3D Opens the Door to the World We Imagine

DASSAULT SYSTEMES

See what you mean

Profile

3D is a new universal language. The Dassault Systèmes (DS) vision is to provide solutions that allow creators, collaborators, and consumers to create, share, and experience in 3D. As the world leader in Product Lifecycle Management (PLM) software solutions powered by 3D, the company's applications and services enable businesses of all sizes in all industries around the world to digitally define and simulate products, as well as the processes and resources required to manufacture, maintain, and recycle those products and improve our environment.

Message from

The Chairman and the President

2006 in Review

2006 was a remarkable year for Dassault Systèmes. We delivered strong revenue and earnings, expanded our offering for global collaboration, integrated two major and strategic acquisitions, Abaqus and MatrixOne, and redesigned our 25-year strategic sales and marketing partnership with IBM.

Thanks to everyone's focus across DS on innovation and execution to serve our 100,000 customers in 11 industries, we reached an important leadership milestone with a 25% market share. Our market leadership reflects the confidence that our customers and partners have placed in us and our passion to invent new approaches to help them take advantage of the 3D virtual world as a vehicle for advancing innovation, global collaboration, and productivity.

Over the course of 2006, we dramatically transformed the company as we prepared to move to our next stage of growth based on a comprehensive PLM strategy including collaboration, business processes modeling and simulation, as well as with major advances in 3D For ALL and manufacturing automation. We are confident that our business initiatives are creating a stronger and more competitive DS – better positioned to capture the significant opportunities in our markets.

Charles Edelstenne
Chairman of
the Board of Directors

2006 Financial Performance*

We achieved all of our objectives for 2006, attaining our revenue and earnings growth objectives and meeting our profitability goals, demonstrating our ability to select the right acquisitions and to integrate them while achieving double-digit core revenue growth.

Non-GAAP revenue totaled €1.18 billion (US$1.48 billion), up 27% with software revenue up 26%, both in constant currencies. We targeted and achieved double-digit core revenue growth with non-GAAP revenue, excluding MatrixOne and Abaqus, up 12% in constant currencies for 2006.

Non-GAAP EPS growth was 15% for the year, exceeding our objective of 12% to 13%. Our non-GAAP operating margin at 26.9% was also well in line with our objective for 2006. Key to achieving this was containing dilution from the MatrixOne acquisition within our 1.5 point target, and generating growth and leverage from our operations to offset negative currency movements, particularly the Japanese yen.

Confirming Leadership and Increasing Market Share

Based upon the performances of our five brands, SolidWorks, CATIA, DELMIA, SIMULIA, and ENOVIA, we extended our leadership of the market, winning two additional points of share in 2006 and capturing over ten points of market share over the last five years.

DS is the leader of the overall 3D computer-aided design (CAD) market, which represented about 50% of the total

“We are redesigning our distribution channels and widening our market coverage in 3D and Product Lifecycle Management.”

PLM market. Both SolidWorks and CATIA turned in very good performances in their respective markets.

SolidWorks’ winning formula was again clearly evident in 2006, where non-GAAP revenues increased 22% in constant currencies. Its track record of double-digit revenue growth continues and looking to 2007 we expect it will deliver another year of strong performance. SolidWorks’ success starts with a great core product which continues to improve in productivity and ease of use and adds appealing packaging with analysis and data management; a dynamic and professional distribution channel; and the power of its network of customers around the world.

CATIA grew almost twice the estimated growth of the 3D CAD market, with strategic wins and increased penetration of the supply chain and target industries. As the number one PLM CAD software provider, we continue to see good opportunities to extend our leadership. Looking ahead, CATIA should be a key beneficiary of our new go-to-market model for the PLM indirect channel.

In digital manufacturing, DELMIA attained important wins during 2006 and demonstrated the significant benefits it brings to customers enabling global and flexible production systems. Importantly, our goal is to leverage these wins to achieve greater adoption of our digital manufacturing solutions. Our investments in manufacturing automation give us the best available solution to program, simulate, and monitor assembly lines and automated systems in general.

Abaqus, the core component of our SIMULIA brand since its acquisition in October 2005, had an excellent year, growing twice as fast as the overall simulation market. It delivered four consecutive quarters of solid execution, revenue growth and operating margin contribution, demonstrating the very favorable SIMULIA brand dynamics. As we committed to at the time of the Abaqus acquisition, this product line did not dilute our 2006 non-GAAP operating margin. This is remarkable progress in a very short timeframe.

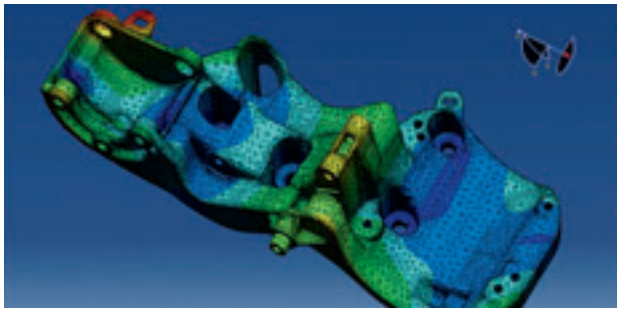
Abaqus’ results confirm the importance of virtual testing and the fact that our simulation solutions bring key competitive advantages with the broadest range of simulation applications for designers and engineers. Growth during 2006 reflected expanding relationships with its largest customers as well as a broad level of interest across a diversified group of industries. Approximately 66% of Abaqus’ revenue is outside the automotive and aerospace verticals. On the product development front, we are developing an open platform for realistic simulation and lifecycle management.

ENOVIA finished 2006 with the most comprehensive collaborative offering in the PLM market. In conjunction with our acquisition of MatrixOne, Inc. in May 2006, we introduced an expanded PLM Collaborative Environment Portfolio, under the ENOVIA brand name. Together, ENOVIA now offers a new level of collaboration, from the most simple to highly-engineered complex products, and is positioned to address a wide range of customer needs with three product lines: with ENOVIA VPLM, large customers can manage a virtual product model with high complexity; with ENOVIA MatrixOne, we have a scalable and flexible data model for collaborative business processes; and with ENOVIA SmarTeam, we offer a rapid ROI for multi-CAD management.

Bernard Charlès
President and
Chief Executive Officer

"Based upon the performance of our five brands, we extended our market leadership."

MatrixOne brings key assets to DS: an innovative and knowledgeable global team, and a powerful business process technology that will accelerate our ability to serve our customers with the most comprehensive collaborative PLM solution on the marketplace. The acquisition has extended our industry coverage, particularly in the high-tech and consumer goods areas, where unique PLM requirements and complex business issues demand focused, world-class solutions, and we have significantly increased our ability to serve our 11 targeted industries.



Expanding Market Coverage

We are redesigning our distribution channels and widening our market coverage in 3D and PLM. Jointly with IBM, in early 2007 we announced a significant expansion of our long-standing sales and marketing partnership. Under the terms of the agreement we are both increasing our responsibilities in order to provide a broad portfolio of solutions for large customers, and to improve the distribution model in the PLM mid-market.

IBM is now selling an expanded portfolio of our PLM solutions, to include the sales of DELMIA and ENOVIA MatrixOne. The new agreement has been designed to build upon and complement our existing direct sales resources for these brands.

We are progressively assuming the complete responsibility of the PLM indirect channel and expect to complete this transition by early 2008. This transition first began in 2005 when we started managing the PLM channel in specified countries for IBM. Our rationale for this evolution is straightforward: The PLM mid-market represents about 35% of the PLM market. We believe it is important to have a motivated channel to benefit from mid-market growth opportunities, and that our partners require more support and a new business model to address these new opportunities.

Creating Our Future

We devote significant resources each year to research and development, reinvesting one-quarter of our total revenue. With over 3,200 engineers around the world, we believe this investment is the largest in our industry.

Our research and product development efforts are focused on enhancing our current product portfolio, and at the same time, more than one-third of our investment is directed at expanding our addressable market. While these investments will not all result in home runs, it is clear that innovation is at the core of our company as we define new domains and introduce new software to help our customers. One area of key focus is CATIA Systems, designed to offer end-to-end open PLM solutions for embedded systems modeling and simulation.

2007 and Beyond

During 2006 we completed our first ten years as a public company. Since our initial public offering, DS has established a strong performance track record, achieving non-GAAP compound annual growth of 18% for revenue and 15% for earnings and maintaining a very attractive financial model. During the same period, our share price grew by a yearly average of 16%. 2006 also serves as a solid foundation for the coming years.

We remain committed to continuing a high level of performance. Thanks to our customers, partners, and employees, we see a year of good revenue and earnings growth in 2007. With leading brands in growing markets, a clear roadmap, and results tracking closely to our plans, we are well-positioned to attain our ambition of doubling both revenue and earnings between 2005 and 2010.

Bernard Charlès
President and Chief Executive Officer

Charles Edelstenne
Chairman of the Board of Directors

* Non-GAAP financial information excludes the effect of adjusting the carrying value of acquired companies' deferred revenue, amortization of acquired intangibles, stock-based compensation, and one-time tax restructuring effects.

Interview with
Bernard Charlès President and Chief Executive Officer

You have expressed clearly your vision throughout 2006: "3D opens the door to the world we imagine." How does this vision open the door to innovation?

The lifelike 3D representations created and supported by our solutions enable products to first exist virtually, making them easily accessible to as many people as you want, therefore leveraging the power of team creativity.

This 3D digital revolution goes far beyond design, where it began. 3D now provides a way to see what you mean from the initial idea to producing and selling it. Our approach to catalyzing the end-to-end management of innovation can substantially increase a company's competitive edge, while improving its industrial performance as a whole. It encompasses the invention of new processes throughout a product's whole lifecycle, optimizing quality, cutting waste, simplifying maintenance and end-of-life operations, while reducing time-to-market.

Innovation cannot be based exclusively on technology-driven R&D. To sell new products and services today, manufacturers must unleash their organization's entire capacity to imagine collaboratively in order to address the constant flow of new consumer demands and the pressure of global competition.

How do DS's 3D and PLM solutions enable companies to master the innovation process?

PLM has entered the bloodstream of major manufacturers as an indispensable business process for manufacturing airplanes, automobiles, and heavy industrial plants of all kinds. Introducing PLM means creating new products, thus creating top line value as the virtual world contributes to making the physical world right first time. Pioneer companies are now driving this transformation since it is ideally suited to the challenges of pervasive innovation.

At DS, we talk about "collaborative intelligence." Our PLM solutions bind everyone in a manufacturer's engineering and production teams together in a constant, dynamic information space. This means that ideas can flow easily, visual models can be built and shared in real time, engineers can talk to factory designers or marketing people as a concurrent development stream, errors can be quickly corrected, and everyone in the value chain can be kept up to date. Our solutions make all this possible.

Interview with
Bernard Charlès President and Chief Executive Officer

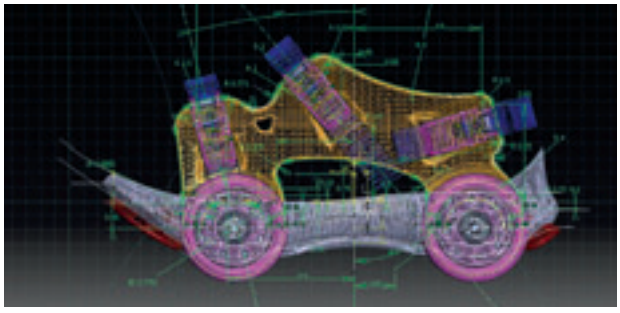
Can PLM also meet the innovation needs of smaller companies?

Absolutely. Many mid-market businesses are even more motivated to innovate than large-scale manufacturers, now that access to global markets has sharpened the competition.

By enabling more collaborative work around the product, our PLM approach can help smaller companies eliminate design errors and cut the time and cost of delivery via specially-tailored, flexible solutions. They can also promote what they offer in the virtual world working with their customers as a single team. We have compacted our huge knowledge of what works best into customized packages of technologies and best practices that smaller companies can afford. And we have made PLM accessible over standard small-business IT platforms.

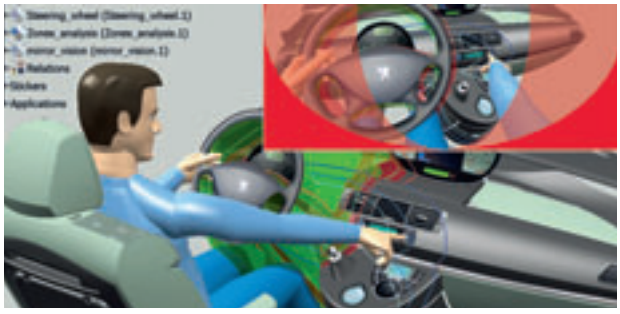
You recently said that "the innovation process must be focused on customers' needs." How does this translate into new opportunities for Dassault Systèmes today?

Effective innovation requires a vision of how to manage the entire product lifecycle in the virtual world. And this involves far more than adding novel features to products. You want your customers to participate in the product design process to ensure they will value what you develop. It is increasingly about creating new value for the enterprise in a global competitive marketplace.



To help our customers master their innovation, we focus on three key partners in this process: the three "C"s.

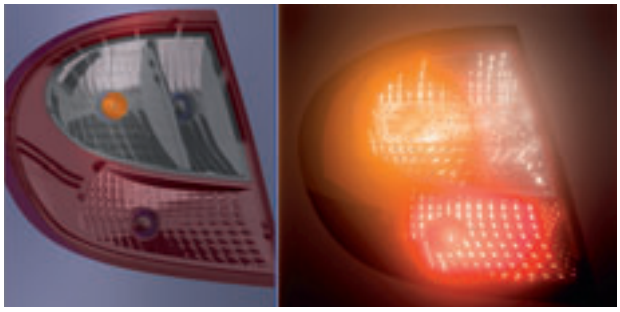
First, we support ***creators***. Product design is the primary focus for innovation. We have dedicated most of our energy and skills to providing the 3D power and flexibility that help product creators design, model, and manipulate their virtual creations and capture their intellectual property. As new types of products in more industries enter the innovation pipeline, we can provide solutions that address the growing needs of resourceful designers: advanced support for their imagination, easy reuse and leveraging, and immediate interfacing with engineering and testing.



Second, we see a growing need for ***collaboration***. As enterprises extend the quest for greater value out in their supply chains and among customers, and internally across multiple sites and business functions, they need to work together using 3D collaborative tools. They can then capitalize on their collective intelligence and optimize each stage of product development.

The third and most vital opportunity for innovation will be among ***consumers***. We can help our customers better understand consumer needs by pushing innovation beyond the "product as object" paradigm, and into the world of "user experience." At DS, we already provide compelling 3D interactive solutions that help marketing departments reach out to end users by experiencing product usage or ergonomic testing within a lifelike environment.

“Manufacturers must unleash their organization’s entire capacity to imagine collaboratively in order to address the pressure of global competition.”



You have described 3D as a new media. How will it contribute to the innovation agenda tomorrow?

The rapid development of Web 2.0 trends creates a new platform for interaction and collaboration. It suggests that permanent innovation is set to become an important feature of the digital lifestyle in general, and not merely of manufacturing industries. We expect that as the democratization of 3D penetrates such areas as gaming, home and lifestyle design, education and training, and even personal health, everyone will be able to create, share, and experience in 3D.

For DS, of course, creating the interfaces that enable such a networking of talents is a highly strategic opportunity. We have the experience, the ability, and the commitment to follow through on this vision, just as we have already delivered on each component of our PLM platform. Our ambition is to enable “first life.” As the 3D virtual world becomes increasingly realistic, we can envision creating any real product based on user experience within the virtual world.

Going forward, we can draw on our vast R&D capability, which has always driven our business, and our unique ecosystem of partners. Through this web of partnerships – our customers are always partners first – I am convinced that we have the capacity to provide yet more of the building blocks of this new world of lifelike simulation, natural interaction, and intelligent collaboration.

To what extent will the 3D digital revolution impact the business model in which companies operate all over the world?

In the past, knowledge and know-how were uniquely captured in the final product, and had to be re-learned each time. The virtualization of industry means that the production system can maintain and leverage such knowledge sources as data, so that they can easily be recycled and leveraged by new teams and new products. This virtual knowledge base, combining intellectual property and dedicated process skills, represents a company’s greatest advantage.

