



Enter a New Era with 3D



See what you mean



1 Company & Strategy

- 2 Message from the Chairman and the President
- 6 Q&A with Bernard Charlès
- 10 Dassault Systèmes at a Glance
- 12 A Very Successful Year
- 14 Management
- 16 Corporate Governance
- 18 25 Years of Innovation
- 20 Passion for Innovation

22 Solutions & Competitive Advantages

- 24 CATIA
- 26 DELMIA
- 28 ENOVIA
- 30 SMARTEAM
- 32 SIMULIA
- 34 DS PLM Industry Solutions
- 36 SolidWorks
- 38 3D For ALL
- 40 The Ecosystem

44 Corporate Responsibility

- 46 Shaping the Future
- 48 Fostering Interaction & Innovation
- 50 Investing in Tomorrow
- 52 Leveraging Eco-Design
- 54 Sharing Commitment

Global collaboration

Business transformation

Profile

Dassault Systèmes (DS) is the world leader in Product Lifecycle Management (PLM) software solutions powered by three-dimensional (3D) representation. The company's applications and services enable businesses of all sizes in all industries to digitally define and simulate products, as well as the processes and resources required to manufacture and maintain those products. The DS vision is to provide solutions that allow everyone to imagine, share, and experience in 3D – enabling development knowledge, from product conception to maintenance, to be shared across the extended enterprise.

Manufacturing excellence



Collaborative innovation

Message from

The Chairman and the President

2005 Overview

2005 was a year of significant progress for Dassault Systèmes. We extended our leadership of the Product Lifecycle Management market adding one percentage point in 2005 to reach 23% market share. In the aggregate we have gained eight points of market share since 2001. Our success reflects our consistent focus on execution, the strong performance of our distribution channels, and a clear understanding of what is important to customers and partners in this \$10 billion plus market.

2005 was also a year focused on setting the stage for our longer-term future. We invested in pursuing our strategic initiatives, making headway in advancing our technologies, adapting our sales and marketing resources to the evolving needs of our customers and markets, and expanding our market reach.

On this front, one of the most important events of 2005 was the acquisition of ABAQUS, and the unveiling of our strategic roadmap in the simulation market. ABAQUS is the star of the simulation market, providing human and technical excellence in finite element analysis to a much broader array of vertical industries than we address currently. This acquisition is at the core of our strategic initiatives in simulation including the introduction of our newest brand, SIMULIA, for engineering and virtual testing, and R&D plans underway to develop an integrated open multi-physics platform for realistic simulation.

Financial Performance in 2005*

DS reported strong growth in revenues and earnings in 2005 on sharply higher software and services results and core margin improvement. Total revenue increased 18.5% excluding adjustments to €943.6 million, driven by an acceleration of our software revenue, which increased 18% excluding adjustments. Software revenue represented 84% of our total revenue. We also benefited from growth of services, which rose 20% in 2005 to €150.9 million. Regionally, Americas posted a very good performance led by our PLM business and equally favorable trends in our Mainstream 3D design business. In addition, revenues were up sharply in Europe, and Asia posted solid growth.

Earnings growth tracked closely our revenue growth, with earnings per diluted share up 17% to €1.59, excluding adjustments. And our operating margin, excluding adjustments, came in on target at 28.6% for 2005, relatively stable with 2004 as it reflected the positive underlying improvements in our businesses which enabled us to absorb in excess of one point of dilution from our recent acquisitions.

PLM or Process-centric revenue was up 17.1% excluding adjustments to €761.8 million. CATIA, our largest brand focusing on collaborative product development, had a solid year. DELMIA, in the area of digital manufacturing, had strong revenue growth. Our newly-acquired company ABAQUS, contributing one quarter to revenue results, had a very nice start. Our Product Data Management

* Certain financial data in this letter, including total revenue, PLM and Design-centric revenue as well as operating margin and earnings per share, are presented excluding the effects of adjustments for acquired companies and technology ("adjustments"). Including the effects of these adjustments, 2005 total revenue increased 17.3% to €934.5 million and 2005 diluted net income per share increased 10.4% to €1.49.

“ In 2005, we invested in pursuing our strategic initiatives, making headway in advancing our technologies, adapting our sales and marketing resources to the evolving needs of our customers and markets, and expanding our market reach. ”

Bernard Charlès

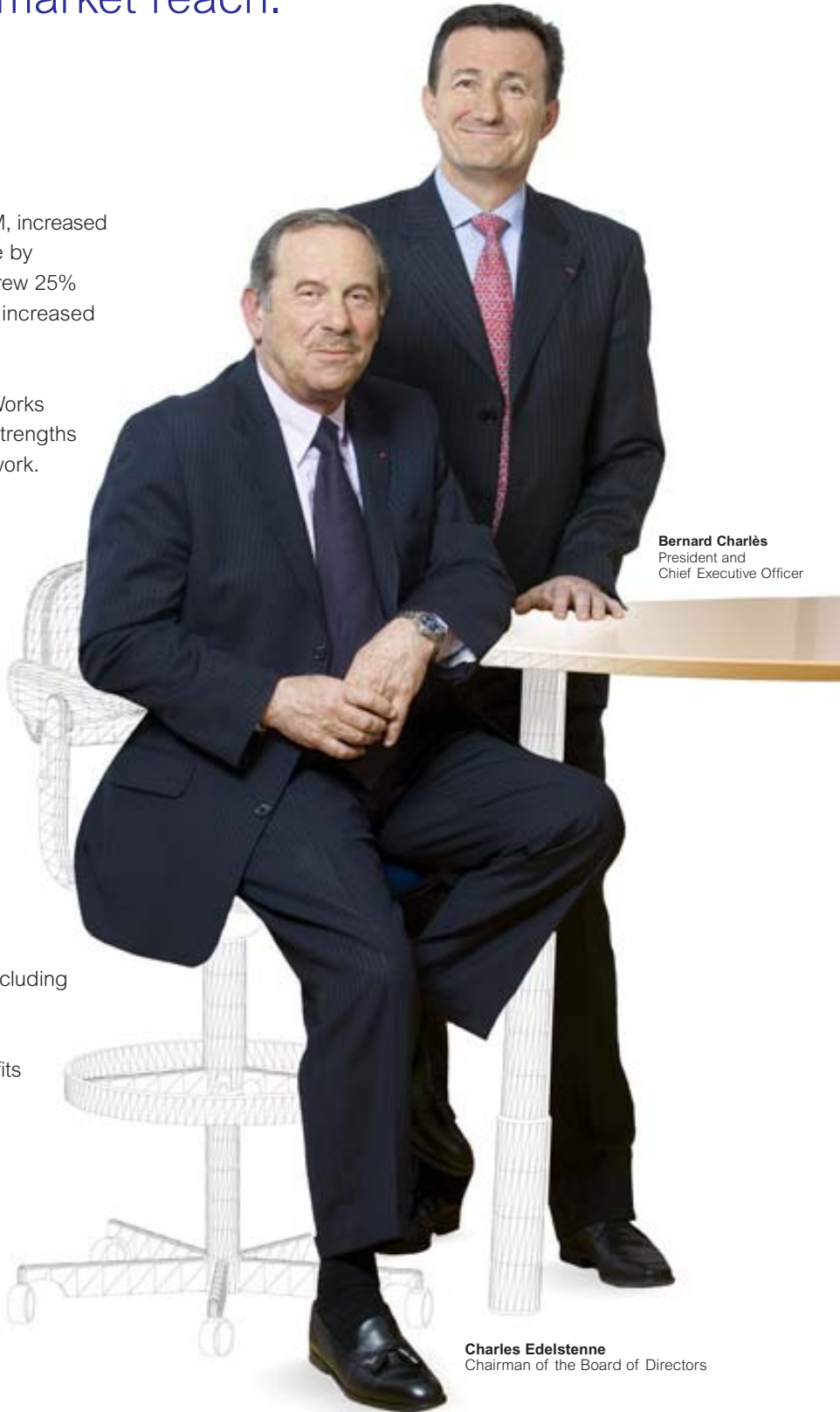
(PDM) revenue, with ENOVIA and SMARTEAM, increased 20% with a particularly notable performance by ENOVIA. PDM end-user software revenue grew 25% to \$227 million and total end-user spending increased 21% to \$570 million.

