articles L. 233-7 et seq. of the Code of commerce, any individual or legal entity who, directly or indirectly, acting alone or in concert with others, acquires ownership of securities representing at least 2.5% of the Company's share capital or voting rights must notify the Company, by registered letter with return receipt requested, of the total number of shares or voting rights that he holds within 4 trading days of such acquisition.

This declaration must be made, in the same manner, each time that a threshold of 2.5%, or any multiple of 2.5% up to and including 50%, of the Company's total share capital or voting rights is crossed.

The declaration mentioned above must also be made when the amount of share capital held falls below the thresholds set out above.

For each declaration, the declaring person must certify that the declaration made does indeed include all shares or voting rights held or possessed, pursuant to Article L. 233-7 of the Code of commerce. It must also indicate the date(s) of acquisition or transfer of its shares.

Failure to comply with this notification obligation may result in the suspension for up to two years of the voting rights attached to the shares exceeding the 2.5% threshold that should have been reported, if requested in the minutes of a shareholders meeting by one or more shareholders holding equity securities representing at least 2.5% of the Company's share capital or voting rights. The two-year suspension will begin to run upon rectification of the notification."

FIFTEENTH RESOLUTION

Authorization to the Board of Directors to make free grants of Company shares

The General Meeting, after review of the report of the Board of Directors and the special report of the Statutory Auditors:

1. authorizes the Board of Directors, in accordance with Articles L. 225-197-1 *et seq.* of the French Code of commerce, to grant, in one or several transactions, free shares of the Company, existing or to be issued, for the benefit of employees or certain categories of employees, determined amongst eligible employees and executive directors (*mandataires sociaux*) of the Company or its affiliates as defined by Article L. 225-197-2 of the French Code of commerce;

2. resolves that the Board of Directors will determine the identity of the beneficiaries of the grants as well as the conditions and, as the case may be, the criteria for the grants;

3. resolves that free share grants made under this authorization may not give rise to a total number of shares greater than 1.5% of the share capital of the Company at the date of this General Meeting, it being understood that this amount does not take into account possible adjustments which may be made pursuant to applicable legislative and regulatory provisions and, as the case may be, to contractual terms and conditions providing for other cases of adjustment, in order to preserve the rights of the holders of securities or other rights giving access to the share capital of the Company. Toward this end, the General Meeting authorizes, if need be, the Board of Directors to increase the share capital accordingly;

4. resolves (a) that the grant of shares to the beneficiaries will be final after the expiration of an acquisition period the duration of which will be determined by the Board of Directors, it being specified that such period may not be less than two years and (b) that the beneficiaries will be required to hold the aforementioned shares for a duration determined by the Board of Directors and which may not be less than two years as from the final grant of the shares. However, and without prejudice to the provisions set forth under the last paragraph of Article L. 225-197-1-II of the Code of commerce, the General Meeting authorizes the Board of Directors, in the event the acquisition period for all or part of one or several grants is at least equal to four years, to provide for a holding period of less than two years or to not provide a holding period for the said shares;

5. furthermore resolves that in the event of disability of the beneficiary, as defined under the second or third categories set out in Article L. 341-4 of the French Social Security code, the shares will be definitively granted to the beneficiary before the expiration of the remainder of the acquisition period. The said shares may be freely transferred from the date of their delivery;

6. this authorization includes, in favor of the beneficiaries of free share grants, a waiver by the shareholders of their preferential subscription right to the shares which may be issued pursuant to this resolution;

7. resolves that the Board of Directors shall have any and all powers, including the power of delegation subject to legal and regulatory terms, to implement this authorization under the conditions set forth above and within the limits authorized by the laws and regulations in effect, and, in particular, to determine the terms and conditions of each issuance pursuant to this authorization, to set the dates after which the new shares will give right to dividends, to take any measures, as may be decided by it, to protect the rights of the beneficiaries of the free share grants by making appropriate adjustments, to record the resulting capital increases, to amend the by-laws accordingly, and more generally, to carry out any formalities required for the issuances, the listing and the administration of shares issued under this resolution and take any measures which may be appropriate and required by applicable law and regulations;

8. resolves that this authorization shall be valid for a term of 38 months from the date of this Meeting;

9. resolves that this authorization shall replace and supersede the previous authorization of the same nature granted by the Combined General Meeting of Shareholders held on June 6, 2007 in its sixteenth resolution.