Optimizing the use of such technology to achieve this degree of asset virtualization, however, requires new ways of organizing human resources. Working together through 3D technology changes the way learning is carried out and, by enhancing networking, transforms management and leadership into a constant search for new value at every stage of the product‘s lifecycle. We believe that this model of collaborative innovation, rather than individual efforts, will radically change mindsets, enabling wealth creation to spread to communities around the globe. It is people expressing their personal needs who will invent tomorrow.

Dassault Systèmes at a Glance

Our Five Brands

PLM (process-centric)

CATIA Virtual product design for product excellence

DELMIA Virtual production for production performance

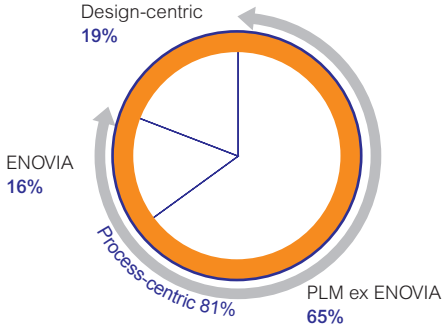
ENOVIA A global collaborative environment for business process optimization

SIMULIA Virtual testing for engineering quality

Mainstream 3D (design-centric)

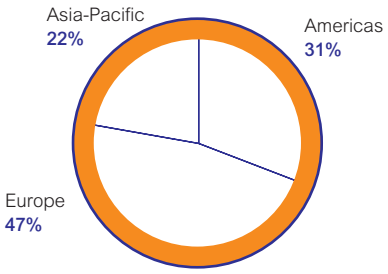
SolidWorks For productive and easy-to-use 3D mechanical design

A Broad Offering



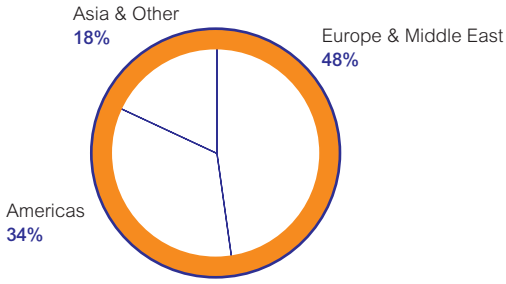
Revenue
by Market Segment

A Global Reach



Revenue
by Geographic Region

A Global Group



Workforce: **6,840**

Summary Balance Sheet Highlights

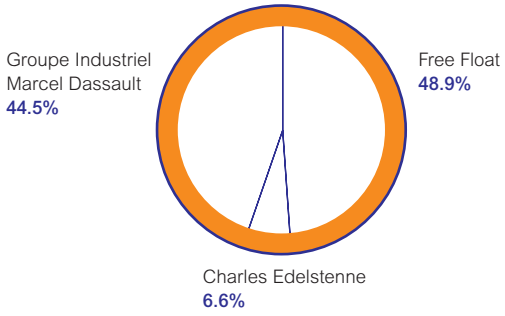
(in millions of euro)	2005	2006
Cash and short-term investments	380	459
Other assets	1,033	1,396
Total assets	1,413	1,855
Total liabilities	427	747
Shareholders' equity	986	1,108
Total liabilities and shareholders' equity	1,413	1,855

Summary Cashflow Highlights

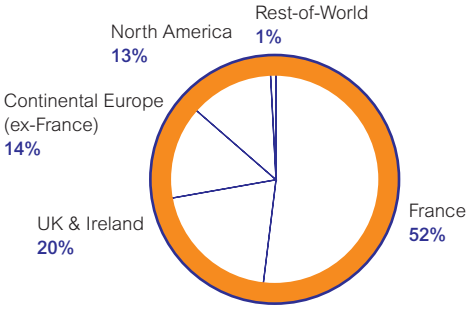
(in millions of euro)	2005	2006
Net Cash provided by operating activities	197	263
Net Cash used in investing activities	(356)	(285)
Net Cash (used in)/provided by financing activities	(45)	125

Dassault Systèmes and its Shareholders

Shareholders' Composition



Split of Free Float
(Identified Institutional Investors)



Stock Data

Eurolist - Compartiment A; NASDAQ; Euronext 100; SBF 80; IT CAC 50; CAC IT 20; CAC NEXT 20

Share price at December 31, 2006	**€40.2**
Stock market capitalization at December 31, 2006	**€4.7 billion** **$6.1 billion**

Stock price performance	2006	CAGR since IPO
Euronext	**-16%**	**+16%**
NASDAQ	**-6%**	**+16%**

Number of outstanding shares at December 31, 2006	**116 million**
Average daily volume traded on Euronext	**380,751**
Dividend per share	**€0.44**
Dividend per share growth	**5%**
Dividend payout ratio	**29%**

Key 2007 Shareholders' Events

Friday, April 27, 2007
Release of First Quarter Earnings

Wednesday, June 6, 2007
Annual Shareholders' Meeting

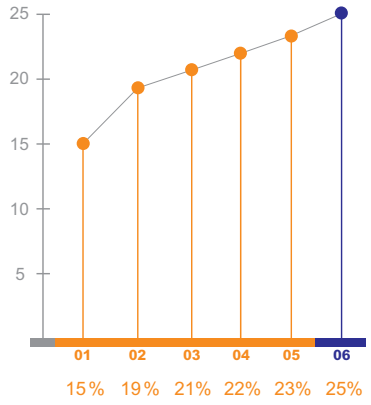
Thursday, July 26, 2007
Release of Second Quarter Earnings

Tuesday, October 30, 2007
Release of Third Quarter Earnings

Shareholders' Contact
Tel.: 33 (0) 1 40 99 69 24/Fax: 33 (0) 1 55 49 82 55
email: investors@ds-fr.com
Information for Investors:
http://www.3ds.com/corporate/investors/

Delivering on Our Objectives

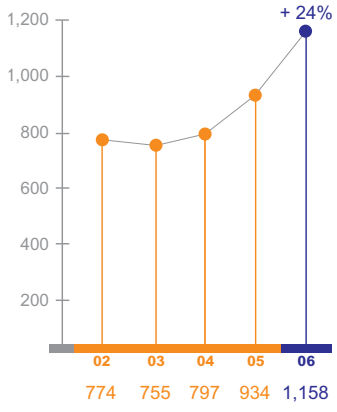
Market Share (%)



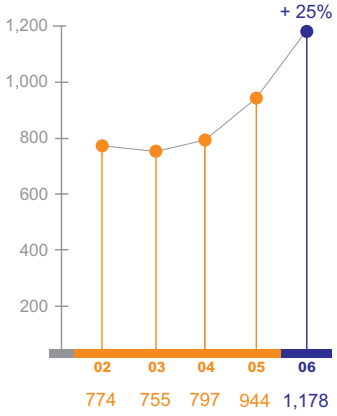
DS reached an important leadership milestone, with a 25% PLM market share, reflecting the confidence that our customers and partners have placed in us. During 2006 we gained two additional points of market share thanks to the performances of our brands; we gained ten points over the last five years.

Strong growth in software revenue, representing 83% of total revenue, drove our top-line performance. We benefited from the inclusion of our two major acquisitions, Abaqus and MatrixOne. Importantly, our core non-GAAP revenue growth, excluding our two major acquisitions, was very good, increasing 12% in constant currencies.

Revenue
(millions of euro)



Revenue Non-GAAP[1]
(millions of euro)



Growth by Product Line

Our PLM results reflected the inclusion of our two major acquisitions and solid performances by CATIA and ENOVIA. SolidWorks turned in an excellent year in the dynamic Mainstream 3D market.

	US GAAP	Non-GAAP[1]
PLM (process-centric)	25%	26%
ENOVIA	56%	64%
Mainstream 3D (design-centric)	19%	20%

Growth by Region

Revenue growth was well balanced across Europe, the Americas, and Asia during 2006.

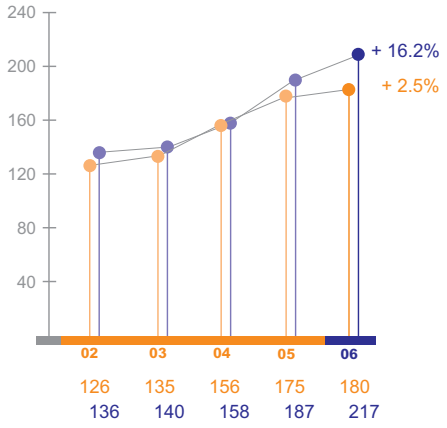
	US GAAP	Non-GAAP[1]
Americas	26%	28%
Asia-Pacific	22%	22%
Europe	24%	24%

Summary Financial Highlights

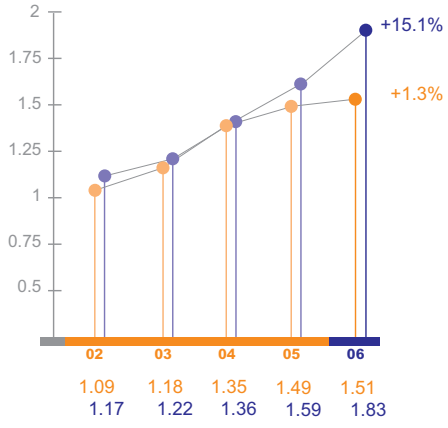
(in millions of euro except per share data)	US GAAP		Non-GAAP[1]	
	2006	06/05 Growth	2006	06/05 Growth
Software revenue	963.1	22.9%	982.8	24.0%
Recurring software revenue	53%		54%	
Services and other revenue	194.7	29.0%	194.7	29.0%
Revenue	**1,157.8**	**23.9%**	**1,177.5**	**24.8%**
Research and development	299.9	20.0%	293.1	17.2%
Marketing and sales	296.0	32.7%	293.5	31.6%
Operating Income	**245.9**	**-2.0%**	**316.2**	**17.2%**
Operating Margin	21.2%		26.9%	
Net Income	179.8	2.5%	217.5	16.2%
EPS	**1.51**	**1.3%**	**1.83**	**15.1%**

Thanks to year-over-year improvement in our core business performance and solid execution of post-acquisition goals, we delivered strong growth in non-GAAP net income and diluted earnings per share while containing the initial dilution from our MatrixOne acquisition and absorbing negative currency impacts.

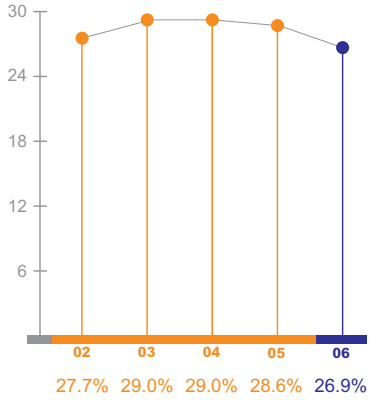
Net Income
Net Income Non-GAAP[1]
(millions of euro)



Diluted EPS
Diluted EPS Non-GAAP[1]
(euro)



Operating Margin (%)
Non-GAAP[1]



(1) Non-GAAP financial information excludes the effect of adjusting the carrying value of acquired companies' deferred revenue, amortization of acquired intangibles, stock-based compensation, and one-time tax restructuring effects.

Management

Global Executive Management is Dassault Systèmes' executive forum, bringing together the Executive Committee and the Chief Executive Officers of each of the Group's business lines every five weeks.

Brand CEOs

John McEleney
SolidWorks

Jacques Leveillé-Nizerolle
CATIA

Philippe Charlès
DELMIA

Mark Goldstein
SIMULIA

Joel Lemke
ENOVIA

Nathalie Irvine
Chief Information Officer

Executive Committee

Bruno Latchague
Executive
Vice President,
PLM Business
Transformation

Étienne Droit
Executive
Vice President,
PLM Value Channel

Thibault de Tersant
Senior Executive
Vice President &
Chief Financial Officer

Bernard Charlès
President and
Chief Executive Officer

Dominique Florack
Senior Executive
Vice President,
Products - R&D

Pascal Daloz
Executive
Vice President,
Strategy &
Marketing

Muriel Pénicaud
Executive
Vice President,
Chief People Officer

Philippe Forestier
Executive
Vice President,
Network Selling

Corporate Governance

Openness, visibility, and ethics are the cornerstones of Dassault Systèmes' corporate culture. As a listed company, DS is committed to serving the interests of its employees, customers, partners, and shareholders to the very best of its abilities.

Board of Directors

Dassault Systèmes has been listed on Eurolist and Nasdaq since 1996. The company complies with U.S., French, and EU rules relating to corporate governance.

DS is managed by a Board of Directors. The Board determines the company's strategy and monitors its implementation. Each director is appointed by the shareholders for a six-year renewable term.

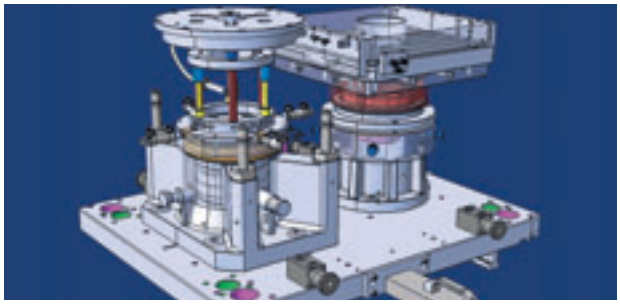
The Board consists of nine members, with a majority of independent directors. Three Board members are executive officers of the company; one represents the interests of the controlling shareholder; and the five others are independent.

Compensation Committee

The Compensation and Nomination Committee was created by the Board in 2005 and is composed of two independent directors. The primary objectives of this Committee are to make proposals to the Board regarding the compensation of the Chairman and of the CEO and regarding succession planning in the event of vacancies, to examine the company's policy on stock option grants, and to assess the directors' fees.

Scientific Committee

A Scientific Committee was also created in 2005 and is composed of the CEO, one independent director, and the company's Senior EVP Products – R&D. Its purpose is to review the orientations for research and development and examine the technological advances of the Group and make recommendations to the Board in relation thereto.



Audit Committee

The Audit Committee has been in place since 1996 and comprised in 2006 four independent directors.

This Committee holds wide-ranging powers of expert review and control. Its primary mission is to provide assistance to the Board in overseeing the quality and integrity of the financial statements and the financial reporting process, internal accounting and financial control systems, and compliance with legal and regulatory requirements. It also assesses the independence of external auditors and recommends to the Board their appointment, compensation, and termination.

Internal Control

Internal controls were consolidated in 2006 to assure the responsibilities outlined in French and U.S. recommendations and regulations on corporate governance. They were particularly focused on strengthening the scope and effectiveness of all internal controls and auditing processes. To this end, the Internal Audit department has performed various audit engagements to evaluate the adequacy of the internal control and compliance with corporate policies in the Group subsidiaries and has reported its conclusions to Management and the Audit Committee.

Code of Business Conduct

Committed to sharing the principles and business practices that underpin its activities with employees, customers, partners, and shareholders, and to clearly demonstrate that it upholds the highest standards in the areas of ethics, corporate governance, and compliance, DS has adopted a Code of Business Conduct. This Code applies to all Group employees and is available for consultation on the Group's corporate website.

The Ethics Committee, a dedicated, cross-disciplinary body, is tasked with promoting the company's core values regarding business conduct and the respect of employees, customers, business partners, and the environment.

In compliance with fundamental civil rights and liberties as well as applicable laws and regulations, the whistle-blowing procedure of DS may be used by any employee suspecting, in good faith, violations of DS business standards in the fields of accounting, finance, or bribery prevention. It may also be used when perceived violation affects the vital interests of the Group or its employees' physical or mental integrity. Any notification by an employee of a suspected violation of the principles of the Code will be examined and handled by the local manager or director of human resources, directly or with the assistance of the Ethics Committee.