In the Mainstream 3D design market, SolidWorks performed very well in 2005, reflecting the strengths of its product offerings and distribution network. Mainstream 3D revenues increased 24.6% to €181.8 million excluding adjustments.

We grew our footprint in the design world, with over 72,000 new CATIA and SolidWorks licenses, demonstrating the continuous need for 3D technology across industries. In total, CATIA and SolidWorks licenses increased 15% in 2005.

Delivering Unparalleled V5 PLM Benefits to Customers

The PLM market offers significant growth opportunities. We are benefiting from strong adoption of our solutions in the aerospace and automotive industries, and are seeing increasing penetration in target industries, including shipbuilding, power process & petroleum, and electronics. Our V5 PLM solutions are delivering compelling, measurable benefits for our customers, adding significant value by improving design, engineering, and



Bernard Charlès
President and
Chief Executive Officer

Charles Edelstenne
Chairman of the Board of Directors

Message from

The Chairman and the President

manufacturing. For example, our customers are citing 40% to 90% improvements in development time, a reduction in engineering changes ranging from 30% to 80%, and 35% to 60% lower manufacturing costs.

With our five PLM brands, CATIA, DELMIA, ENOVIA, SMARTEAM and SIMULIA, our objective is to provide the highest possible value to our customers in each of their domains. When all our brands' products are associated together, we increase value for our customers. In an environment where companies are increasingly asked to choose between best-of-breed software and an integrated solution, our objective is to pursue excellence in both.

CATIA V5 delivers breakthrough technologies that have broad applicability across multiple industries, such as its Imagine & Shape, Knowledgeware, and Functional Modeling products. CATIA V5 is delivering superior productivity gains over CATIA V4 and far and above the competition, as affirmed by benchmark evaluations.

2005 was a year of strong growth for our PDM business as we added 1,100 new customers. The key competitive advantages of our solutions facilitate OEM/supply chain collaboration. ENOVIA offers both a configured design over the complete lifecycle and one single desktop for designers working in the context of global, distributed companies. SMARTEAM provides both CATIA integration and flexible enterprise integration. And we have a Supply Chain Engineering Exchange to help OEMs and their supply chains collaborate better.



Looking to the future, we have a sizable opportunity to grow our PDM business - increasing our penetration rate within our current CATIA customer base, expanding with new customers outside our core industry verticals, and further developing our solutions to offer the broadest PDM offering on the marketplace.

DELMIA made significant progress in 2005 increasing its customer base with the addition of 52 new clients. In the automotive industry, it works closely with industry leaders and is also expanding its presence in the aerospace industry. DELMIA has strengthened its product portfolio and improved its integration with CATIA, ENOVIA, and SMARTEAM. We are confident that its unique solution, integrating product design and manufacturing, should position our digital manufacturing brand favorably over the coming years.

Leading in Mainstream 3D

SolidWorks continues to lead the 2D to 3D migration. On the basis of revenue results for 2005, it is in the number one position in the Mainstream 3D design market. New customers represented about 65% of total revenue in 2005. The Mainstream 3D design market offers significant long-term growth potential for DS, based upon the strength of our SolidWorks offerings and the estimated four million 2D users.

Investing in Our Sales Channels

During this past year, we made changes to enhance and increase the direct support that we provide to our sales partners.

In PLM, we are increasing our efforts with respect to the small- and medium-sized business market. Since mid-2005, we have taken on the role of channel management provider on behalf of IBM in the SMB

“ We remain guided by our unwavering belief in the enormous potential of 3D technology.”

Charles Edelstenne



market. This model has been designed to provide IBM PLM Business Partners, who are responsible for selling our PLM solutions to SMBs, with a similar type of support that we have always provided to IBM's direct sales force. Business Partners welcome this improved support to help them take better advantage of PLM opportunities.

We are also increasing channel capacity in several areas. SolidWorks improved its channel capacity in 2005, just as it did in 2004. Moreover, SolidWorks maintains a strong level of support to its network of value-added resellers (VARs) in the areas of education, training and other key domains. We are also strengthening our VAR network in China, focusing on PLM opportunities. And with the addition of ABAQUS, our resources on both a direct and indirect basis have increased significantly.

In total our resources in sales, services, and marketing increased by 34% in 2005, representing over 2,600 individuals around the globe.

Expanding Our Addressable Markets

We continue to focus on enlarging our addressable markets through technological innovation and complementary acquisitions. Following the acquisition

of ABAQUS, we acquired Virtools, a leader in live Web applications and 3D interactive content creation, and expanded our 3D XML technology, at the core of our 3D For ALL strategy. During 2005 we formed a partnership with i2 Technologies, Inc. to develop jointly sourcing solutions as a component of our V5 PLM offerings. We also made good strides in the development of our automation software applications with the introduction of our first solutions and commencement of pilot programs in 2005.

Looking to 2006

Our outlook is for a year of strong revenue and earnings growth in 2006. It will be a year of transformation for DS: focusing on new product introductions to expand our V5 PLM offering for global collaboration; enlarging our addressable markets with our 3D For ALL initiatives; paving the way to change and adapt our channel to create an improved distribution model for small- and medium-sized enterprises; as well as providing full-services solutions for large customers.

More than ever, we remain guided by our unwavering belief in the power, enormous potential, and pervasive applicability of 3D technology to enhance communication and the environment at large. With this at the heart of our vision, we are excited about the opportunities ahead of us for our ecosystem of customers, partners, employees, and shareholders.

A handwritten signature in black ink, appearing to read 'Bernard Charlès', written over a horizontal line.

Bernard Charlès
President and Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Charles Edelstenne', written over a horizontal line.

Charles Edelstenne
Chairman of the Board of Directors

Q&A with

Bernard Charlès President and Chief Executive Officer

“ Our mission is to invent better, richer ways to empower our customers’ imaginations. ”

Dassault Systèmes is celebrating its first 25 years in 2006. What will make the next 25 as rewarding?

As a company, we are dedicated to pushing the frontiers of innovation to create value for customers, partners, and ourselves. We know that our customers depend on constant innovation to remain competitive, and we are excited by the challenge to enable it.

We have nurtured a long-term vision of our role in helping companies innovate more. Fifteen years ago, we forecast the potential of 3D to rewrite the rules of engineering design in the manufacturing world. Today, our software solutions have become core enterprise systems for major engineering industries such as aerospace, automobiles, machinery, and shipbuilding.