The Board of Directors will inform the General Meeting each year, in accordance with legal and statutory conditions, including in particular Article L. 225-197-4 of the French Code of commerce, of transactions completed within the framework of this resolution.

SIXTEENTH RESOLUTION

Authorization to the Board of Directors to grant stock subscription or purchase options

The General Meeting, after review of of the report of the Board of Directors and the special report of the Statutory Auditors:

1. authorizes the Board of Directors, in accordance with Articles L. 225-177*et seq.* of the French Code of commerce, to grant stock options giving right to subscribe new shares or purchase existing shares (the "OPTIONS 10") to all or certain employees or executive directors (*mandataires sociaux*) of the Company or its affiliates (as defined by Article L. 225-180 of the French Code of commerce), who individually hold less than 10% of the share capital of the Company (hereinafter, the "Beneficiaries");

2. resolves that this authorization shall be valid for a term of 38 months commencing from the date of this Meeting;

3. resolves that the maximum number of options which may be granted by the Board of Directors and which have not yet been exercised may not provide entitlement to subscribe or purchase a number of shares exceeding 15% of the share capital. This limit shall be assessed at the time of the grant of the options by the Board considering not only the new options thus offered but also those options which were previously granted and not yet exercised;

4. resolves that the list of persons granted OPTIONS 10 amongst the Beneficiaries and the number of options granted to each of them shall be freely determined by the Board of Directors;

5. acknowledges that, pursuant to the law, no stock subscription or purchase option may be granted during the black-out periods as defined by Article L. 225-177 of the French Code of commerce;

6. resolves that the subscription price of the new shares or the purchase price of the existing shares upon exercise of the options shall be determined by the Board of Directors on the day on which the options are granted and that (i) in the case of a grant of options to subscribe shares, this price may not be less than 80% of the average stock price during the twenty stock exchange trading sessions of Euronext Paris preceding the date when the options are granted and (ii) in the case of a grant of options to buy shares, this price may neither be less that the amount determined as in (i) above, nor less than the average stock price defined by Article L. 225-179 of the French Code of commerce;

   The option exercise price, as determined above, may only be modified if the Company carries out a financial or securities transaction of a kind described under Article L. 225-181 of the French Code of commerce. In such case, the Board of Directors shall proceed, in accordance with legal and regulatory conditions, with an adjustment of the price and number of shares to be purchased or subscribed, as the case may be, by the exercise of the options in order to take into account the impact of the transaction in question;

7. acknowledges that this authorization includes, in favour of the Beneficiaries of options to subscribe shares, the express waiver by the shareholders of their preferential subscription right to shares which will be issued over time by the exercise of the options;

8. grants all powers to the Board of Directors in order to determine the terms and conditions of the OPTIONS 10 and, in particular, to determine, without limitation the following:

   – the period for validity of the options, it being understood that the exercise of the options may not take place more than 10 years after their date of allocation,

   – the date(s) or periods of exercise of the options, it being understood that the Board of Directors may (a) move forward the dates or periods of exercise of the options, (b) maintain the exercisable nature of the options or (c) modify the dates or periods during which the shares arising from exercise of the options may not be transferred or put in bearer form,

   – any terms prohibiting immediate resale of all or part of shares arising from the exercise of the options, provided that the time limit during which the shares may not be sold may not exceed three years after the date of exercise of the option, without prejudice to the terms set forth under paragraph 4 of Article L. 225-185 of the Code of Commerce,

   – where appropriate, limit, suspend, restrain or prohibit the exercise of options or the transfer of shares or their being put into bearer form, with respect to shares acquired through the exercise of the options during certain periods or following certain events, and its decision may be applied to all or part of the options or shares or concern all or part of the Beneficiaries,

   – the date, even retroactively, at which the new shares arising from the exercise of the options will give right to dividends.

9. resolves that the Board of Directors shall have any and all powers, including the power of delegation, subject to legal terms, to record the capital increase up to the amount of the shares actually subscribed by the exercise of subscription options, amend the by-laws accordingly, and upon its sole discretion, if it deems appropriate, deduct the expenses resulting from the increase of capital from the amount of the premium relating to these transactions and deduct from this amount the amounts necessary to bring the legal reserve to one-tenth of the new share capital after each increase, and carry out any useful formalities required for the listing of the shares thus issued, all filings with the authorities and organizations and take any other measures which may be required;

10. resolves that this authorization shall render without effect, as of the date hereof, any unused portion of any prior authorization given to the Board of Directors to grant share subscription or purchase options and, in particular the authorization granted by the Combined General Meeting of shareholders of May 22, 2008.