Directors

Charles Edelstenne
Chairman of the Board of Directors of Dassault Systèmes

Bernard Charlès
President and Chief Executive Officer of Dassault Systèmes

Thibault de Tersant
Senior Executive Vice President & Chief Financial Officer of Dassault Systèmes

Laurent Dassault
General Manager of Dassault Investissements

Paul Brown
Jean-Pierre Chahid-Nouraï
Bernard Dufau
André Kudelski
Arnoud De Meyer
Independent Directors

Personal Data Protection Policy

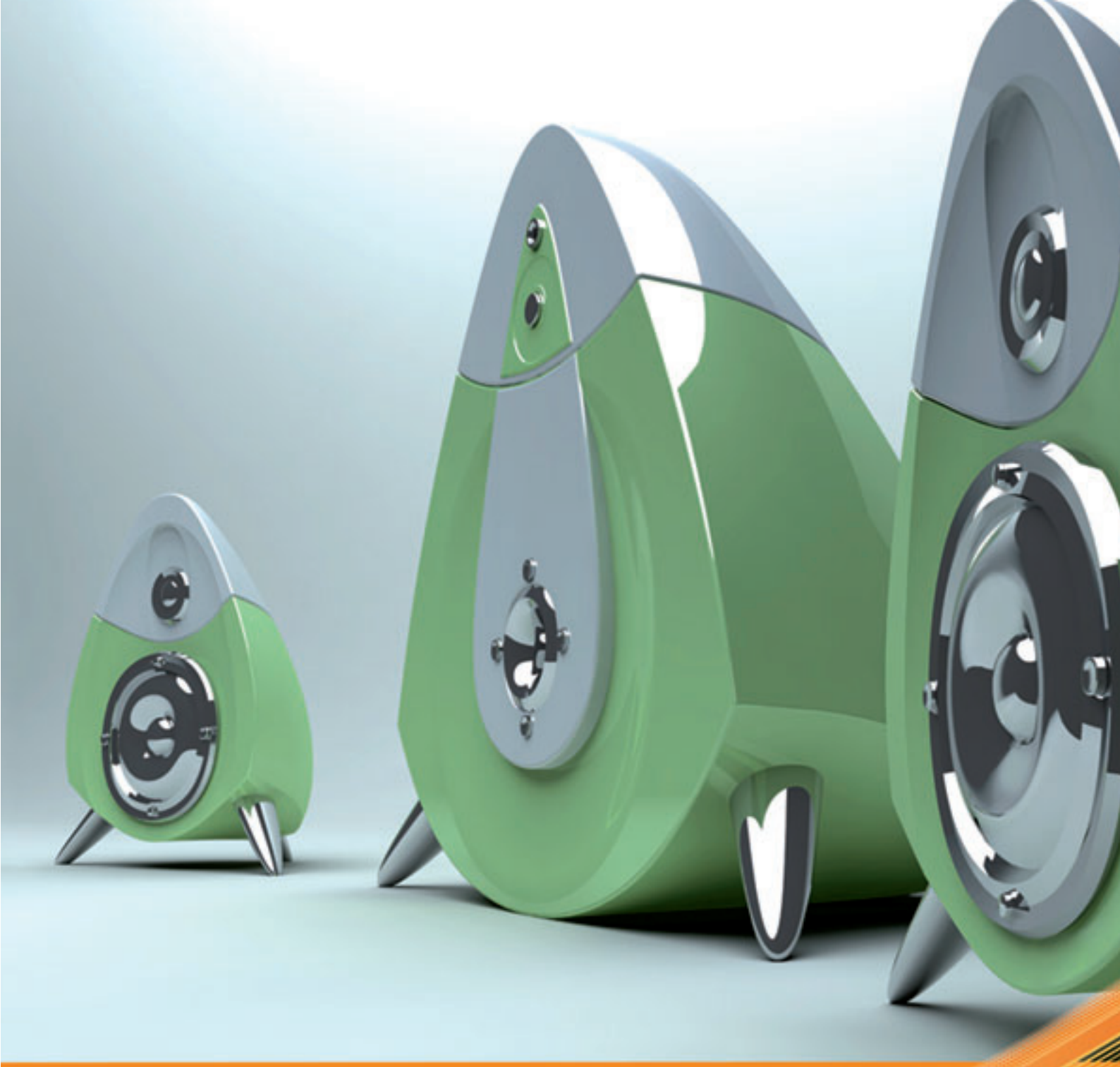
The purpose of the Group-wide personal data protection policy is to ensure the same level of protection of personal data concerning all employees and job applicants across the Group. The policy sets out the principles for collecting and using this data, together with the appropriate protection measures. It also defines employees' rights to access and amend their personal data. It complies with the European Data Protection Directive.

Regarding the transfer of personal data within the Group, all American companies are now registered under the Safe Harbor agreement, and companies in non-compliant countries have signed an intra-Group data transfer contract requiring them to provide the same level of protection as in France.

Increasing Value for Customers

DS today fields an unrivalled portfolio of integrated solutions that address the specific needs of all customer segments. The combined power of our solutions, SolidWorks, CATIA, DELMIA, SIMULIA, ENOVIA, and 3D For ALL, accelerates innovation, quality, cost control, and time-to-market for enterprises large and small.

We also provide advanced yet accessible solutions for such operations as mechanical design or process automation. All our solutions bear the same DS imprint of cutting-edge technology, functional customization, and intensive support. By constantly learning from our customers, we can rapidly tailor our solutions to changing production contexts and new business environments, in turn helping them to transform their business and increase value for their customers.



Productive, Easy-to-Use 3D CAD Software

SolidWorks leads the global 3D computer-aided design (CAD) industry with easy-to-use 3D software that trains and supports the world's engineering and design teams as they drive tomorrow's product innovation.

SolidWorks is 100% focused on product design. Its products are marketed in over 100 countries, serving the mechanical design community in leading enterprises in the entire range of manufacturing industries, from machinery, medical, consumer, mold, and tool and die, to electrical, power, aerospace, automotive, and education.

The **SolidWorks** Office suite of products combines ease of use with advanced 2D and 3D design tools, enabling companies to unleash design creativity while completing more work in less time. **SolidWorks** software reduces CAD overhead because it is simple to deploy, use, and maintain, affording engineers more time to focus on designing better products faster.

SolidWorks Intelligent Feature Technology (SWIFT) breakthrough technology puts expert-level 3D CAD techniques in the hands of every user without having to learn special techniques or work-arounds. Toppling the notion that powerful software is necessarily complex, SWIFT technology delivers exponential increases in efficiency while simplifying use of the software. The **SolidWorks** FeatureXpert eliminates the need for users to worry about feature order in a model. The **SolidWorks** SketchXpert presents users with solutions to handle any conflicts in sketch dimensions and relationships. The **SolidWorks** MateXpert deals with conflicts in assembly mates by isolating problems and guiding users to a solution. And the **SolidWorks** DimXpert extends traditional auto-dimensioning tools by identifying manufacturing features and adding correct dimensioning schemes. SWIFT was named a winner in *IndustryWeek* magazine's 2006 Technology and Innovation in Manufacturing Awards Program, celebrating outstanding achievements in technology.

In November 2006, we announced that **SolidWorks** 2007 software is the first 3D CAD product available and certified by Microsoft Corp. for the new Windows Vista operating system, once again putting **SolidWorks** customers first in line to enjoy important new capabilities. **SolidWorks** Vista Edition delivers an enhanced customer experience, empowering customers to work more effectively and design better products.

InFocus Corporation

Redefining Mobile Projection Technology

A pioneer in the mobile projection market, InFocus is the worldwide leader in digital projection technology. To maintain its competitive lead, the company selected **SolidWorks** Office Professional software for mechanical design, finding its powerful features easy to use and integrate for the design teams, and value-creating for the enterprise.

For InFocus designers, **SolidWorks** Office Professional simplifies conceptual design upfront, boosting the innovation needed to maintain market leadership. For mechanical and electrical engineers, the solution substantially simplifies collaboration and increases efficiency.

The first product produced with **SolidWorks** software set a new standard for mobile projection technology and won an Editor's Choice award from *LAPTOP* magazine.

-75%

hardware costs

-70%

costs for CAD licensing and maintenance

-50%

time to get new users up and running effectively

"We were very successful in using SolidWorks software to develop the LP120 product. It supports our internal goals of developing higher-quality products and introducing more innovations. And it will continue to help us to develop next-generation products in the future."

David Mulholland, senior application engineer, InFocus Corporation

Boosting Innovation for Product Design Excellence

CATIA, our flagship PLM solution, is the world's leading solution for product design excellence. It addresses all manufacturing organizations, from OEMs through their supply chains, to small independent producers.

CATIA can be applied to a wide variety of industries, from aerospace, automotive, and industrial machinery, to electronics, shipbuilding, plant design, and consumer goods. Today, **CATIA** is used to design anything from an airplane to jewelry and clothing.

With the power and functional range to address the complete product development process, **CATIA** supports product engineering, from initial specification to product-in-service, in a fully-integrated manner. It facilitates reuse of product design knowledge and shortens development cycles, helping enterprises to accelerate their response to market needs.

In 2006, the automotive giant Ford Motor Company designated **CATIA** V5 as the global design and engineering standard for new vehicles, extending further **CATIA**'s already deep commitment to this market. And British inventor Morag Hutcheon of the design consultancy Quadro used **CATIA** V5 to develop an innovative CD jewel case which won her Britain's 2006 Female Innovator & Inventor of the Year award.

The latest version of **CATIA** V5, Release 17, extends end-to-end industry process coverage through major enhancements in 3D electrical harness flattening, as well as increased **CATIA** Machining NC programming and simulation efficiency. New core styling enhancements also allow designers to rapidly explore design ideas while permitting last-minute styling modifications, dramatically increasing productivity.

CATIA PLM Express*
2006 saw the very promising launch of **CATIA** PLM Express, a flexible and easy-to-use solution designed to bring the power of **CATIA** and collaborative design management to companies of all sizes. Based on 25 years of close relationships with customers and partners, this solution offers a simple and scalable approach to PLM, perfectly adapted to the business needs and organizations of engineering companies in all industries.

CATIA Systems*
The **CATIA** Systems strategy, putting embedded systems modeling at the heart of **CATIA**, was presented in early 2006. This new platform will help customers model, simulate, and manage the lifecycle of simple to complex systems.

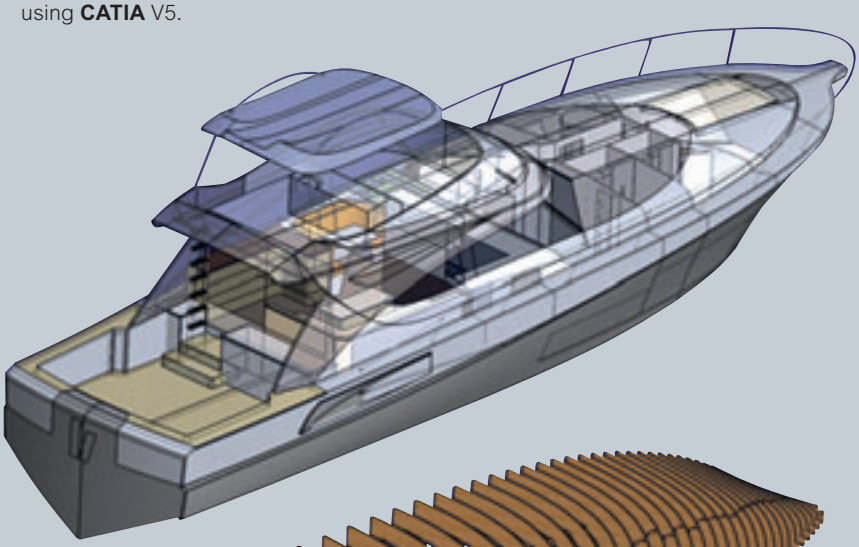
* See pages 32-33

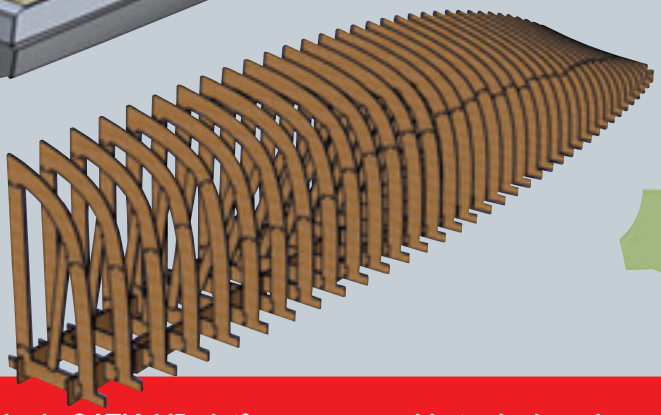
BYD Group

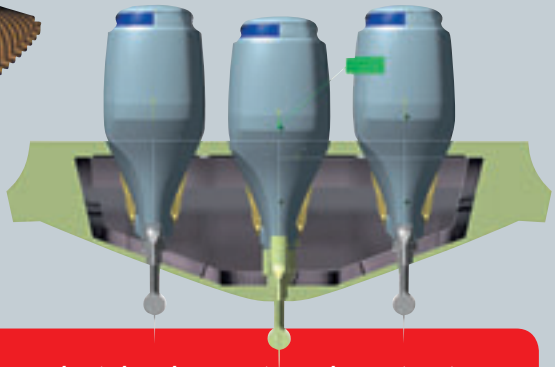
Riding the Next Wave of Yacht Design

BYD is a Barcelona-based company specialized in custom yacht designs. Its portfolio includes a number of ambitious, cutting-edge projects developed in conjunction with the industry's premier designers. BYD needs design tools that are nimble enough to handle the quality detail and speed of the fast-changing yacht industry. To ensure competitive advantage as a small company in a large playing field, BYD was able to substantially accelerate product development using **CATIA** V5.

The solution provides surfacing tools for 3D modeling, product analysis, and real-time rendering, and is used to create stylish presentations for BYD's clients. In addition, the use of 3D XML simplifies the exchange of data with shipyards, suppliers, and clients. The result is increased productivity and greater responsiveness to a demanding market, all in one powerful solution.







"Using the single CATIA V5 platform, we are able to design, do product development, analyze structures and stability, draft, and even get pictures of the projects. Without having to look anywhere else, we have everything."

Tià Simó, naval architect and co-founder, BYD Group

Digital Manufacturing for Production Performance

DELMIA is the key enabler for delivering a digital manufacturing process environment to optimize production systems and processes.

DELMIA allows manufacturers in any industry to virtually define, plan, create, monitor, and control all production processes. It provides an array of dedicated applications for industries, combined with an environment for knowledge-sharing, process and resource management, to capture and implement best practices for manufacturing.

DELMIA PLM technology allows manufacturers to interact with factory processes early in the design stage and months before actual production commitment. Engineers, management, and stakeholders can have a 3D visualization of the real world with the ability to evaluate "what-if scenarios," make changes, optimize shop floor operations, and identify and eliminate costly errors and design mistakes. This allows any enterprise to facilitate higher quality and foster greater innovation. **DELMIA** also extends its PLM technology to smaller businesses within the supply chain to allow smaller companies to better connect and collaborate with larger manufacturers.

DELMIA Automation is the natural progressive step to extend beyond a PLM strategy to offer a truly new business transformation for control engineering. **DELMIA** Automation allows programmers to validate and debug Programmable Logic Controller (PLC) code for all devices from tooling, robots, clamps, safety devices, and electrical to hydraulics and pneumatics – weeks or even months before the integration of the actual equipment on the shop floor.

Digital Factory Rollout of The Boeing Company's 787 Dreamliner

An important milestone was reached this year when the virtual rollout and assembly of Boeing's 787 Dreamliner confirmed the capacity of the **DELMIA** solutions suite to deliver an environment for simulating and perfecting the plane's manufacturing processes before actually building tools and production facilities. This eliminates the risks of costly rework by forging a communication "loop back" between 787 design and manufacturing engineers.