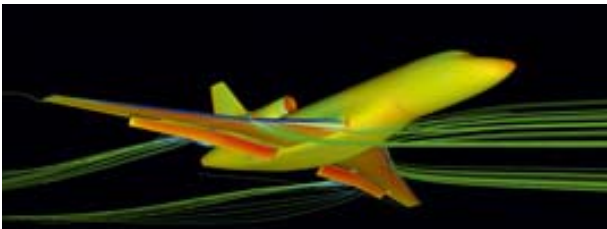


And five years ago we presented our vision of PLM, showing how 3D and industrial practices would transform the manufacturing sector. We predicted that design processes that had been cost centers could generate value for businesses. Today, world-class companies of all sizes have received this message of the power of PLM and 3D. We said we were going to revolutionize the value chain of companies from OEMs to their smallest suppliers, and we have kept our word!

Our 25th anniversary marks the start of the next stage of our development. We plan to take 3D to a higher level of performance, launching new modeling technologies, enhancing virtual testing, optimizing production, and facilitating collaboration, thus further decreasing time-to-market and costs for customers.

Turning to 2005, how did Dassault Systèmes perform in PLM and Mainstream 3D?

As world leader in **PLM**, we have continued to set the pace for excellence in technology and solutions adapted to specific industries. PLM is now mission-critical



for highly-competitive businesses. Our open-standard V5 PLM platform is best in its class, and many major manufacturing sectors now rely upon our PLM solutions to drive the entire spectrum of production processes.

The **Mainstream 3D** market, where the focus is on providing 3D mechanical design software for designers and engineers, is growing by the month. Even in smaller enterprises working at relatively low levels of complexity, everyone is now shifting from 2D drawing-based systems to the greater convenience and productivity of a 3D-based approach. Our SolidWorks brand had a particularly good year and is now used by half a million engineers and students worldwide.



Where do you see new customers entering the PLM dynamic?

Despite our efforts, PLM remains one of the best-kept secrets in industry! A vast number of enterprises and industry verticals have not yet benefited fully from this revolution. So there is ample room for growth via current customers and new industries.

Our existing industrial customers continue to challenge us to deliver high-performance solutions for their innovation programs. In 2005, for example, the very first business airplane to be designed and manufactured as an entirely

Q&A with

Bernard Charlès President and Chief Executive Officer

virtual product, the Falcon 7X, took flight without producing a single prototype. Thanks to the precision gains from our PLM solutions, Dassault Aviation was able to decrease the number of assembly tools required and to cut assembly time in half as 27 partners from around the world worked together to bring the project to fruition. Cost savings are dramatic!



At the same time, new manufacturing firms are seeking to master their innovation processes, leverage their existing assets, and converge their design, supply chain, and manufacturing processes into a high-powered value generator. We have new customers in such diverse areas as power process & petroleum, food processing plants, hi-tech, leisure yachts, advanced electronics, and aluminum products. And by leveraging the enormous multiplier potential provided by our extended V5 community, we see ongoing opportunities for solutions in processes that until now have remained outside the reach of PLM.

Dassault Systèmes made two key acquisitions in 2005. How do these fit in with your longer-term plans?

We have always believed in the power of 3D visualization and simulation to provide the most effective digital platform for product design and development. I am convinced that the next stage in intelligent product management will offer more realistic simulation of the actual behavior

of manufactured products. Think of the possibilities: designers and marketers will be able to explore and test such features as usability, handling, and packaging in far more realistic ways. And the digital lifecycle narrative of products will become even more life-like!

The two strategic acquisitions we made in 2005 – ABAQUS and Virtools – will substantially contribute to our new offering in experience-based simulation.

With the U.S.-based **ABAQUS** Inc., we have acquired the world leader in nonlinear finite element analysis software, the most advanced realistic simulation technology for engineers. The team has been at work on the mathematical modeling of such complex properties as loads, forces, and thermal effects for 30 years. And since the company was already part of our ecosystem, its engineers are integrating smoothly into our organization. ABAQUS will help us extend our core V5 technology portfolio, providing realistic virtual product testing solutions that will radically reduce the cost of parts warranties for many of our customers. We have created the SIMULIA brand to offer the benefits of realistic 3D simulation to a broader audience than ever before.



Another key acquisition – **Virtools** – is a remarkable French start-up. Virtools has developed a unique, world-class tool to simulate the 3D behavior of interactive

“We are convinced that people interacting around life-like virtual worlds will push product innovation to even greater heights in the years to come.”

objects, for example “dropping” a virtual pen onto a virtual table top by simulating the impact of gravity. We intend to leverage this groundbreaking technology across all our product development solutions. It perfectly complements and extends our commitment to the open 3D XML standard we launched in 2004 by delivering a rich, life-like experience of 3D XML-friendly objects for users in marketing and sales, for instance, who wish to demonstrate new product concepts to their customers.

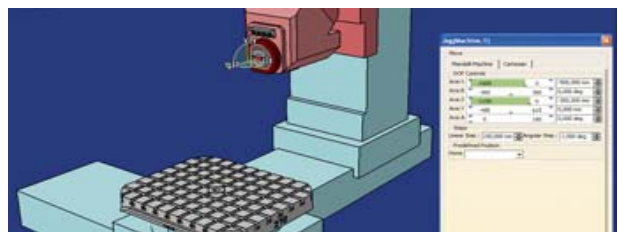


As competition heats up in manufacturing industries across the board, how does Dassault Systèmes itself intend to innovate for its customers?

Innovation has always been at the heart of our strategy. All of our next-generation solutions are designed to support our customers' need to “make it new”. But we also know that the innovation process, which PLM helps optimize, is not only about applying a special tool

or process. Nor does it depend on a huge R&D budget. Today, we see innovative functionality coming out of the intense experience of interacting in the workspace. This is enabled by open standards, easier instant collaboration in 3D around the globe, cross-functional teams, and powerful visualization techniques. Our mission is to invent better, richer ways of converging all these elements to empower our customers' imaginations.

In tomorrow's world, we believe that greater simplicity will become the hallmark of product excellence. So we are developing solutions to bring more people together around a new concept, enabling manufacturers to explore the “imaginary worlds” of product usage ahead of physical production. This is what we call “collaborative innovation”. We are convinced that people interacting around these life-like virtual worlds will push product innovation to even greater heights in the years to come. And this will give all of us even more opportunities to grow and prosper.