SEVENTEENTH RESOLUTION

Delegation to the Board of Directors to increase the share capital for the benefit of members of a plan d'épargne

The General Meeting, after reviewing the report of the Board of Directors and the special report of the Statutory Auditors, in accordance with the provisions of Articles L. 3332-1 *et seq.* of the French Labour code, Article L. 225-138-1 and the first and second paragraphs of Article L. 225-129-6 of the French Code of commerce:

1. delegates to the Board of Directors its power to increase the share capital of the Company, in one or more transactions, upon its sole decision, in a nominal amount not exceeding €10 million, through the issue of new shares or other securities giving access to the share capital of the Company in the conditions set by the law, reserved to the employees of Dassault Systèmes and/or its affiliates as defined in Article L. 225-180 of the French Code of commerce and in accordance with Article L. 3344-1 of the French Labour code, who are members of a *plan d'épargne d'entreprise*;

2. resolves to waive the shareholders' preferential subscription rights to the new shares to be issued or other securities giving access to the share capital and to the securities to which the securities issued under this resolution will give a right in favour of the members of the plans defined in the preceding paragraph, and to give up any rights to the shares or other securities which may be granted pursuant to this resolution;

3. resolves that the maximum nominal amount which may be issued under this delegation will be deducted from the aggregate nominal maximum of €15 million referred to in the twelfth resolution of the Combined General Meeting of June 9, 2009;

4. resolves that the subscription price of the new shares shall be equal to 80% of the average stock price during the twenty stock exchange trading sessions of the regulated market of Euronext Paris preceding the date of the decision determining the opening date of subscriptions when the time period of non-availability as provided for in the *plan d'épargne* pursuant to Article L. 3332-25 of the French Labour code is less than ten years, and to 70% of this average when such time period of non-availability is equal to or greater than ten years. However, the General Meeting expressly authorizes the Board of Directors, if appropriate in its opinion, to reduce or eliminate the above-mentioned discounts, within the applicable legal and regulatory limits, in order to take into account, inter alia, the applicable local legal, accounting, tax and labor regimes;

5. resolves that the Board of Directors may also substitute all or part of the discount by granting free shares or other securities giving access to the share capital of the Company, existing or to be issued, the total benefit resulting from such grant and, as the case may be, from the above-mentioned discount, not exceeding the total benefit which the members of the *plan d'épargne* would have received if the discount had been 20% or 30%, depending on whether the period of non-availability as provided by the plan is equal to or greater than 10 years;

6. resolves that the Board of Directors may provide for, pursuant to Article L. 3332-21 of the French Labour code, grants of free shares or other securities giving access to the share capital of the Company, to be issued or already issued through an employer contribution, it being understood that their total monetary value, evaluated at the subscription price, may not exceed the legal or regulatory limits;

7. resolves that the characteristics of the other securities giving access to the share capital of the Company shall be determined by the Board of Directors in accordance with regulations;

8. resolves that the Board of Directors shall have any and all powers, including the power of delegation and sub-delegation, subject to legal and regulatory terms, subject to the limits and conditions set forth above, to determine all terms and conditions of the transactions, and in particular, to decide the amount to be issued, the issue price, the modalities of each issue; to decide and set the modalities for granting free shares or other securities giving access to the share capital, pursuant to the authorization given above; to set the dates for opening and closing of the subscriptions; to set the period granted to the subscribers for the payment of their securities, which shall not exceed three years; to set the date, with or without retroactive effect, after which the securities shall carry dividend rights; to request the listing of the securities wherever it will choose; to record the capital increase up to the amount of the shares actually subscribed; and to take all measures in order to duly carry out the capital increases; to perform all formalities resulting from the capital increases and amend the by-laws accordingly; and upon its sole discretion and if it considers it appropriate, to deduct the expenses resulting from these increases of capital from the amount of the premium relating to the capital increases and deduct from this amount the sums necessary to bring the legal reserve to one-tenth of the new share capital after each increase;

9. resolves that this delegation shall replace and supersede any previous delegation relating to the increase of share capital for the benefit members of a *plan d'épargne d'entreprise* and in particular the delegation granted by the Combined General Meeting of Shareholders on June 9, 2009 in its sixteenth resolution;

10. this delegation to the Board of Directors shall be valid for a term of 26 months from the date of this Meeting.

ORDINARY AND EXTRAORDINARY GENERAL MEETING

EIGHTEENTH 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.