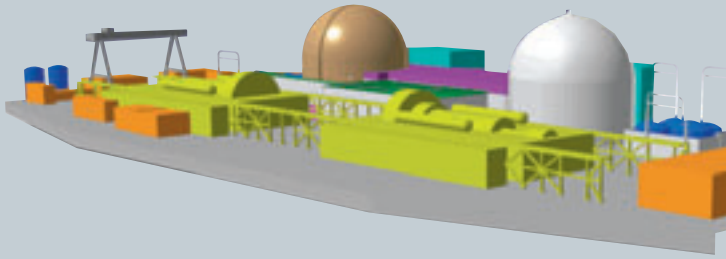
"A breakthrough like the 787 Dreamliner needed to lead the way in performance, quality, cost, and schedule supported by efficient and flexible production planning. 3D PLM has the right capabilities to support these requirements," says Kevin Fowler, Boeing's 787 vice president of Process Integration. *"The 787 program uses new materials and technology in the production process, requiring a process and computing design technology backbone that didn't exist before we started working with DS three years ago."*

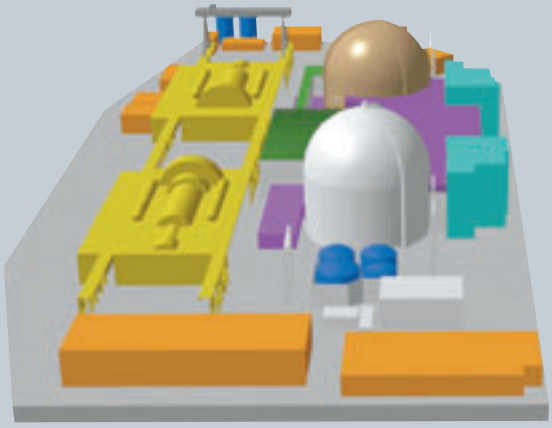
San Onofre Nuclear Generating Station

Extending Nuclear Plant Life with DELMIA and V5 PLM

The San Onofre Nuclear Generating Station (SONGS) is the largest electricity generator in Southern California, producing 20% of the total power provided to local customers. To maintain supply and extend the life of this facility, SONGS must replace its four huge generators, which are twice the size of those used in most generators. Since the plant was not designed for such an upgrade, extensive adjustments have to be made to exchange the generators. This requires in-depth planning to ensure worker safety, minimize power downtime, and avoid any damage to the equipment.

SONGS chose to deploy 3D simulation using V5 PLM, including CATIA, ENOVIA SmarTeam, and **DELMIA**, to create digital models of the facility and simulate all actions involved in replacing key components. With **DELMIA**, designers were able to bring time and motion studies to the project planning. This made it possible to comprehensively model the feasibility of this first-time – and one-chance – operation.





"3D digital simulation with CATIA V5 and DELMIA helps to ensure most variables have been anticipated, and validated that tasks can be accomplished in the time allotted with the staff and equipment available."

Steve Stephens, CATIA V5 and ENOVIA SmarTeam administrator, San Onofre Nuclear Generating Station

Innovation through Realistic Simulation

The most recent DS brand, SIMULIA, is defining new standards to establish realistic simulation as an integral business process in the engineering value chain.

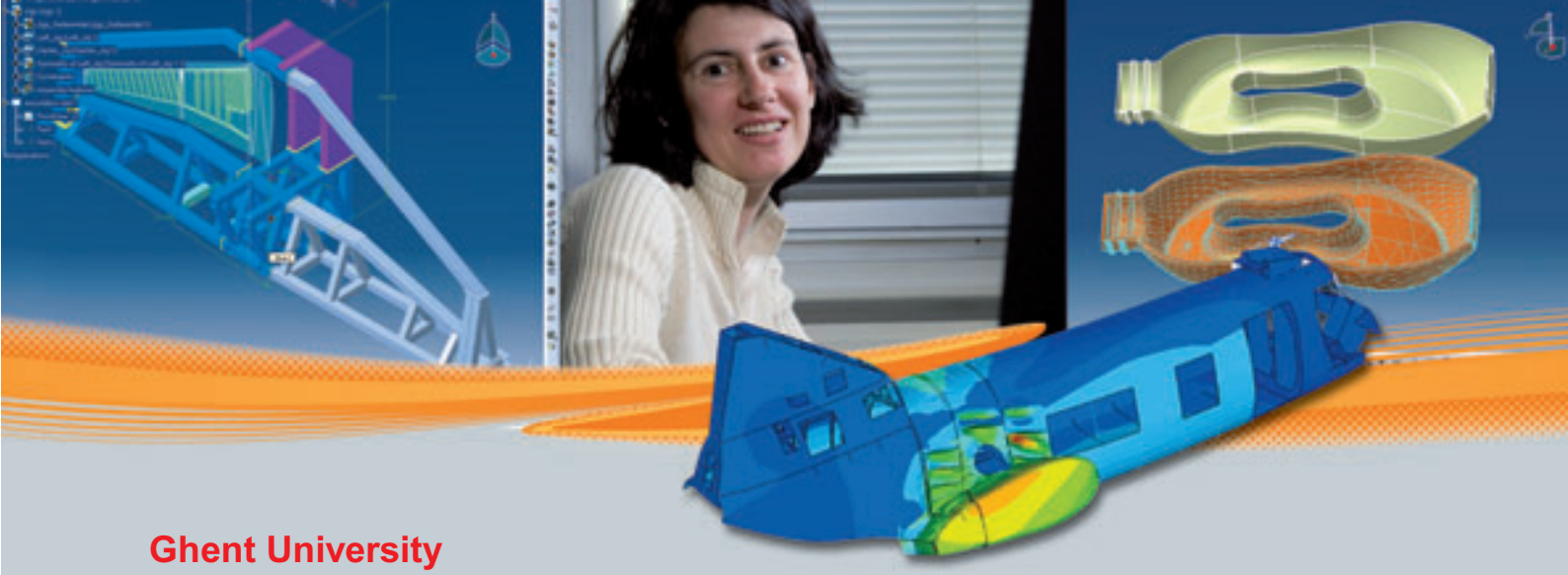
SIMULIA delivers a scalable portfolio of realistic simulation solutions including Abaqus finite element analysis and CATIA Analysis applications. It is dedicated to developing the technology and practices for simulating realistic physical and mechanical behavior, enabling products to be fully tested in a virtual environment. By allowing manufacturers to integrate realistic simulation as a standard business practice, engineers and scientists can improve product performance, reduce the number of physical prototypes, and drive innovation.

SIMULIA also provides solutions for Unified Finite Element Analysis. This approach, which can be leveraged by all industrial domains, allows for a single model definition to be used to simulate a complete range of physical performance attributes such as strength, durability, and vibration before manufacturing begins. Advanced multiphysics solutions are also being developed to enable users to model a combination of physics disciplines such as structural response and fluid flow.

As products evolve and government regulations become more demanding, manufacturing companies need to simulate increasingly complex product behavior. By developing an open, multiphysics framework, **SIMULIA** ensures full integration with DS PLM solutions, partner products, and customer applications. This transforms 3D simulation into a collaborative process, increasing the business value of realistic simulation and offering clients a comprehensive platform for developing technical advances.

Customers in all industries are using **SIMULIA** technology and processes to accelerate the development of reliable and innovative products. Motorola, Inc. designs innovative cell phones to survive accidental drop impacts; Honda Motor Company, Inc. optimizes the dynamic behavior of Continuously Variable Transmissions; and Boeing assures the structural integrity of new composite structures.

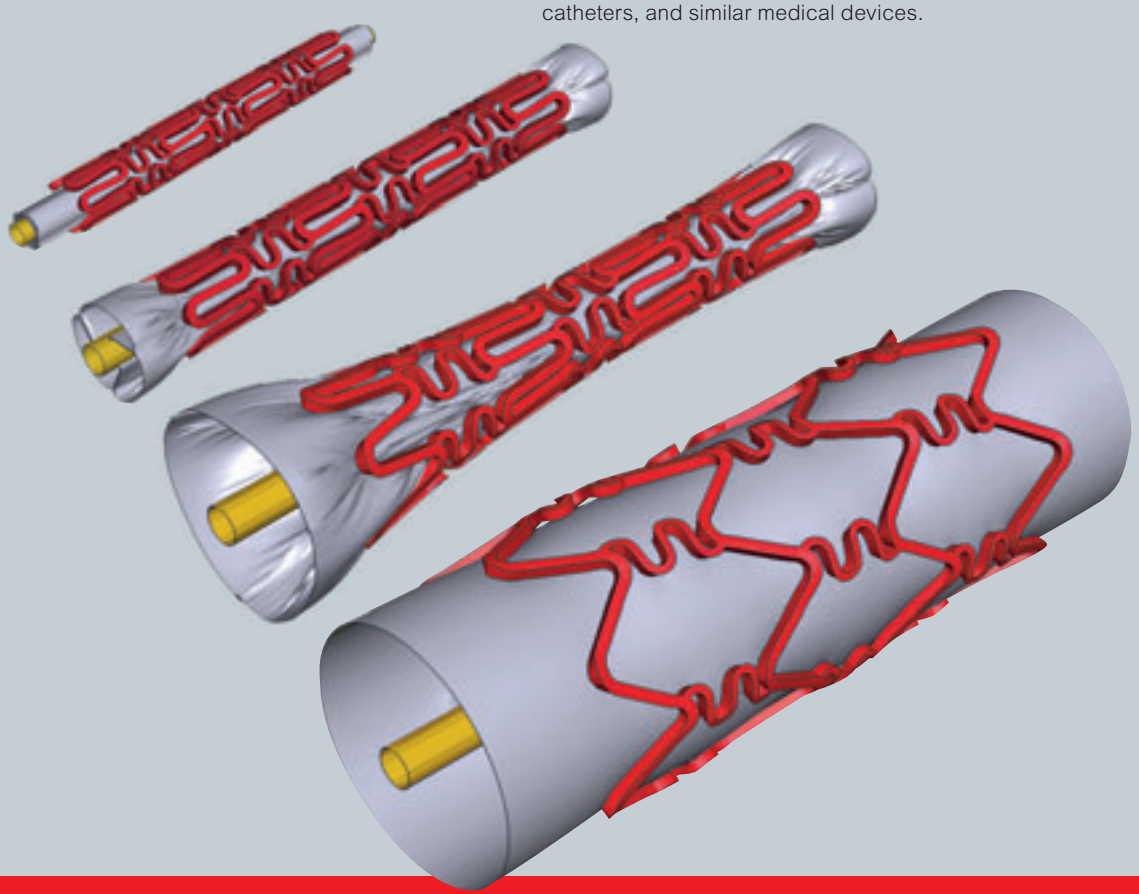
The adidas +Teamgeist match ball for the 2006 FIFA World Cup™ was engineered to behave consistently wherever it is struck. The interior of the ball is a carcass structure made from 12 pentagonal panels of fabric that fold up to form a sphere. This structure led to large improvements in stiffness distribution. Abaqus FEA software from **SIMULIA** was used to model the behaviour of the ball when kicked at up to 160 kilometres an hour, helping to determine the effect of even small structural changes on performance.



Ghent University

Simulating Realistic Balloon Stent Deployment

Researchers at Ghent University in Belgium wanted to test whether it was possible to understand the mechanical behavior of balloon-expandable stents used to open obstructed arteries and restore blood flow. They decided to use Abaqus from **SIMULIA** to simulate various hypotheses about nonlinearities, large deformations, and contact with the walls of the artery as a balloon stent expands. The numerical results – accounting for the presence of the balloon in its actual folded shape – correspond well with data supplied by the manufacturer. These results will contribute to better digital models of angioplasty procedures and the design of better performing stents, dilation catheters, and similar medical devices.



"Using Abaqus, we were able to analyze the complex behavioral performance of stents in an original way. This opens up new opportunities for digital modeling and simulation in the development of future generations of surgical technology."

Drs. Matthieu De Beule, Laboratory for Research on Structural Models, Ghent University
Drs. Peter Mortier, Institute Biomedical Technology, Ghent University

Collaborative Product Lifecycle Management

Combining three complementary product lines – VPLM, SmarTeam, and MatrixOne – ENOVIA provides the broadest and deepest coverage of PLM processes compared to any offering on the market today. It delivers new levels of 3D digital collaboration in companies large and small, and allows companies to fully master the creation and lifecycle management of products whether they are complex or simple. They can also more easily manage the complexity of the business processes involved, and the distribution of information along the entire value chain.

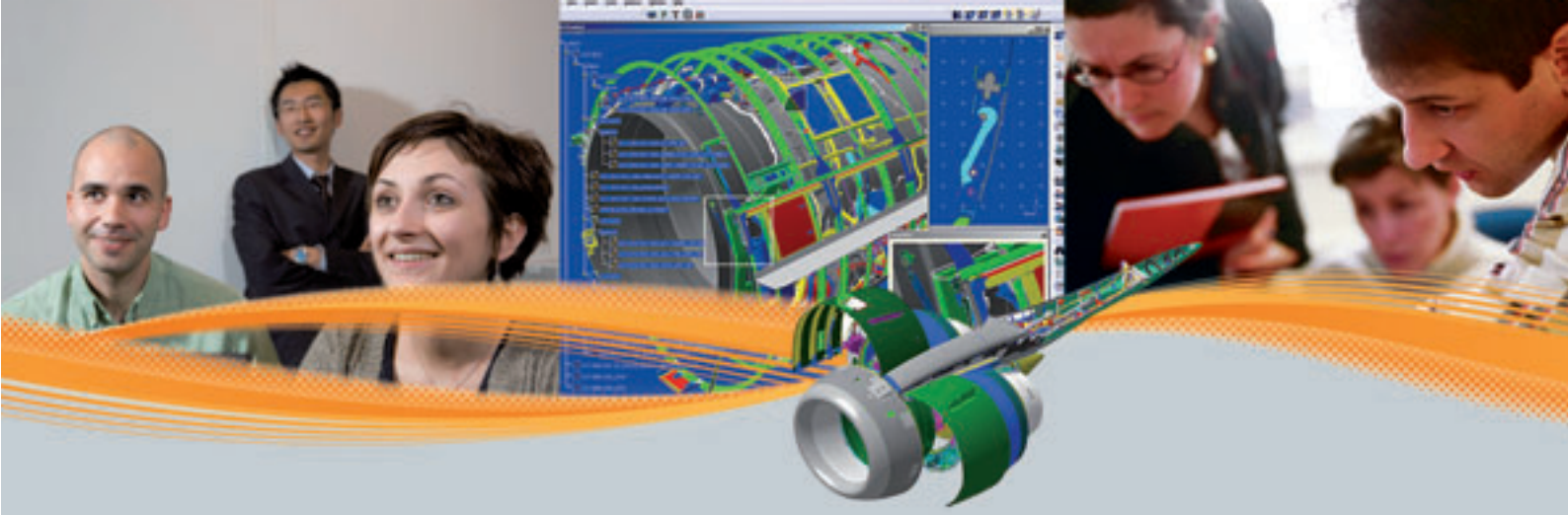
ENOVIA VPLM

ENOVIA VPLM provides a collaborative environment for the management of the virtual product, including the digital mock-up, during the intensive engineering cycles early in a product's life. The complete product definition is captured and managed concurrently across groups, so extended enterprise stakeholders can collaborate, create, and capture lifecycle information in a single, virtual environment.

From designers and sourcing specialists to production planners, **ENOVIA VPLM** brings disciplines and data together to explore and validate design and manufacturing decisions, improving product quality and reducing time-to-market. This early insight allows companies to optimize designs for manufacturability and maintenance early on when the cost is low. By linking critical processes and knowledge across the product lifecycle, **ENOVIA VPLM** removes obstacles to innovation, delivering a significant competitive advantage.

Using an intuitive user interface, **3DLive for ENOVIA*** allows anyone to instantly search and navigate, and collaborate on any PLM information, regardless of location, source, or format. For the first time, engineering and business stakeholders in different parts of the globe can download this lightweight application online and discuss the details of a project or program and the definition of bills of material with an easy-to-use revolutionary user interface.

* See page 32



Goodrich Aerostructures

Supporting corporate-wide initiatives

Goodrich Corporation, a Fortune 500 company headquartered in Charlotte, North Carolina, is a leading global supplier of systems and services to the aerospace, defense, and homeland security markets. From aerostructures and actuation systems to landing gear, engine control systems, sensors, and safety systems, Goodrich products are on almost every aircraft in the world.

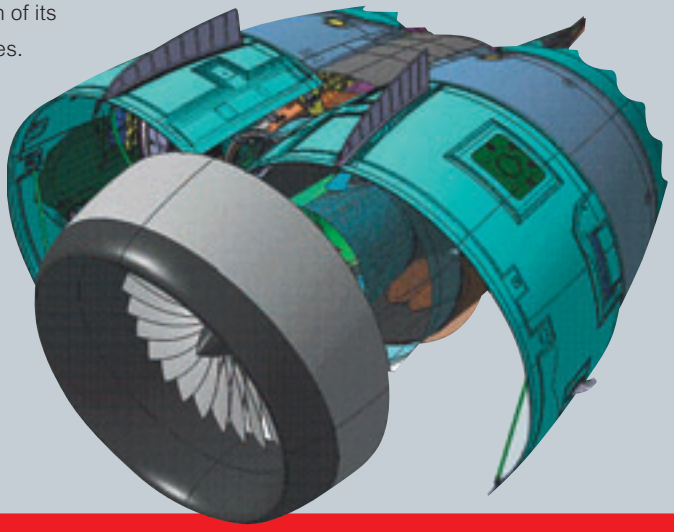
Goodrich Aerostructures (ASG) is taking an industry-leading role in PLM strategies and solutions to boost productivity in new product development and strengthen its relationships with primary business partners and customers, Boeing and Airbus. Deploying DS V5 PLM solutions helps Goodrich increase collaboration across the global value chain, while streamlining processes and facilitating standardization of its complex IT and Engineering infrastructures.