Dassault Systèmes at a Glance

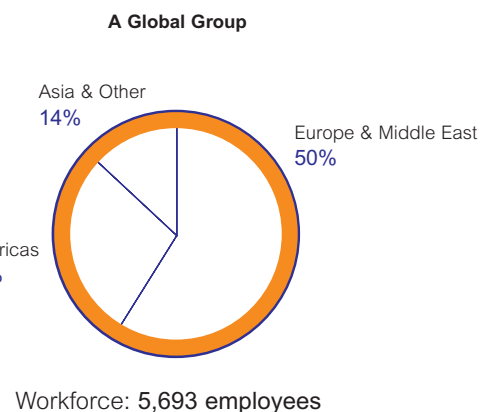
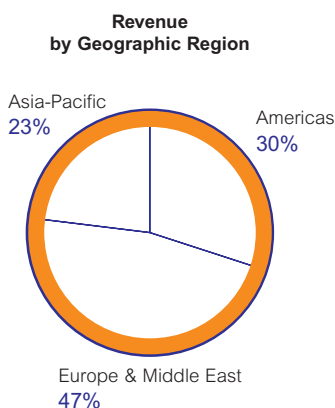
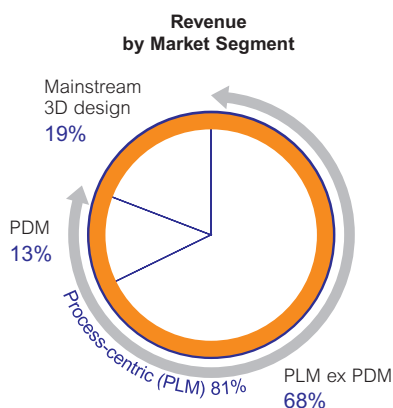
Six Domains of 3D Expertise

PLM:

- CATIA** For virtual product design and product excellence
- DELMIA** For virtual production and production performance
- ENOVIA** For a global collaborative environment
- SMARTEAM** For enterprise PDM
- SIMULIA** For engineering quality through virtual testing

Mainstream 3D design:

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



Summary Balance Sheet Highlights

(in millions of euro)	2004	2005
Cash and short-term investments	553	380
Other assets	546	1,033
Total assets	1,099	1,413
Total liabilities	340	427
Shareholders' equity	759	986
Total liabilities and shareholders' equity	1,099	1,413

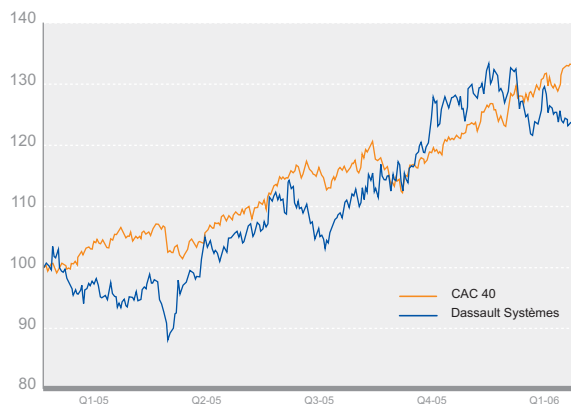
Summary Cashflow Highlights

(in millions of euro)	2004	2005
Net Cash provided by operating activities	209	197
Net Cash used in investing activities	(30)	(356)
Net Cash used in financing activities	(45)	(45)

Dassault Systèmes and its Shareholders

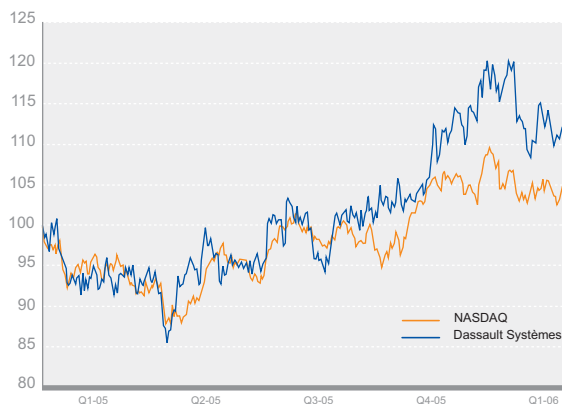
Dassault Systèmes versus CAC 40 in 2005

Dassault Systèmes	+28%
CAC 40	+23%

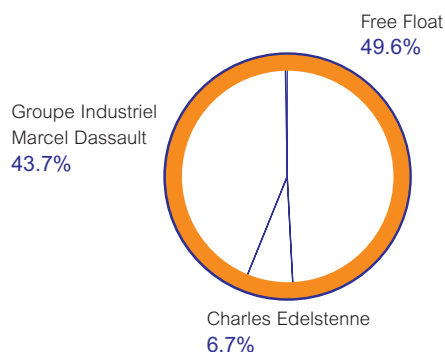


Dassault Systèmes versus NASDAQ 100 in 2005

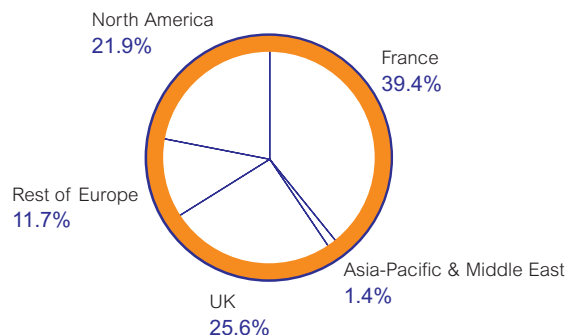
Dassault Systèmes-ADSs	+13%
NASDAQ	+3%



Shareholders' Composition



Split of Free Float by Area



Stock Data

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

Share price at December 31, 2005 **€47.7**

Stock market capitalization at December 31, 2005 **€5.4 billion**
\$6.4 billion

Number of outstanding shares at December 31, 2005 **114 million**

Average daily volume traded on Euronext **343,366**

Dividends per share **€0.42**
Dividends per share growth **11%**
Dividend payout ratio **28%**

Key 2006 Shareholders' Events

Thursday, May 4, 2006
Release of First Quarter Earnings

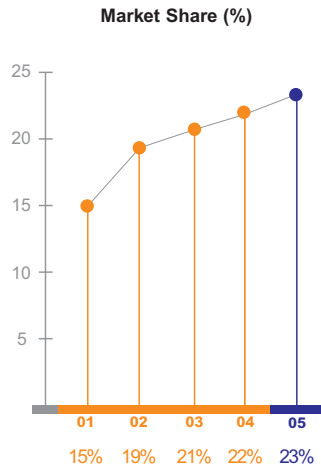
Wednesday, June 14, 2006
Annual Shareholders' Meeting

Thursday, July 27, 2006
Release of Second Quarter Earnings

Thursday, October 26, 2006
Release of Third Quarter Earnings

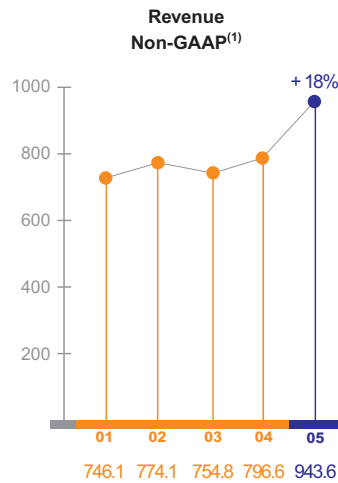
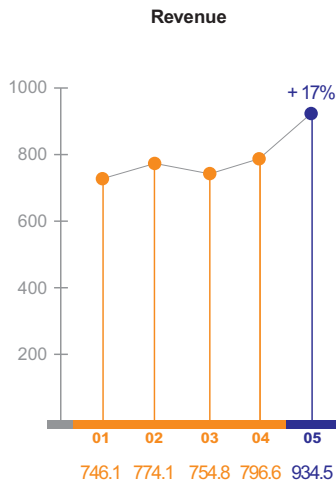
Shareholders' Contact
Tel.: 33 (0) 1 40 99 69 24/Fax: 33 (0) 1 55 49 82 55
email: investors@ds-fr.com
Information for Investors: <http://www.3ds.com/corporate/investors/>

A Very Successful Year



Dassault Systèmes continues to lead the overall PLM market. Between 2001 and 2005, we gained eight points of market share, bringing us to 23%.