Having a single 3D environment for product, process, and resource information, as well as in-work design and collaboration, improves quality and streamlines knowledge access and design reuse, letting engineers focus on creativity and innovation. Centralized program administration and reporting allows Goodrich to effectively manage resources as workloads rise and fall, reducing development time and costs. Using DS PLM solutions, tools, and embedded best practices, Goodrich is able to collaborate virtually with its partners across the extended enterprise – and also support Goodrich's corporate and ASG Lean Product Development and Lean Manufacturing initiatives.

Increased global collaboration

Streamlined processes

Standardized infrastructures



"Using ENOVIA VPLM, it is our intent to deliver the high-quality products our customers demand while reducing development cycle times. By embedding design rules and standards, we have increased the accuracy and availability of CAD data, improving productivity across design teams and our global supply chain."

Katherine Wood, IT Director, Goodrich Aerostructures

ENOVIA SmarTeam

Providing full PLM for small- to mid-sized businesses and solutions for engineering departments of large enterprises, **ENOVIA SmarTeam** delivers rapid time-to-value, easy adaptation to needs, and low total-cost ownership. In 2006, **ENOVIA SmarTeam** surpassed the 4,000 customer mark.

Out-of-the box Express offerings make it easier and faster than ever for mid-market companies – the largest segment of manufacturing – to enter the world of PLM, starting with design collaboration in a multi-CAD environment. In 2006, **ENOVIA SmarTeam** also delivered breakthrough capabilities for streamlining design to manufacturing processes.

ENOVIA SmarTeam customers enjoy shorter time-to-market, reduced costs, and other essential competitive benefits. Flexible, modular solutions maximize product-centric collaboration across design, engineering, and throughout enterprise, as well as with customers and value chain partners.

ENOVIA MatrixOne

ENOVIA MatrixOne provides the most comprehensive PLM collaborative environment offering on the market today. By unifying and streamlining product lifecycle business processes including design and production, **ENOVIA MatrixOne** enables companies in a broad range of industries to solve such challenging new product development and introduction problems as supplier collaboration, customer requirements management, and regulatory compliance in a powerful new 3D environment.

Some of the world's most successful companies use **ENOVIA MatrixOne** solutions to drive business value and gain competitive advantages by reducing new product introduction costs, managing supplier networks, extending design expertise across the global enterprise, designing for environmental compliance, improving quality, and accelerating time-to-market.

A proven, standards-based offering, **ENOVIA MatrixOne** has been built to support global, enterprise-wide deployments, and is equipped with the industry's highest level of flexibility, scalability, and performance, making it the ideal platform to support the product development process of any enterprise in any industry.

ENOVIA MatrixOne enables organizations to harness the power of their value chains, through federated PLM data management capabilities, business process applications, industry-focused accelerators, and enterprise integration capabilities that deliver seamless data sharing between **ENOVIA MatrixOne** and third-party enterprise applications and tools.

Royal Canadian Mint

Reducing Costs and Time-to-Market for New Designs

One of the world's largest, most technologically advanced mints, the Royal Canadian Mint (RCM) is using V5 PLM to foster innovation and business efficiency for customer benefit. A forward-looking company, it uses CATIA V5 for 3D product design and **ENOVIA SmarTeam** for product data and lifecycle management.

With **ENOVIA SmarTeam**, the RCM incorporates metal formulas and properties, engineering specifications, tooling and production data, and other valuable proprietary information into its business processes. By making this knowledge accessible across departments, by bringing it into every facet of design and production, and by automating its business processes, the RCM has increased its responsiveness to customers and brings innovative coins to market more efficiently.

"Our PLM solution automates and integrates the entire quotation, new product development, and engineering process. Simplifying and bringing better control to the engineering change process, and allowing users to more quickly and easily access existing data for reuse, has driven down engineering and manufacturing costs. It furthers our goal of becoming a lean enterprise."
Neil Hallam, chief information officer, Royal Canadian Mint

Quiksilver, Inc.

Catching the Wave of Global Apparel Production

Surf- and skate-wear brand Quiksilver, Inc. decided to globalize its three design centers in Europe, the United States, and Australia. The main challenge was to leverage the local creations of the individual teams so that the entire company could benefit for further product innovation and speed time-to-market. This entailed pooling process descriptions and product information in a shared, collaborative database, enabling the company to evolve fast and flexibly.

Quiksilver selected **ENOVIA MatrixOne** because it appreciated the company's experience with other apparel manufacturers, retailers, and their supply chain partners, the power of its database to support a unique global business model, and its capacity to share very large art files. The company also liked **ENOVIA MatrixOne**'s apparel "Accelerator", an industry-specific solution which incorporates the best practices of some of the world's leading footwear and apparel companies combined with the powerful **ENOVIA MatrixOne** business process applications. Quiksilver was impressed by the speed, the quality of user acceptance and rapid training, and is looking forward to rolling out the system to other brands and categories such as shoes, watches, wetsuits, and accessories.

Customer-Driven Initiatives

Accelerating Business Transformation

Deploying PLM to enhance innovation, design, and production performance is not a matter of installing a new toolset, but of changing the way the company functions. It requires a new vision of how a business can operate, driven by managing knowledge rather than materials. Our brand portfolio of products and services is designed to simplify the dissemination of such value-creation thinking throughout the company. We offer our customers specific Industry Solutions, such as Business Process Accelerators (BPAs), to speed up ROI. They package knowledge based on our vast experience of adapting solutions to our customers' markets and to such tasks as system engineering and product quality planning.

BPAs are created through tight collaboration and service engagement with reference customers targeting the best industry PLM practices and scenarios. The result is then capitalized, industrialized, and turned into software products. BPAs are DS certified, supported, maintained, and updated products. They enable customers to implement and adapt Industry Solutions to meet their specific needs, without the cost of tailor-made software.

Twenty-four BPAs were launched in 2006. ENOVIA MatrixOne Accelerators, tailored specifically for the automotive, defense, apparel, and medical device businesses to accelerate the product development process, will soon be added to and expand the BPA portfolio.

DaimlerChrysler Accelerating Powertrain with PowerFeature

Rapid Product Creation is a strategic cooperation project between DaimlerChrysler in Stuttgart, Germany, and in Auburn Hills, U.S., and DS that aims to define, optimize, and harmonize the methodologies and functionalities for CATIA V5 in the powertrain area. It includes the PowerFeature, a PLM Accelerator for powertrain.

Through a catalog of PowerFeatures, engineers or designers access the right standardized geometry in accordance with design and manufacturing requirements. Information can be digitally exported to the NC code by accessing the 3D model. The tool path is then automatically generated. This paperless flow of information drastically reduces errors and increases productivity in the overall process.

Farnham & Pfile Construction Inc. Complete Virtual Engineering with Equipment & Systems Solutions

Thanks to complete virtual engineering with DS products, the Pennsylvania-based engineering and contracting company Farnham & Pfile has kept its commitment to customers to "build your future ahead of schedule."

All projects are fully designed in 3D with the help of Equipment & Systems solutions which give the modeled elements an added layer of information, enabling them to interact together and with the modeled environment. By emphasizing the engineering phase of the project with the help of DS Industry Solutions engineers, F&P has consistently reduced the efforts and the costs related to procurement, management, and construction.

Customer-Driven Initiatives

Creating Value across Industries

In a fast-changing world where fashions unfold in rapid succession and lifecycles shrink to days, companies in such process-driven sectors as apparel, food, and mobile phones, and high-tech businesses such as semiconductors, are now facing the same problems as large-scale manufacturing industries: demanding regulatory environments and intense market pressure due to evolving consumer demand.

Because they leverage the information drivers of any production process, our brands and PLM solutions can help these new sectors synchronize their complex business processes with their production process and maximize the increasingly shorter windows of opportunity on their markets.

In the **semiconductor** business, ENOVIA MatrixOne solutions are helping Agere Systems to manage product information and engineering data, as well as to automate administrative tasks, improve data integrity, and provide uniform training facilities.

In a related segment, Dialog Imaging Systems, a producer of camera phone imaging modules, deploys SolidWorks to optimize the data management environment and gain competitive edge by launching products more quickly on the dynamic consumer market.

In the **food processing** business, the Italian firm The Barilla Group, and in the **life sciences** industry, Johnson & Johnson, are both using ENOVIA MatrixOne to master data management, integrate their design teams, and handle product configuration.

In **consumer electronics**, CATIA V5 and ENOVIA SmarTeam solutions can quickly build a design platform that enables R&D staff to increase efficiency through greater collaboration. The Chinese watch company EBOHR, for example, has effectively speeded up time-to-market and responded flexibly to changing customer demand by using a V5 PLM solution.

In the **telecoms equipment** sector, AMC Centurion, a leading global manufacturer of antennas and wireless communications products, has chosen ENOVIA SmarTeam to improve its design and business processes.

In the market for industrial **professional cleaning equipment**, the Danish vacuum cleaner maker Nilfisk-Advance is synchronizing new production teams in Hungary and China using V5 PLM to achieve better collaboration and product data management.

Customer-Driven Initiatives

Inventing Breakthrough Technologies

In 2006, we once again demonstrated through major technology advances that we are dedicated to addressing major step-change developments on the Web and in global business practices. Through this responsiveness, we can better serve our customers and ensure that the collaborative benefits of PLM become more pervasive, easier to deploy, and closer to end-user requirements.

Opening Up with SOA

By adopting Service-Oriented Architecture (SOA), we are demonstrating our commitment to open industry standards that ensure better integration within and between enterprises. SOA is a Web-based framework that allows V5 PLM solutions to talk to computer middleware, synchronize business processes, and facilitate broader data sharing. It enables business functions to be designed as independent modules so that common components can be used interchangeably both internally and externally. This turns IT assets into service components from which everyone can benefit.

SOA requires programming interfaces through which components can communicate with each other. In 2006, we launched five V5 SOA components: collaborative user experience, business process modeling and execution, intellectual property management, enterprise foundations, and openness features such as Web services and 3D XML.

Online Collaboration with 3DLive for ENOVIA

3DLive for ENOVIA introduces a breakthrough 3D paradigm for online collaborative intelligence that brings corporate IP to life, anywhere, anytime. Leveraging the power and flexibility of Microsoft's newest operating system and SOA, 3DLive for ENOVIA securely connects the people, processes, and products that drive our customers' business.

This unique 3D environment is set to deliver real productivity breakthroughs for PLM customers across all markets.

Breakthrough with CATIA Systems

As part of our commitment to expand end-to-end open PLM solutions to meet all customer requirements, we launched the CATIA Systems initiative in 2006, leveraging our acquisition of Dynasim, the leader in modeling embedded systems using the Modelica standard.

This new platform will help customers model, simulate, and manage the lifecycle of simple to complex systems, ensuring prediction and validation of the product behavior.

"V5 SOA increases our ability to develop next-generation PLM solutions and solve the challenges at the core of our customers' business. SOA architecture allows us to rapidly integrate our solutions based on an existing application framework with a unified interface, bringing added flexibility to the supply chain. It will drive innovation and ensure that our customers remain competitive."

Yoshikazu Niwa, executive corporate officer, Nihon Unisys Solutions, Ltd.

Customer-Driven Initiatives

Bringing SMBs Up to Speed

To meet the special needs of smaller-sized businesses as they face the same challenges as larger companies, DS has developed a range of pre-packaged solutions that combine the power of DS PLM technology with ease of implementation. These companies will depend on such solutions to deliver tighter collaboration with their customers, more integrated product information management, and greater capacity to step up innovation and quality to meet market demand.

In 2006, a report on Benchmarking PLM for Small- to Medium-Sized Manufacturers by the Aberdeen Group sponsored by DS showed that by using PLM solutions, SMBs have increased revenue by 19% while reducing development and production costs by up to 17%. New features such as predefined workflows, templates to streamline data configuration, and industry-specific functionality have enabled SMBs to use solutions that until very recently were thought to be out of their reach.

To improve SMB performance in this and other domains of their businesses, DS's innovative out-of-the-box solutions support faster-to-market response where PLM is vital. The focus for each solution is affordability, a customized footprint, and the ability for users to get up to speed as soon as possible.

For more information on our PLM solutions for SMBs, please visit **www.timeisbusiness.com**

CATIA PLM Express

The newly available CATIA PLM Express provides a powerful and scalable, yet easy-to-use and affordable, PLM solution helping SMBs in any industry to deliver innovative products to the market faster while reducing costs and improving their ROI. Developed closely with customers, it is an easy to understand role-based approach mapped with industry-specific and job-related needs to provide the right tools for the right people. Customers and prospects can easily and rapidly define the solution that best matches their needs and request a quotation online using "My CATIA PLM Express", available on the DS website.

SmarTeam Design Express

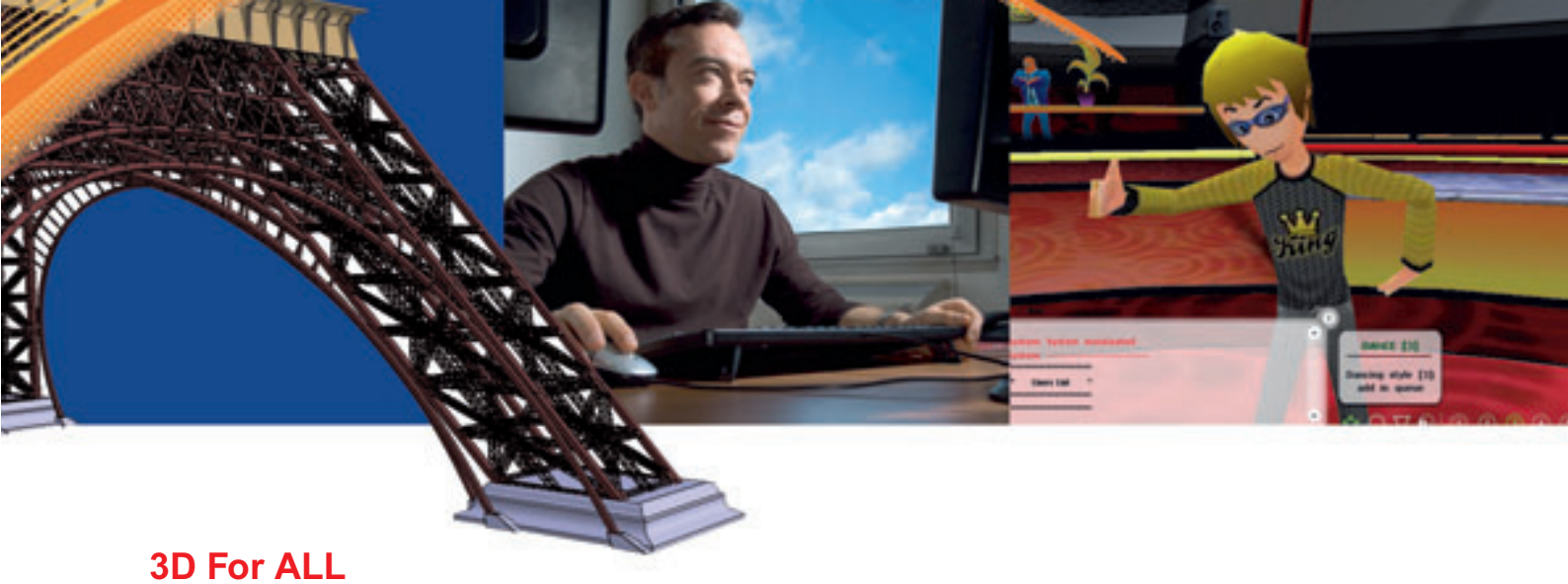
An out-of-the-box solution to help SMBs get started with optimizing their use of product knowledge, SmarTeam Design Express enables manufacturers to roll out an entry point collaborative product data management scenario in just a few days. This preconfigured solution starts with basic product data management as a foundation on which to introduce further PLM functionality one step at a time. Its proven methodology gets design teams collaborating quickly, giving companies the rapid ROI, confidence, and experience to expand from Design Express to full SmarTeam to meet their PLM needs.

SolidWorks

The SolidWorks brand offers easy-to-use 3D CAD software to help SMBs and others design better products faster. The new SolidWorks Intelligent Feature Technology (SWIFT) allows design teams to focus more on product development than on the workings of the tools that support it.

"CATIA PLM Express brings us all of the functionality and benefits of CATIA, perfectly adapted to our specific business needs and organization. We are under constant pressure from our customers to innovate and compete in terms of price. We have now discovered a scalable and flexible approach to PLM, which allows us to streamline and grow our business profitably by anticipating our customers' needs."

Franco Zanon, founder, Zanon Macchine Agricole



3D For ALL

Unleashing Human Imagination

Three-dimensional display is part of the Dassault Systèmes DNA. Today, it drives our 3D For ALL strategy, with the aim of democratizing the power of 3D across all information society users.

In 2006, DS took steps forward to establishing 3D as a new media for enhancing collaboration and creativity for both the PLM agenda and more consumer-related applications.

3D XML

All DS brands and Virtools now deploy the 3D XML standard, ensuring that all applications carry 3D value into product industries as well as deliver rich 3D experience for all. In addition, powerful 3D display solutions make collaboration easier, by using compelling images to overcome the language barrier. Thus, 3D is now positioned as an affordable media that will seamlessly integrate with Web applications, making life online similar to the natural habits and mindsets of everyday computer users.

To leverage 3D XML and support its deployment, new tools have been introduced such as **3D PrintScreen**. Used in association with the **3D XML Player**, this revolutionary tool saves in 3D XML and shares easily 3D models coming from any 3D application.

IBM Lotus Notes fully supports 3D XML Player, letting users enhance collaboration and joint decision-making by sharing product and business information with other knowledge workers from their desktops through the traditional Notes interface.

Examples of 3D XML applications include Toyota Motorsport integrating it into its design process to facilitate the approval of technical changes by multiple stakeholders; Dassault Aviation publishing 3D technical documentation for teams throughout the supply chain; and students embedding 3D objects or websites into their theses.

Virtools: A Breakthrough in Interactive 3D Experience

As part of the drive to democratize 3D XML, it was also integrated into the Virtools development platform. With clients ranging from Procter & Gamble to Warner Bros. Online, Virtools has pioneered a new business space in 3D interactive applications, offering lifelike displays of locations and high, game-like interactivity with 3D objects. Virtools solutions extend 3D XML with content and scenarios required for rich 3D experiences and behavioral objects. With Virtools, real-time 3D can now be used in a wide variety of applications such as experiencing product usage, ergonomic testing, recreating the shopping experience, and training scenarios through to branding, advertising, and Web marketing. The Virtools portfolio is enriched with dedicated players for enterprise deployment.

Virtools simplifies the way airlines can configure in-cabin seating arrangements or car makers market their vehicles on the Web. Other Virtools applications include building 3D surveys to help capture user opinions of urban design plans interactively, creating highly-interactive technical documentation to instruct users of machinery, and training personnel to maintain nuclear power stations. By attracting users such as retailers, architects, and media companies, Virtools also opens up new markets for PLM solutions in these segments as they become aware of the value of digitally-supported product information.

Quai Branly

Simulating the Visitor Experience

The new Quai Branly Museum in Paris, dedicated to early and tribal art worldwide, features extensive holdings of more than 4,000 artworks that can be exhibited and monitored in 420 different showcases. It faces a number of challenges related to positioning its exhibits and enhancing the user experience of this new art space.

Virtools is being used to solve many of these problems. One of the applications involves selecting the best base or pedestal for each exhibition piece in its showcase. Virtools technology helps visualize the position of each exhibit and provides details about each location. It also manages the volumes of different spaces and predicts the impact of the Museum's design on the surrounding environment.

Other applications include the planning and positioning of CCTV cameras, and simulating the Museum's auditorium in vision and sound so that designers can select the best seating arrangements for visitor viewing comfort.

The Birth of the Life Platform

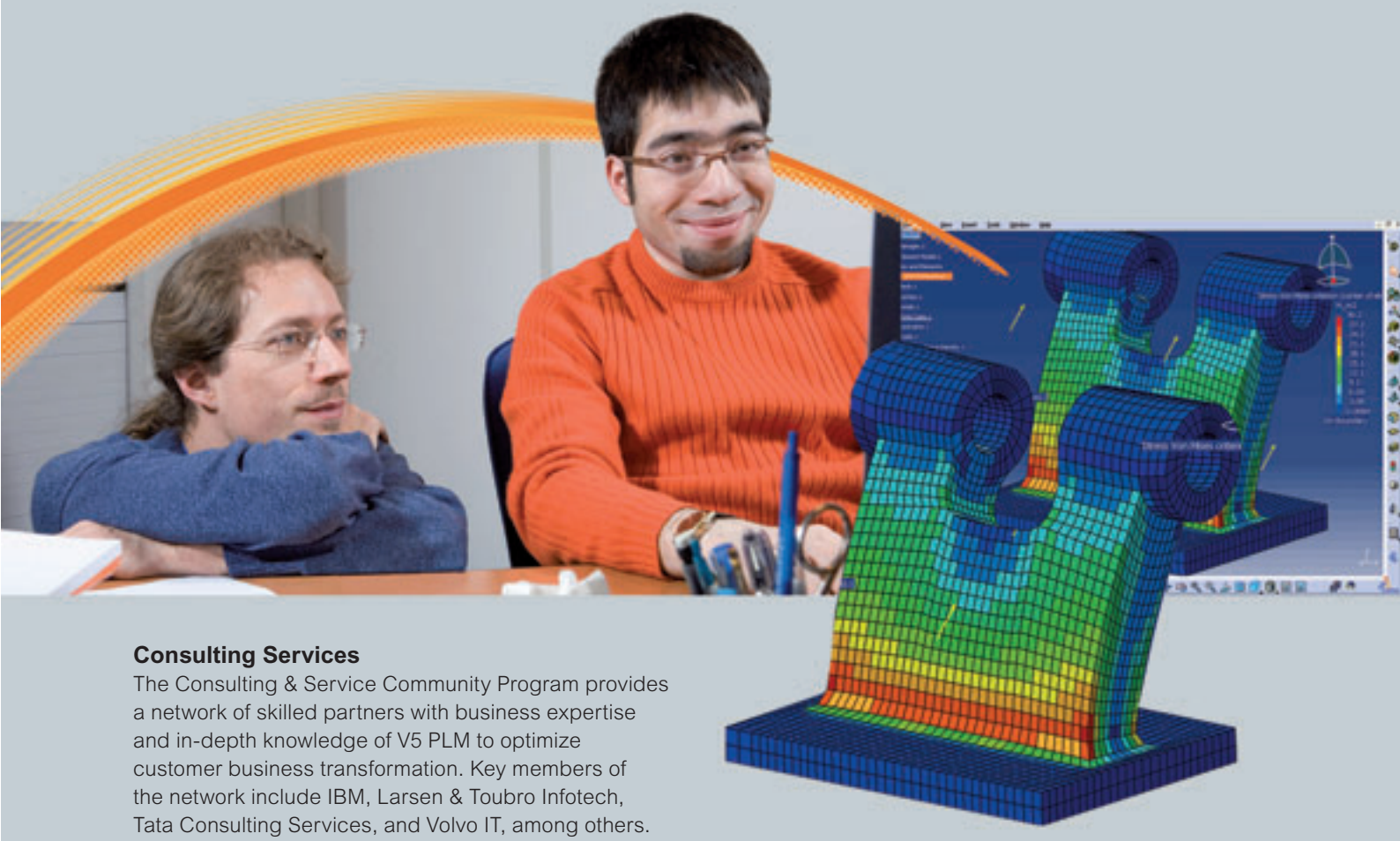
*In 2006, the **Virtools4** solution was released, ensuring full interoperability for a rich tool-box of 3D interactivity applications. Marketed as the **Life Platform**, this new 3D solution focuses on the consumer or user experience of products rather than on the product itself. The Life Platform enables product developers to experiment with product innovation and marketing in terms of quality, ergonomics, product appeal, and customer personalization.*

*A second key 3D For ALL release from Virtools in 2006 is the **Experience Player**. It combines two versions of a tool for sharing lifelike experiences on virtual products created with 3D modeling software: the **3D Office Player**, a stand-alone player for individual users of 3D displays or sequences that can be embedded in standard Microsoft Office applications; and, for more complex uses, the **3D XE Player**, designed for developers to capture 3D data, give life to it for a customized application, and then publish it on various 3D media.*

The Ecosystem

Global Partnership Collaboration in Action

Our strategy has always been to build long-term relations with selected companies that are leaders in their field. Our established ecosystem is a living community of partners and customers delivering one of the richest integrated offerings of PLM-related software, services, and collaborative value in the business.



Consulting Services

The Consulting & Service Community Program provides a network of skilled partners with business expertise and in-depth knowledge of V5 PLM to optimize customer business transformation. Key members of the network include IBM, Larsen & Toubro Infotech, Tata Consulting Services, and Volvo IT, among others. The focus is on providing technical and business collaboration to design solutions that combine best-in-class PLM applications with IT and PLM services tailored to customers' individual needs.

New members this year include: **Elsag** (Italy), a Finmeccanica company; **Processia Solutions** (Canada), featuring its VPMWired product; and **Sumisho Computer Systems Corporation** (Japan), providing skills in "Process & Resource Planning" for the automotive industry. **Satyam** (India), one of the five largest engineering services firms in India, supports engineers working on V5 solutions at aerospace customers and partners. Its PLM expertise ranges from implementation to training, and operations from migration to configuration.

Customers are leveraging the open PLM infrastructure to tailor V5 PLM solutions to their industrial company's specific process needs, develop their internal specific applications, and protect their IP and knowledge. Describing how his company benefits from the CAA V5 network of partners, Jun-Ichi Yoshimi, general manager of Toyota Communication Systems, said, "*We experienced a very productive PLM development environment, which enables us to develop in record time Toyota's portfolio of applications.*"

The CAA V5 Community

The CAA V5 programs enable companies – industrial end users, systems integrators, and software editors – to develop their own software applications utilizing V5 technology. It brings together a vast and mature community of developers leveraging the V5 PLM environment, gathered together during the DevCon conference annually. The DevCon is a unique event for DS customers and partners to receive the latest information on V5 PLM strategy and developments, gain technical insights, meet people, and enhance their network.

With more than 6,000 developers around the world, software partners expand industrial process coverage of the V5 solution portfolio with complementary value-added V5 PLM applications. This broad portfolio of 400+ CAA V5-based applications, embedded and closely interacting with V5 PLM applications from all DS brands via a common infrastructure, is delivered through innovative partnership with technology leaders.

New members this year include: **Intercim** (United States), providing advanced process system management solutions especially for the aerospace and automotive businesses; and **Kineo** (France), a developer of the worldwide leading technology for Automatic Motion and Path Planning targeting the automotive sector.

One year after the partnership was signed, products are available and surface design specialist ICEM has already made a significant deal at Ford, with the support of DS teams. This will lead to a deployment at Ford of more than 300 ICEM Shape Design seats over the next several years, enhancing the V5 value to Ford by enabling a seamlessly-integrated, end-to-end vehicle development process.

Lee Cureton, ICEM's Chief Executive Officer, thinks highly of his company's participation in the DS ecosystem. He has said that it makes the company *"feel empowered to offer our customers a solution which is fully embedded in V5 PLM and tremendously increases productivity. This enables faster design and time-to-manufacturing, while providing ICEM's leading-edge surface design capabilities to our customers."*

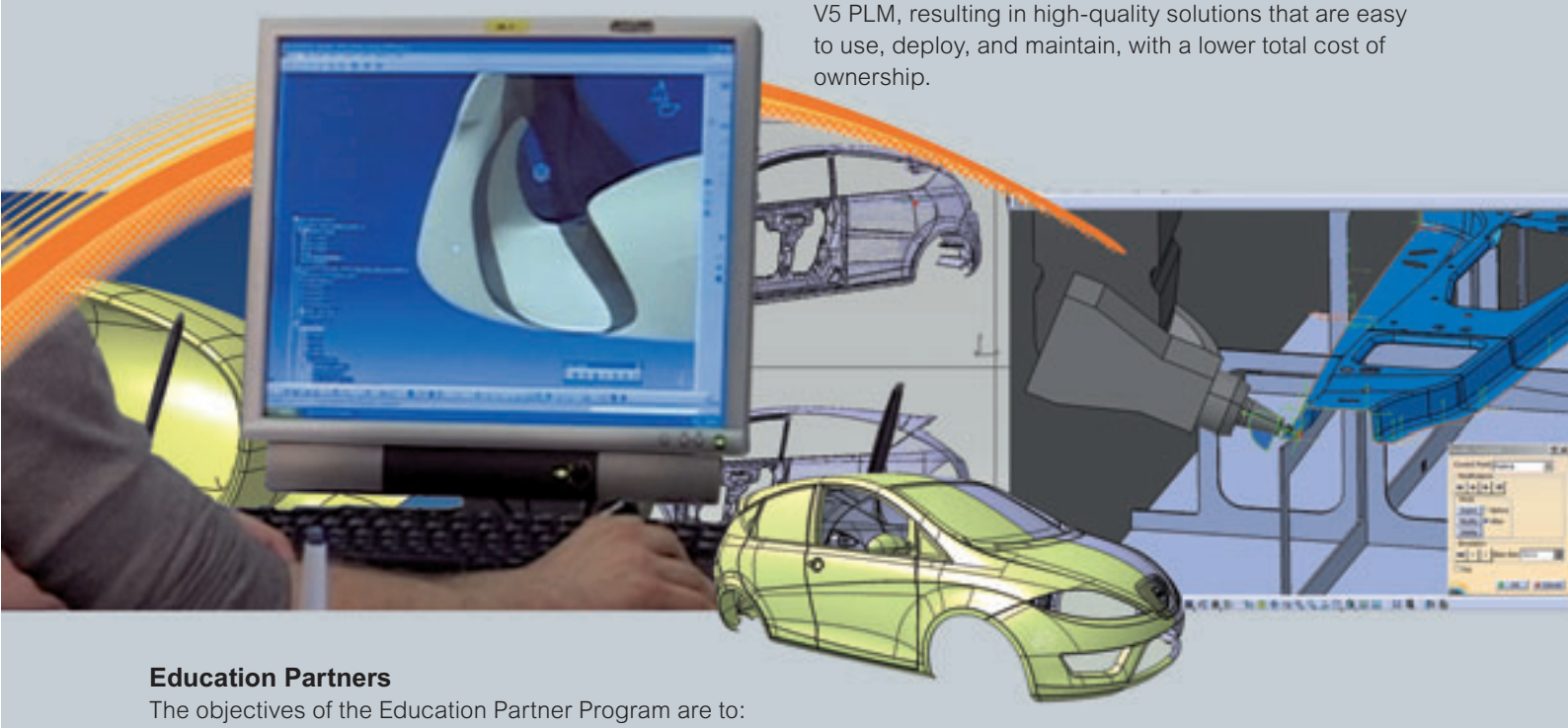
The Ecosystem

Academic Partners

We are continuing to expand our reach to new generations of engineering students, familiarizing them with our product solutions. More than 1.2 million students worldwide each year have access to our technology, from elementary school to the Ph.D. level. Among new partners is the Faculty of Aerospace Engineering in the **Technical University Delft**, Holland's largest engineering school, which has licensed CATIA V5 seats for its first degree program. At **Konstfack**, Sweden's largest university college of arts, crafts, and design, students are trained using CATIA's Imagine & Shape software.

Technology Partners

DS works closely with a network of leading technology partners, such as DELL Inc., Hewlett-Packard Company, and Microsoft, to bring innovative and comprehensive PLM solutions to the market. Our technology alliances are established with three objectives: to ensure compatibility between the IT infrastructure and PLM solutions; to expand our global network of valued partners sharing the same interests within a "competitively cooperative" model; and to integrate the latest features of these technologies into our solutions. Thus, these partners meet V5 PLM customers' needs by offering the best infrastructure for V5 PLM, resulting in high-quality solutions that are easy to use, deploy, and maintain, with a lower total cost of ownership.