We delivered a strong level of revenue growth due to the excellent performance of our PLM and Mainstream 3D solutions, an improved economic environment, as well as the acquisitions completed in 2004 and 2005.



Growth by Product Line

Broad-based strength across our software applications and a higher level of services activity drove our revenue performance in 2005.

	US GAAP	Non-GAAP ⁽¹⁾
PLM (Process-centric)	16%	17%
PLM ex PDM	15%	17%
PDM	20%	20%
Mainstream 3D (Design-centric)	24%	25%

Growth by Region

The Americas delivered very strong growth in 2005, led by our PLM business and equally favorable trends in our Mainstream 3D design business. These results were well-supported with Europe up sharply and Asia posting good growth.

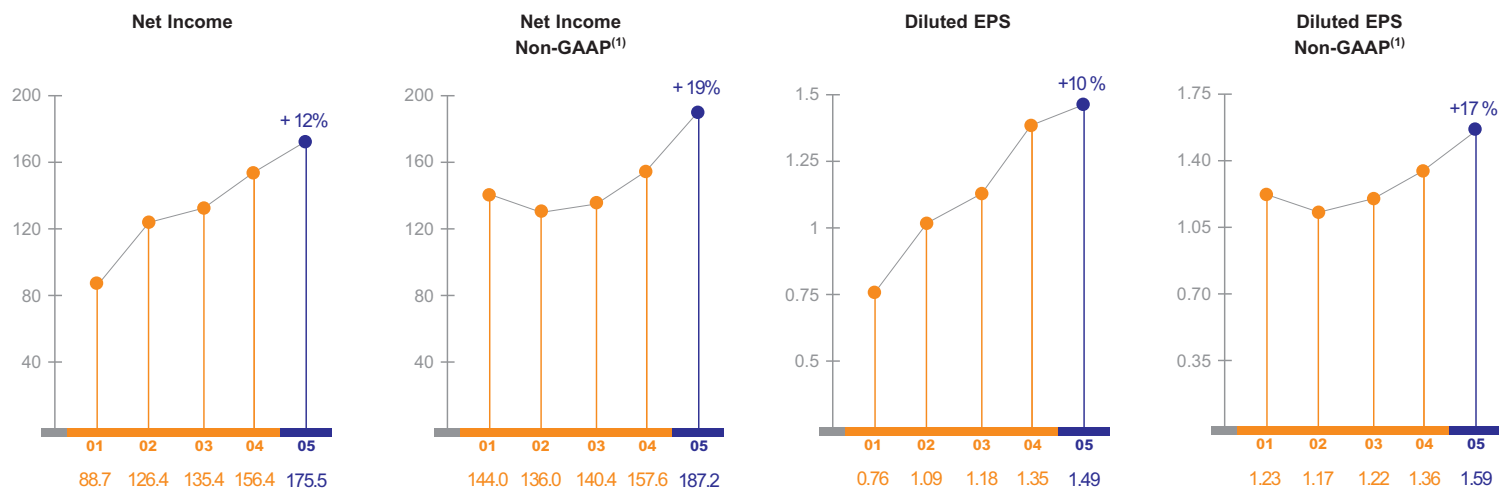
	US GAAP	Non-GAAP ⁽¹⁾
Americas	23%	24%
Europe	18%	19%
Asia	10%	11%

Summary Financial Highlights

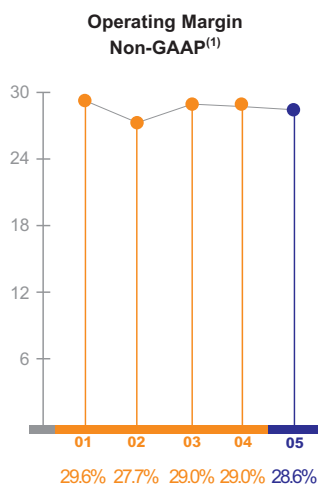
(in millions of euro)

	US GAAP		Non-GAAP ⁽¹⁾	
	2005	05/04 Growth	2005	05/04 Growth
Software revenue	783.6	16.8%	792.7	18.2%
Recurring software revenue	50%	-	50%	-
Service revenue	150.9	20.0%	150.9	20.0%
Revenue	934.5	17.3%	943.6	18.5%
Research and development	250.0	12.7%	250.0	12.7%
Marketing and sales	223.0	28.4%	223.0	28.4%
Operating Income	251.0	9.2%	269.9	16.7%
Operating Margin	26.9%	-	28.6%	-
Net Income	175.5	12.2%	187.2	18.8%
EPS (in euro)	1.49	10.4%	1.59	16.9%

Non-GAAP EPS grew 17% in 2005, closely tracking our revenue growth.



Advancing our vision for our future was a core component of our efforts in 2005. We invested in broadening our Research & Development focus, in our Marketing & Sales to small- and medium-sized businesses and in expanding our addressable markets. Excluding acquisition adjustments, we maintained a stable operating margin in 2005 compared to 2004.



(1) Non-GAAP financial information excludes adjustments for acquired companies and technology (for the year ended December 31, 2005, the effect of adjusting the carrying value of acquired companies' deferred revenue and, for the years ended December 31, 2005 and 2004, amortization of acquired intangible assets).

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.

Executive Committee

Bernard Charlès
President and Chief Executive Officer

Dominique Florack
Executive Vice President,
Strategy, R&D

Thibault de Tersant
Executive Vice President Finance –
Chief Financial Officer

Étienne Droit
Executive Vice President
PLM Sales and Distribution

Bruno Latchague
Executive Vice President
Development & Support Industry Solutions

Philippe Forestier
Executive Vice President
Alliances, Marketing and Communications

Muriel Pénicaud
Executive Vice President
Organization and Human Resources



Francis Bernard
Advisor to the President



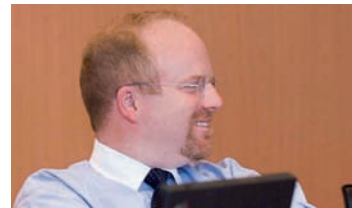
Nathalie Irvine
Chief Information Officer

Brand CEOs

Jacques Leveillé-Nizerolle
CATIA



John McEleney
SolidWorks



Joel Lemke
ENOVIA



Philippe Charlès
DELMIA



Mark Goldstein
SIMULIA



Adina Enden
SMARTEAM
until May 2006



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 is a company listed on Eurolist and Nasdaq since 1996. The company complies with U.S., French and EU rules relating to Corporate Governance and AMF and SEC recommendations.

DS is managed by a Board of Directors. The positions of Chairman of the Board and of Chief Executive Officer are held by two different persons, pursuant to a decision of the Board, as French law allows such positions to be held by either the same person or by two different persons. The Board of Directors decides on the company's strategy and follows its implementation. Each director is appointed by the shareholders for a six-year renewable term.



The Board of Directors consists of nine members, with a majority of independent directors. Three Board members are also executive officers of the company; one represents the interests of the controlling shareholder; and the five others are independent. The Board met five times in 2005 with an attendance rate of 83%.

The Board created in 2005 a Compensation and Nomination Committee, composed of two independent directors. In 2005, this Committee met twice. The primary objectives of this Committee are to make proposals to the Board regarding the compensation of the Chairman and of the Chief Executive Officer 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 and the method for allocating those fees among directors.

A Scientific Committee was also created in 2005 and is composed of the CEO, one independent director and the company's EVP for Strategy and Development. 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 Dassault Systèmes Audit Committee has been in place since 1996 and, until March 2005, comprised three independent Directors, two of them with CEO experience in the technology domain, while the third is a professor of Accounting at New York University Stern School of Business. In April 2005, an additional Board member was appointed by the Board of Directors from amongst the newly-appointed Board members. This new Audit Committee member has held various senior positions in the corporate finance field.

This Committee holds wide-ranging powers of expert review and control. It met eight times in 2005 with an attendance rate of 93%. The Committee's primary mission is to provide assistance to the Board of Directors 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 of Directors their appointment, compensation and termination.

Internal Control

Internal controls were consolidated in 2005 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 missions to evaluate the adequacy of the internal control and compliance with corporate policies in the

Directors

Group subsidiaries and has reported its conclusions to the Management and the Audit Committee.

DS is concurrently working on its Sarbanes-Oxley certification project, and has focused in 2005 on the documentation of its key policies and controls over financial reporting.

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 area of ethics, corporate governance, and compliance, DS has adopted a Code of Business Conduct. This Code applies to all Group employees since 2004.

The Code is a proactive initiative by corporate management, defined in conjunction with DS Global Executive Management. It is available for consultation on the Group's corporate website and was distributed to all employees immediately after publication. All employees acknowledge receipt of the Code when they join the company.

The Code is intended as a source of reference and guidance for employees regarding the business practices expected of them by the company. It is also designed to ensure complete openness and integrity on the basis of established business practices at different levels across the company.



Any employee suspecting, in good faith, violations of DS business standards can report them to their local management. The local manager or director of human resources shall, depending on the circumstances, handle the case directly or may, if it is particularly complex, call on the assistance of the Ethics Committee. The Committee, a dedicated, cross-disciplinary body, is tasked with promoting the company's core values regarding business conduct and the respect of employees, customers, and business partners. Any notification by an employee of a suspected

Charles Edelstenne

Chairman of the Board of Directors of Dassault Systèmes

Bernard Charlès

President and Chief Executive Officer of Dassault Systèmes

Thibault de Tersant

Executive VP Finance—Chief Financial Officer of Dassault Systèmes

Laurent Dassault

General Manager of Dassault Investissements

Paul Brown

Jean-Pierre Chahid-Nourä

Bernard Dufau

André Kudelski

Arnoud De Meyer

Independent Directors

violation of these principles will be examined and handled in complete compliance with fundamental civil rights and liberties.

A monthly reporting procedure was introduced in 2005 to track the management of ethical risks within the Group and to provide a subject-by-subject summary.

Personal Data Protection Policy

In 2005, within the scope of its information systems, DS introduced a Group-wide personal data protection policy in compliance with the European Data Protection Directive of October 24, 1995.

The purpose of this 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.

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.

25 Years of Innovation

Riding the wave of Computer-Aided-Design success worldwide, a team of 15 pioneers creates **Dassault Systèmes** as an independent unit of Dassault Aviation



Years after challenging DS to develop a plane using a **digital mock-up** and without making a physical prototype, Boeing launches its 777. It was a first in the industry's history and a possible industrial risk for both partners: a plane represents 3 million parts and a several billion-dollar investment program

Worldwide marketing contract with **IBM**, the debut of a successful and growing business partnership



Acquisition of CADAM creates **Dassault Systèmes of America Corp.**

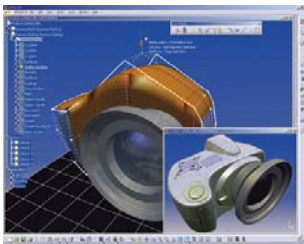
1981 1982 1984 1992 1993 1994 1995 1996

First and enduring **clients**:
BMW, Dassault Aviation, Grumman, Honda, Mercedes-Benz, Snecma

CATIA V2's new architecture supports multiple integrated applications and color graphics workstations

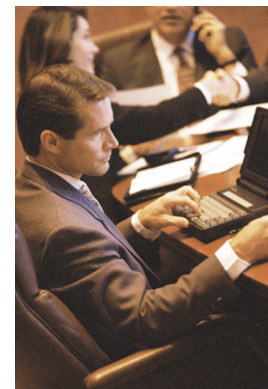
Creates **Dassault Systèmes Kabushiki Kaisha** in Tokyo, Japan

DS introduction on the **Nasdaq and Paris Stock Exchange**

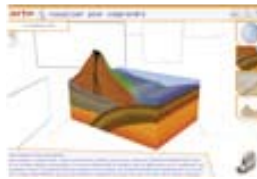


CATIA V1 launched, with functions of three-dimensional curve and surface design and numerical control. From its start, CATIA's potential applications arouse interest and major actors from the aeronautics and automobile industries trust DS to design their products

Introduction of **CATIA V4's** new platform with increased openness supporting multiple operating systems, and an innovative approach to mechanical design, reinforcing DS's market leadership



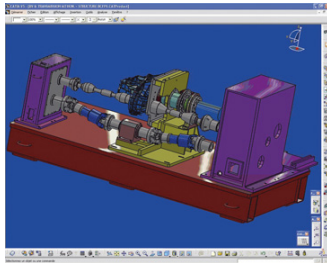
Acquires **SolidWorks** beginning the expansion of its first-class brands
1998: ENOVIA
1999: SMARTEAM
2000: DELMIA
2005: SIMULIA



Acquires **ABAQUS** and creates the **SIMULIA** brand to respond to the demand for bringing realistic 3D simulation to a broad market

Acquires **Virtools**, a comprehensive development platform to simulate product behavior

Version 5 of CATIA introduced, a technological breakthrough delivering a new user interface structured around Windows standard

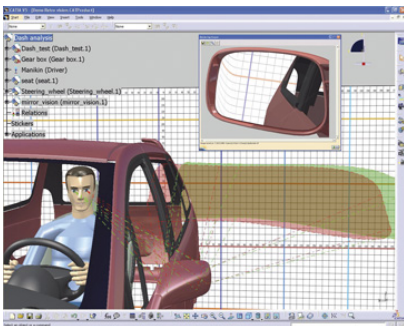


Leveraging 3D as a new multimedia standard, **3D XML**, a universal, lightweight XML-based format for quick and easy sharing of data, is launched

Dassault Systèmes' **5,700 employees** in **25 countries** prepare to invent tomorrow for the next **25 years** and beyond

1997 1999 2000 2002 2004 2005 **2006**

DS and IBM introduce **Product Lifecycle Management**, a revolutionary way companies design and develop their industrial products by offering a 3D vision of the entire product lifecycle, decreasing costs and time-to-market



Establishes global cooperation with **Toyota Motor Corporation** around PLM solutions covering end-to-end vehicle development processes