Education Partners

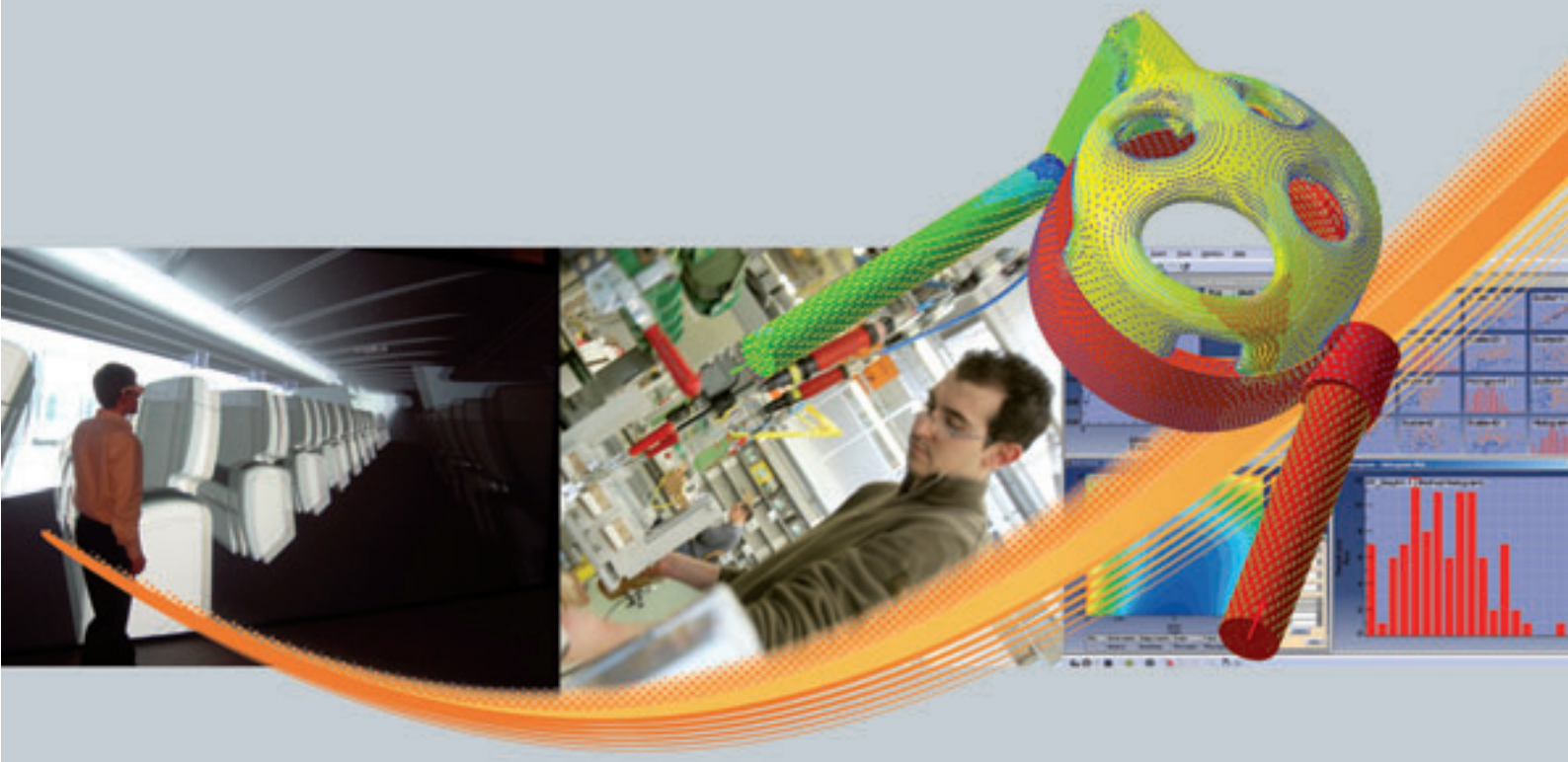
The objectives of the Education Partner Program are to: maximize user performance with DS PLM products and solutions; ensure worldwide availability of innovative and best-in-class education solutions for end users; and supplement educational content with supporting high-value technologies. Customers benefit from the worldwide availability of innovative education products and solutions developed by DS and supported by a network of skilled education partners. And partners benefit from accelerated delivery of all DS classroom materials; a direct link with our education development team; dedicated classes in the PLM University; advantageous contracts for use of the Companion product, a powerful e-learning solution to complement traditional training; and increased market awareness via DS promotional activities. The program was extended to universities to expand their academic offering with industry-ready continuing education. Wichita State University was the first to join this new segment of DS's learning ecosystem.

Distribution Channel Partners

DS has always developed multiple channels for distributing its solutions to partners and customers. These relations are built around long-standing alliances with sector leaders and with new partners that are extending our reach further into emerging PLM sectors. These distribution channels are at the cornerstone of our customer relationship. Customers are served by 200 PLM Business Partners worldwide who secure implementation of PLM solutions by bundling sofware sales and professional services. And SolidWorks continues to exceed its year-on-year reseller channel growth with a more than 22% increase in worldwide sales, support, and training headcount.
DS development relies on the performance of these multiple channels, and we value them as a competitive advantage.

Microsoft

With our strategic partner Microsoft, we are committed to delivering great customer value through cutting-edge, fully-interoperable and open PLM solutions that are easy to use, deploy, and maintain, with reduced cost of ownership and ease of integration. Together we announced a number of value-creating agreements during 2006, including making 3D XML and Microsoft's XAML formats deeply compatible for easy exchange of 3D data; a Windows XP Professional X64 platform compatible version of the V5 PLM solutions suite for advanced simulation and large assemblies; and V5 PLM support for Microsoft's major enterprise suites. In November 2006, DS announced the full support of Windows Vista and Windows Office System across its portfolio.



IBM

In a further effort to better serve our customers, we have recently strengthened our 25-year relationship with IBM as a strategic partner in the distribution of DS PLM solutions. IBM will sell a broader portfolio of DS PLM solutions, thus expanding its coverage of selected accounts to better target the high-tech, semiconductor, and utilities markets with end-to-end solutions integrating several DS brands that are increasingly being demanded by our large customers. The solutions involve a combination of hardware, production software, middleware to synchronize PLM with other enterprise processes, and services to support workflow optimization.

At the same time, DS will increase the scope of its management of the PLM indirect sales channels. Under the new agreement, the transition is in two phases. First, DS will continue to expand its role as Channel Management Provider on behalf of IBM in almost all countries. Second, DS will assume direct responsibility of a network of DS value-added resellers. This transition is being implemented on a country-by-country basis and is expected to be completed by early 2008.

With better territory coverage and improved leverage of the skills brought by IBM, business partners, and DS, this new agreement advances a go-to-market model designed to help customers expand their resources and drive growth. In sum, it is about our customers and our commitment to getting closer to them, extending the reach of the 3D virtual world and PLM, for live collaboration and as a driver for innovation.

To learn more about our partners in the ecosystem, visit **www.3ds.com/alliances**

Corporate Social Responsibility

Connecting Talents

We are bringing all stakeholders together every day to share, learn, innovate, and thrive throughout the DS ecosystem. DS people worldwide are constantly reinventing the way we provide value to our customers, partners, and the community at large to build a better future, helping create greener products, a higher quality of interaction, and continuity for future generations.

"Best company to work for and with"
Peter Schmitt
Marketing
Detroit

"Leading-edge technology"
Mark Alessandrini
R&D
Providence

"Business process transformation"
Harry Daglas
R&D
Woodland Hills

"Execution"
Steve Macri
Sales & Distribution
Charlotte

"Openness"
Michael Segal
Sales & Operations
Boston

"Focus"
Debbie Dean
Legal
Boston

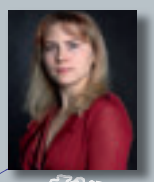
"Cooperation"
Dick Morgan
Human Resources
Boston

Growing Global Company

Today, nearly 7,000 people represent DS in 27 countries. They are fully engaged within the DS ecosystem, enhancing customers' business processes through even more innovation for products, performance, competitiveness, and ROI. We demonstrate our capacity to integrate new DS teams, skills, and technology quickly and successfully. This results in total business spectrum coverage for customers and partners as well as providing new opportunities for DS employees.

In 2006, DS completed the integration of Abaqus and the creation of the SIMULIA brand. ENOVIA MatrixOne, acquired this year, has also been integrated. Both companies have proven their dynamism, success, and integration prowess from people and technology perspectives, and are expanding the industries that DS can address.

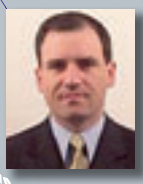
DS in Their Words



"Innovation"
Anastasia Kuznetsova
Marketing
Moscow

"Tenacity"
Samson Khaou
PLM Business Transformation
Seoul

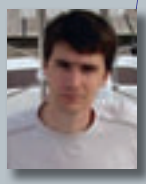
"Growing and working together"
Fabrice Dreneau
Sales & Distribution
Tokyo



"Passion"
Denis Georgeon
Sales & Distribution
Beijing

"Commitment to deliver"
Kamal Kumar
R&D
Bangalore

"Helping customers determine their future"
Nathalie Feraud
Sales & Distribution
Paris



"Experience the future"
Sylvain Baron
R&D
Paris

"Engagement for customer success"
Laurence Barthes
Customer Support &
PLM Industry Ready
Paris

Recognizing Innovation and Business Contribution

Recognition is at the heart of creating an innovative and entrepreneurial spirit at DS. In 2006, ten different teams worldwide as well as inventors were recognized for their exceptional contribution with a DS Innovation Forward. This is also about strengthening our ultimate goal which is to create the future. A new category called the DS Business Forward was introduced to recognize a further seven teams in the business development area, focusing on reinforcing our go-to-market strategy.

Collaborating to Succeed

Collaborating with partners and customers is a source of constant agility that generates innovation, creates value, and leverages knowledge and leadership. 3D is driving and bringing the DS ecosystem together to create, share, and experience. It is an affordable, powerful media that helps our customers and our partners to realize our mutual vision together. More than 15,000 people within the DS ecosystem work together every day. Their diversity pushes us further; it is a source of innovation and learning.

Commitment to Our Customers and Partners

In December 2006, the DS/IBM 25-year partnership evolved further to optimize PLM sales territory management worldwide to better serve our customers. We understand the strength of durable partnerships and leveraging the best for each DS partner is key for the long term. Our committed global R&D labs and sales and distribution outlets are serving and sharing with our network of customers, partners, and developers every day. Together all DS brands have more than 100,000 customers and one million users in 11 industries. Continuing to improve DS customers' and end users' value in the real world using virtual world collaboration is our primary objective.

DS growth strategy and the advancement of sales and consulting skills within teams have brought dynamic transformation to DS. Our people are being trained to focus more than ever before on our customers. We put tools in place in 2006 to analyze and further enhance the skills of DS employees in the PLM domain. One-on-one relationships and interaction with our customers are our priority.

Events are an important feature of DS connectivity with customers. In Taiwan, a debut customer event demonstrated significant added value and impact for DS by creating a new format of events in line with customer expectations. This breakthrough was recognized by peers and customers because it illustrated a risk-taking initiative to develop innovative methods that will be adopted throughout DS.

PLM User Conferences are held worldwide annually – in China, France, Germany, India, Japan, Korea, Sweden, and the United States – to exchange user experiences with DS PLM products, questions, and the latest information around DS integrated solutions and those of our partners.

Who We Are

76

different nationalities

51%

of us joined DS over the last 3 years

52%
of DS people are based in Europe,

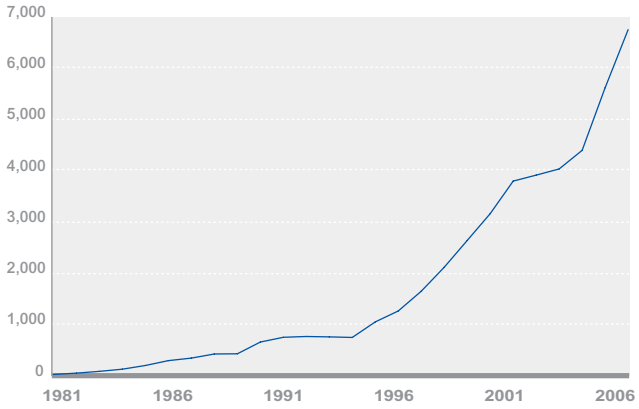
32%
in the Americas, and

16%
in Asia

17

R&D labs worldwide

DS Human Capital Growth as of December 06



Each year SolidWorks World has been the largest and coolest MCAD event ever recorded. SolidWorks customers, resellers, and partners gathered from over 50 countries. One of the main reasons many attend the event is for the Breakout Sessions, where they learn best practices and new techniques on specific SolidWorks capabilities.

Transforming Education

In a globalized, digital economy, skills must keep up with evolving career opportunities and business transformations. DS is committed to helping build these skills and knowledge for future generations, with school children, university students, and adult-training programs around the world. DS brands worldwide contribute to this objective, working with educational establishments, non-profit organizations, public education entities, and DS clients in multi-stakeholder partnerships.

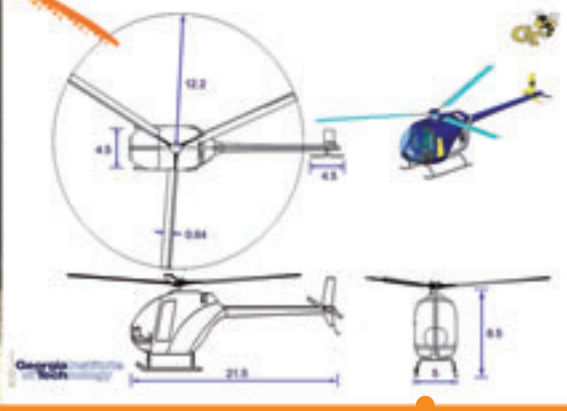
Partnerships have been set up worldwide to encourage the pursuit of careers in science and technology. A strategic milestone in 2006 was the strengthening of the partnership with the ASEE (American Society for Engineering Education).

American Society for Engineering Education

As part of the partnership with the ASEE, DS sponsored the Annual Conference & Exhibition in Chicago, and the Global Colloquium on Engineering Education in Rio de Janeiro, holding seminars on the integration of PLM technologies into engineering education. Our investment in the Global Colloquium is part of our strategy to promote engineering education in developing countries.

"CATIA V5 and DELMIA V5 allowed us to simulate the industrial design processes… this project enabled us to glimpse the design process that a company such as Boeing has to go through to design its massive and complex airplanes."

Bernard Laurendeau, Aerospace Engineering student, Georgia Institute of Technology



Oakland Schools, Michigan

DS and Oakland Schools in Michigan formed a partnership to provide software and training throughout Oakland County's 28 school districts. High school students will learn how to use DELMIA digital manufacturing tools.

"By integrating this program directly into the high school curriculum, we are better preparing students for entry into college as well as providing them the skills needed to be a vital part of the workforce, helping to keep jobs and youth in our state."

Dr. Bill Williams, Career Focused Education consultant, Oakland Schools

Georgia Institute of Technology

Graduate students from Georgia Tech used DELMIA V5 Digital Manufacturing and CATIA to design a helicopter that won first place in the 2006 23rd Annual Student Design Competition.

Australia

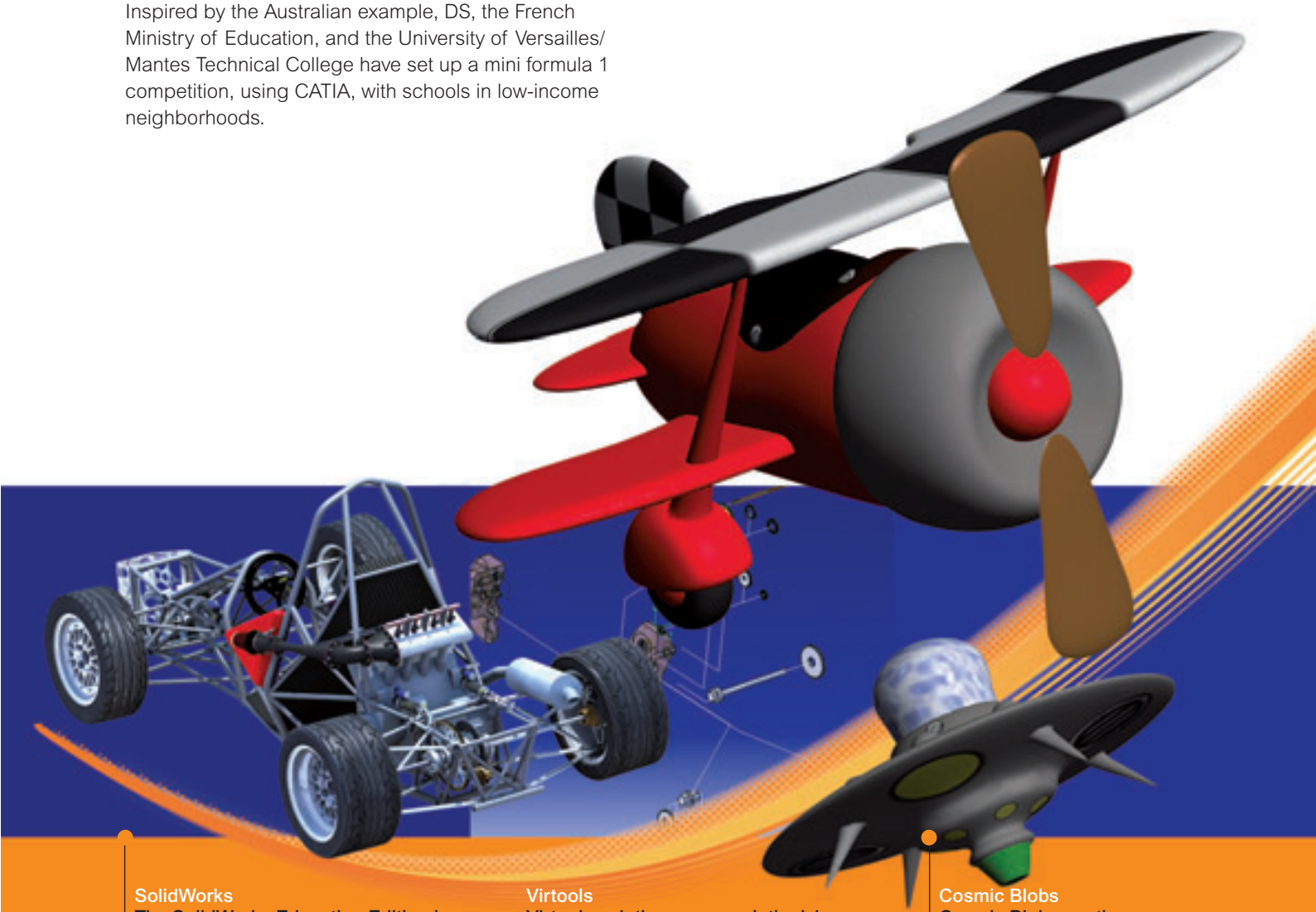
The high school competition created by the non-profit Re-Engineering Australia Forum has continued its growth. “Formula 1 in Schools” – which uses CATIA to design, manufacture, and race miniature F1 cars – received additional government funding for expansion to more educational institutions.

France

Inspired by the Australian example, DS, the French Ministry of Education, and the University of Versailles/ Mantes Technical College have set up a mini formula 1 competition, using CATIA, with schools in low-income neighborhoods.

China

A total of six Abaqus training centers have been founded at regional Chinese universities to carry out training and research that will take advantage of each university’s academic strengths.



SolidWorks
The SolidWorks Education Edition is being used by over 14,000 educational institutions worldwide. This project-based learning approach focuses on 3D CAD modeling technology, while encouraging students to develop collaboration and problem-solving skills.

Virtools
Virtools solutions are revolutionizing learning by applying interactivity to 3D models. Over 300 universities use Virtools solutions to prepare students for careers in digital content creation for 3D marketing, multimedia, and learning services, as well as for electronic entertainment and industrial applications.

Cosmic Blobs
Cosmic Blobs continues to grow its installed base worldwide as schools and child development programs adopt 3D graphics software as an enabler of constructive and entertaining classroom activities.

Making a Difference

DS employees around the world contribute to supporting local communities and reducing the digital divide at a global level. This flair for innovating alongside the community is ingrained within the company culture and encourages DS people and the community itself to exploit their full potential, creating opportunities and empowering employees and stakeholders alike.

Through partnerships, DS brands and employees enrich communities around us by volunteering, sponsoring events, donating funds and goods, as well as through fundraising.

EMPLOYEE COMMITMENT

Beyond a Typical Corporate Workday

DELMIA employees in Michigan have donated food and toys and raised funds for community projects throughout the year, such as through the bi-annual IT auction, an internal-only online auction that provides employees with the opportunity to bid on laptops, printers, monitors, and more.

ENOVIA MatrixOne has made donations to several non-profits. This year's recipients included several medical research organizations like the Multiple Myeloma Research Foundation.

DS in Charlotte was granted the American Red Cross Generosity Award for help given to Hurricane Katrina disaster victims.

Encouraging Employee Commitment
DS in Charlotte employees have set up a Community Involvement Committee. Over the past two years, the committee has partnered with multiple non-profit organizations, such as Autism Speaks and the Ada Jenkins Center, which helps low-income families.

Teaming Up
DELMIA India employees participated in the Bangalore International Marathon in September 2006 raising funds for Dream-a-Dream, a Bangalore-based non-profit organization working with children from vulnerable backgrounds.

FUNDRAISING

Team SolidWorks Raises over $480,000

As part of the Community Giving Program in August 2006, SolidWorks people participated in the annual Pan-Massachusetts Challenge (PMC). Employees, customers, resellers, business partners, family, and friends worldwide took part. PMC is the United States's original bike-a-thon and today raises more money than any other charity athletic event in the country. The PMC supports The Jimmy Fund, the fundraising arm of the Dana-Farber Cancer Institute. SolidWorks collected over $480,000. The total 5-year contribution from SolidWorks has reached over $1 million and Team SolidWorks is now the largest team in terms of people and the total amount raised (with 2% of the 4,600 total PMC riders).

BRIDGING THE DIGITAL DIVIDE

Boosting New Youth Learning Center

One initiative in 2006 by ENOVIA SmarTeam was to donate used hardware to the Kfar Yona Cultural Center that runs a successful co-existence program for Arab and Jewish Israeli youth.

"This is just a fantastic gift – and with perfect timing! The computers will help our Learning Center become a magnet for local teenagers. We will use them to offer courses in different computer skills and provide the kids with a tool for individual use, such as to do homework, chat, or surf."

Yocheved Margalit, director, Kfar Yona Cultural Center

Design and Manufacturing in Rwanda

The SolidWorks Community Giving Program has set up projects to reduce the digital divide in developing countries. In Rwanda, SolidWorks has an agreement with the ETO (École Technologique Officielle) Gitarama School to help teach design and manufacturing.

"The school has received its first order of 76 school desks (designed with SolidWorks). This is really exciting and delightful news! We are helping reduce the digital divide, and each step along the way counts; combined, the effect is huge!"

John McEleney, CEO, SolidWorks

Enhancing the Employability of Disabled People
DS has renewed its collective agreement for 2007–2009, to promote the integration of disabled people into the workforce within DS and DS business partners. DS has set up innovative recruitment processes and professional training partnerships which work at several levels. Initiatives around this program included internal awareness raising on issues related to being hearing- and visually-impaired as well as sign-language lessons for DS employees. A "Handimanagement Partnership" with the non-profit Companieros and the French national board for top third-level schools has been initiated to raise awareness amongst undergraduates and to provide support to disabled students.

Creating 3D Synergies
DS HQ has established mentoring partnerships with middle and high schools in the Paris region. Through the program, DS employees encourage students from low-income neighborhoods to pursue studies in science and technology.

Driving Green Business

The rising importance of environmental-concern issues is transforming industry and services. Consumers, media, and public opinion demand that industry take action to decrease the impact of their business processes on natural surroundings, thus improving quality of life. This in turn is creating new business opportunities for DS and its clients, in businesses ranging from electronics to transportation, ultimately catering to increasingly environmentally conscious consumers.

DS solutions are key enablers for industry to take advantage of the growing opportunities to bring "greener" products to market, enabling clients to optimize the use of raw materials and energy, enhance ergonomics and safety, and comply with tightening environmental legislation.

DS Partners' and Customers' Perception of Eco Design

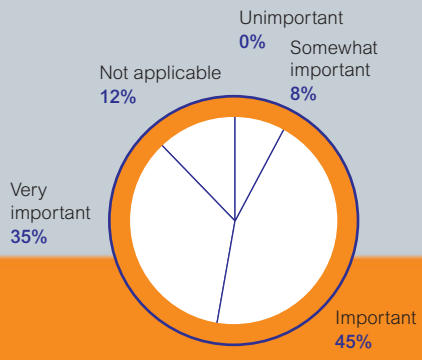
DS has a close relationship with its partners and customers, listening to their changing needs concerning markets developments. A survey held at the annual worldwide DS Developers' Conference in June 2006 confirmed that Eco Design is becoming an increasingly important factor in design processes.

Question:

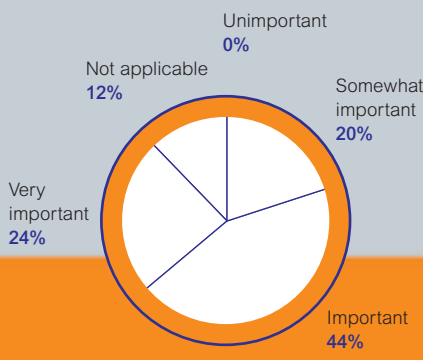
"How important are the following factors for the design projects that you or your company are working on?"

Answers:

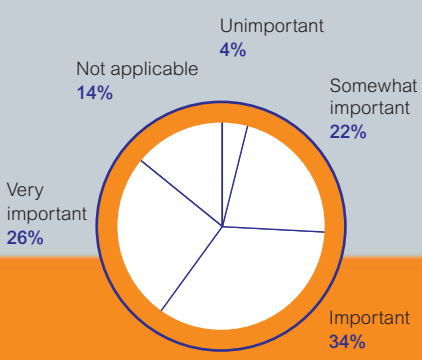
Energy Efficiency of Final Product & Production Process



Optimizing Use of Raw Materials in Final Product



Environmental Compliance
(EU directives, tracking materials used and anticipating end-of-life treatment)



COMPLIANCE

ENOVIA MatrixOne Materials Compliance Central

Meeting environmental compliance throughout the product development process is a must for companies that operate globally. This is especially true for high-tech manufacturers, who must meet European Union (EU) environmental directives, the RoHS[1] and WEEE[2], and similar initiatives in Asia and North America.

Companies that adopt pro-active environmental compliance strategies by integrating "Design for Environment" technology alongside best-in-class product development business processes can realize a competitive advantage. By implementing ENOVIA MatrixOne Materials Compliance Central (MCC) as part of an overall PLM strategy, product compliance requirements can be integrated at every phase of the process. MCC allows companies to easily collect, organize, and report part-level materials and substance composition data, assuring compliance with regulatory standards throughout the product's lifecycle.

(1) Restriction of Hazardous Substances
(2) Waste of Electrical and Electronic Equipment

Era of Light Objects
From October 2006 to August 2007, DS has been participating in the "Era of Light Objects" exhibit held at Paris's main science center at La Villette. The exhibition highlights how PLM helps to design everyday objects, reducing the environmental impacts of our day-to-day living.

Shell Eco Marathon – Driving 1,431 km on One Liter of Fuel
Through its Passion for Innovation program, DS sponsored eight teams from the French engineering school ENSAM in the 2006 international Shell Eco Marathon car race in view of raising awareness of sustainable mobility.

ENERGY EFFICIENCY

Manufacturers in a wide range of industries are seeking to make products that consume less energy, due to rising fuel costs and concerns over climate change. DS solutions help clients meet these challenges through technological innovation.

Abaqus Integration of Boeing's Virtual Crack Closure Technique (VCCT)

In the aerospace industry, for example, manufacturers are using composites to lower the weight of aircraft to help carriers save on fuel costs. Composites are becoming more widespread as an engineering material in applications where strength is crucial and reductions in product weight offer a market advantage. VCCT for Abaqus is a comprehensive implementation of a technology that Boeing developed for predicting fracture and failure in laminated composite materials. This is an important analysis technology for aerospace engineering and for other industries that design and manufacture high-performance composite components.

VCCT for Abaqus accurately simulates delamination in composite structures. The software allows engineers to identify the overall load at which a crack initiates and to predict the behavior of the structure as the crack propagates. VCCT for Abaqus also helps users understand the stability and load-carrying capacity of the composite structure after failure, a vital assessment for ensuring the durability and damage-tolerance of aerospace components.

FTSE4Good Confirms DS Commitment to CSR

DS's inclusion in the FTSE4Good formally endorses our Corporate Social Responsibility policy. The FTSE4Good Index Series measures the performance of listed companies that meet globally recognized corporate responsibility standards, providing a benchmark for investors.

Latest VIGEO Corporate Social Responsibility rating* of Dassault Systèmes

The rating is investor-solicited, based on a market sector benchmark (Software & IT Services)

Criteria (min – –/max ++)	Rating 2005/2007	Score 2005/2007
Human Resources	++	66
Environment	+	40
Customers & Suppliers	++	50
Corporate Governance	+	65
Community Involvement	+	52
Human Rights	+	61

Score Scaling 0-100

***The rating:**
++ means a pioneer company in the field
\+ means in advance
= means is equivalent to an average company
– means the company is behind
– – means the company is not concerned

Additional Information

ADDRESSES OF MAIN LOCATIONS

Headquarters

Dassault Systèmes
9, quai Marcel-Dassault, BP 310
92156 Suresnes Cedex – France

Brand Worldwide Headquarters

CATIA
9, quai Marcel-Dassault, BP 310
92156 Suresnes Cedex – France

DELMIA
900 N. Squirrel Road, Suite 100
Auburn Hills, MI 48326 – USA

ENOVIA
University Research Park
10330 David Taylor Drive
Charlotte, NC 28262 – USA

SIMULIA
166 Valley Street
Providence, RI 02909 – USA

SolidWorks
300 Baker Avenue Ext.
Concord, MA 01742 – USA

Regional Headquarters

Europe/Middle East/Africa
Dassault Systèmes
9, quai Marcel-Dassault, BP 310
92156 Suresnes Cedex – France

Americas
Dassault Systèmes
of America Corp.
6320 Canoga Avenue
Trillium East Tower
Woodlands Hills, CA 91367-2526 – USA

Asia-Pacific
Dassault Systèmes
Kabushiki Kaisha
Pier City Shibaura Bldg 10F
3-18-1 Kaigan, Minato-Ku
Tokyo 108-0022 – Japan

For more information, visit our website at www.3ds.com

INVESTOR RELATIONS

Valérie Agathon – Dassault Systèmes
Tel.: +33 1 40 99 69 24/Fax: +33 1 55 49 82 55/email: investors@ds-fr.com

Design and production: W PRINTEL – **Photographs courtesy of:** adidas Group, Airbus, Blue Lemon, The Boeing Company, BYD Group, Cenit, DaimlerChrysler Corporation, Dassault Aviation / Philippe Stroppa, Don Foster Technologies, EADS CCR, EBOHR Watch, Enprani, Fachhochschule Stralsund University of Applied Sciences and the Student-racing team in partnership with SAE International, Fakespace Systems, Farnham & Pfile Construction Inc., Fissler, Fluent Inc., Georgia Institute of Technology, Getty Images, Ghent University, GID Development Corporation, Hanil E-Hwa Co., Ltd., InFocus Corporation, Integral Powertrain Ltd., JSC CRYOGENMASH, Land Rover, Legrand France, LMS International, Loughborough University, Master MNRV, Max Plank Institute, MSC Software Corporation, Nautilus, Noesis, NSC Schlumberger, Optis, Peltor AB, PSA Peugeot Citroën, Quadro Consulting, Quiksilver, Inc., Readymade, REALMECA, Royal Canadian Mint, Samtech, San Onofre Nuclear Generating Station, Sikorsky Aircraft Corp., SMOBY, SOKARIS ENGINIERIE, Steve Murez, Toyota Motorsport GmbH, Vision, and X.

REGISTERED TRADEMARKS

DASSAULT SYSTÈMES
9, quai Marcel-Dassault, BP 310
92156 Suresnes Cedex, France
Telephone: 33 (0) 1 40 99 40 99

DASSAULT
SYSTEMES

www.3ds.com