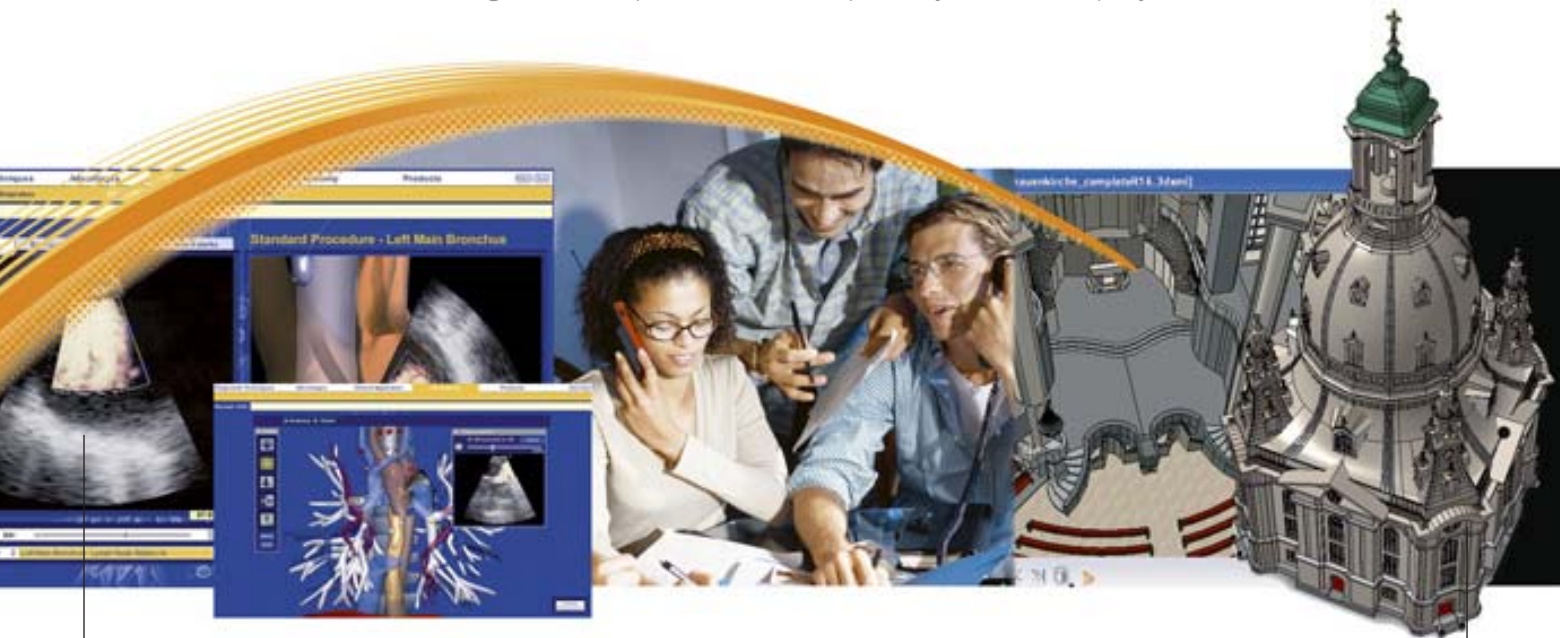
Building on an existing technology partnership, DS and **Microsoft** sign a strategic alliance agreement to deliver optimized PLM solutions

Partnership with Schneider Electric creates **DELMIA Automation** to market breakthrough digital solutions to companies designing the numerical systems that control complex products

Achieves **\$1 billion** in revenues

Passion for Innovation

DS has always grown by harnessing the unbridled enthusiasm and creative capacity of its people and sharing it with partners and customers around the world. In 2005, DS won the Innovation Award from AMR Research, a leading industry analyst, for its thought leadership and vision of 3D as a democratizing force in industry and society. In acknowledgement of the passion for innovation inherent in our corporate culture, Roland Berger Strategy Consultants and the French publication *Enjeux-Les Echos* recognized DS amongst mid-sized French companies with its 2005 European Business Award. Following are examples of some especially innovative projects.



● Endoscopic Ultrasound with Virtools

The aim of the DVD-ROM developed by ENTEC, a German agency for new media in medical and pharmaceutical communication, for OLYMPUS Europe is to demonstrate how endoscopic ultrasound can improve the staging of lung cancer patients and facilitate treatment decisions. Lung cancer is the most frequent cause of cancer-related deaths worldwide. Now, with endoscopic ultrasound, real-time guided biopsies for exact analysis are possible, even from within the bronchial tree. The Endoscopic Ultrasound Project was initiated to provide innovative medical training and education in thoracic diseases using methods for regional assessment, staging for lung cancer, expert statements, clinical applications, and 3D anatomy. **Virtools** provided the 3D technology enabling ENTEC to develop their highly accurate and interactive simulation-based training program. Users can load several case-based 3D applications relative to thoracic diseases and follow the methods for diagnosing pathology in real-time 3D.

Dresden's Cathedral in 3D XML

Built between 1726 and 1743, The Frauenkirche of Dresden was a baroque monument featuring a 314-foot high dome that was completely destroyed in February 1945 during the bombardment of Dresden city.

Dresden city decided to rebuild this fabulous monument, reusing the original 1,000 stones from the ruins. The project drew on the traditional skills of stonecutters, masons, and carpenters, as well as the expertise of architects and engineers using **CATIA V5** exported in 3D XML and available on a website for 3D visualization by everyone. A team of experts created a detailed virtual mock-up of the Cathedral, based on photographic records, drawings, and original architectural plans. Next, a 3D model of the entire monument was designed in CATIA to enable project members to visualize the final product and identify the correct approach to reconstruction.

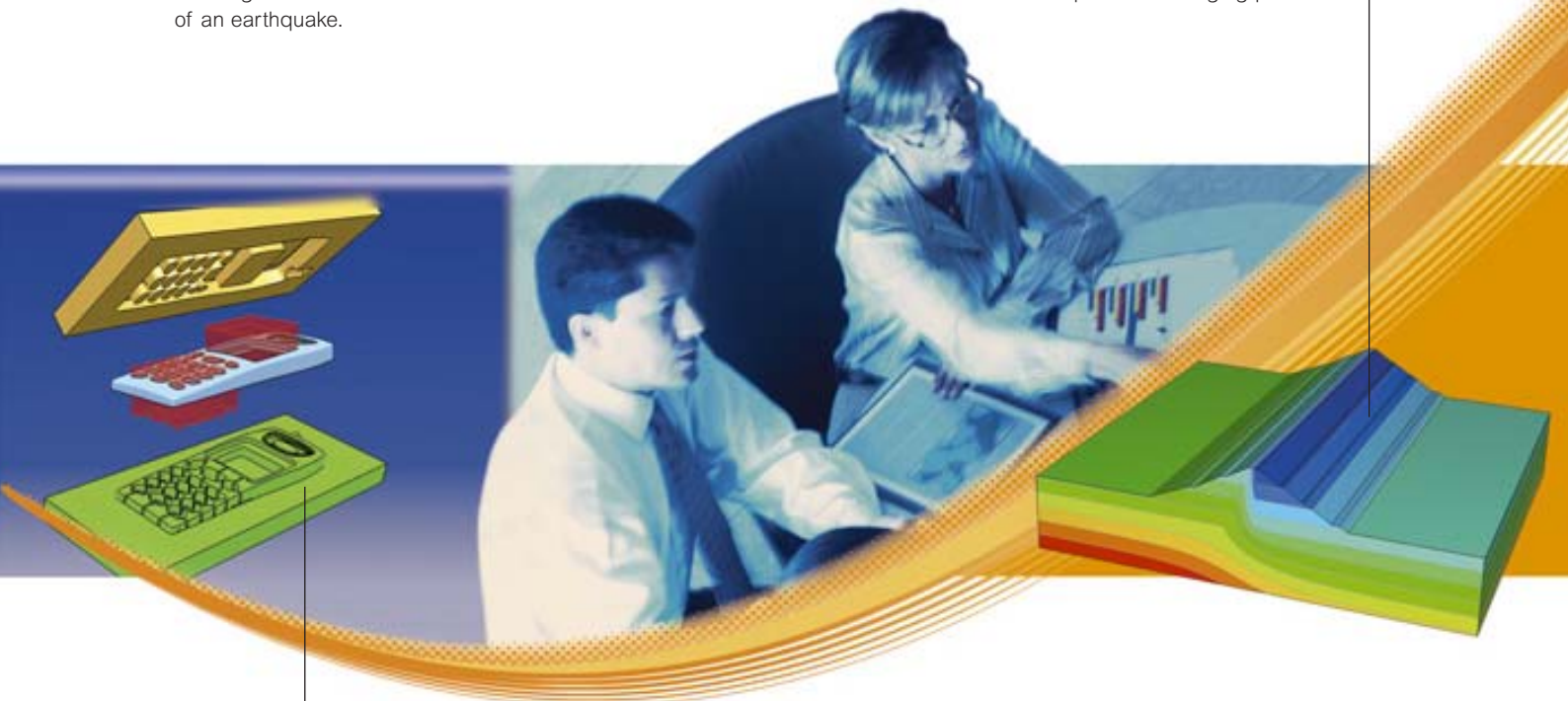
One hundred million of the 179 million euros spent on the renovations was paid by the United States and Great Britain, whose airplanes contributed to the destruction. This ambitious program was completed in time for Dresden's 800th anniversary in 2006.

Simulating Earthquake Damage with ABAQUS

In the design of earthen dams, the possibility of an earthquake's impact on its structural integrity must be considered. In order to assess structural safety and reliability, **ABAQUS**, a product of the SIMULIA brand, provides material models and a coupled diffusion-displacement analysis method to simulate the behavior of an earthen dam undergoing the stress and vibration of an earthquake.

Earthen dams are constructed by first excavating the site and constructing the foundation. Layers of earth are then placed on the foundation along with portions of clay forming the core region of the dam. ABAQUS models the dam's construction, taking into consideration the deformation of each layer under gravity loading and fluid pore pressure distribution. The filling of the reservoir is also modeled, again analyzing the pore pressure in the soil.

Using transient consolidation analysis, the short- and long-term effects of high-frequency shaking of the foundations are analyzed. All inertial forces on the dam must be taken into account to ensure its stability. By performing this type of simulation, civil engineers are able to validate the dam's construction and ensure that the dam will stand up to the damaging power of an earthquake.



Empowering Innovation Networks with the V5 R16 Platform

The latest Release (R16) of our integrated **V5 PLM** platform packs all of the innovations that are helping customers achieve remarkable results in terms of design, reduced time-to-market, consistently improved product performance, and lower development costs.

V5 R16 helps customers:

- Capitalize on their innovation networks by sharing data more effectively.
- Unify their engineering to manufacturing cycles by closer digital design and factory integration.
- Continuously grow intellectual capital, using 3D XML as a universal file language.
- Optimize business processes throughout the enterprise, from engineering and finance to sales and marketing.
- Maximize the adoption of open standards for their computing platforms.



Solutions & Competitive Advantages

The Brand Portfolio

DS has built a powerful range of brands, all of which are leaders in their field today. **CATIA**, **DELMIA**, **ENOVIA**, **SMARTEAM**, **SIMULIA**, and **SolidWorks** contribute to the world's richest and most comprehensive solutions for the digital management of product innovation and development.

These brands all share the key benefits of 3D collaboration: working together on a common 3D model across locations and across functional groups throughout a product's lifetime. We have extended the power of this technology from our initial design engineering solutions (**CATIA** and **SolidWorks**) to support the entire range of development processes, from the manufacturing environment (**DELMIA**) to collaborative product data management (**ENOVIA** and **SMARTEAM**) across the extended enterprise.

We are now enhancing the predictive quality of 3D. Through our new, forward-looking brand **SIMULIA**, customers are able to realize the benefits of realistic 3D simulation to further simplify, accelerate, and reduce the cost of product and part testing and validation to their customers.

All our PLM brands operate on the V5 open standard, enabling them to work together as powerful responses to specific industrial needs. They also employ our 3D XML standard as a baseline for 3D data exchange. Integrated solutions, they enhance innovation, quality, cost control, and time-to-market for enterprises large and small.

Through our 3D For ALL initiative, the power of our 3D visualization platform is poised to become an emerging standard for a broader set of customers to realize the benefits of 3D collaboration.



Unleash creativity

Increase ROI

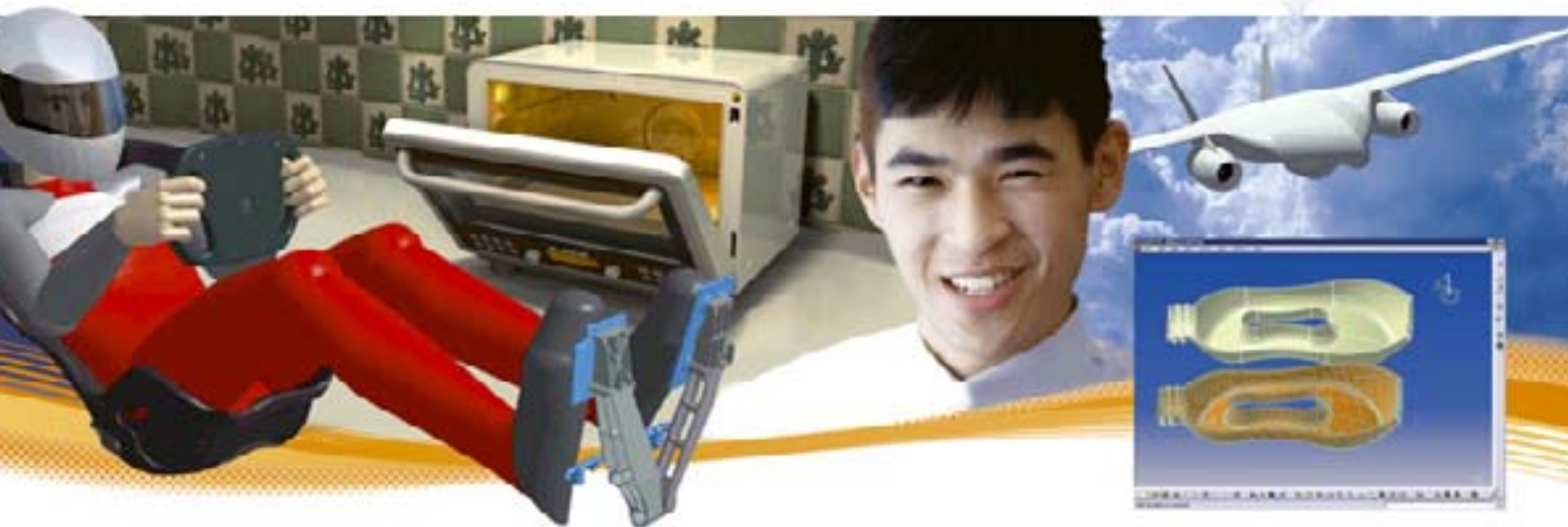
Decrease time-to-market

Enhance product quality



Design Excellence

Our flagship product, CATIA, is one of the most advanced 3D design software suites in the world.



Constantly fine-tuned and upgraded to support new business processes and evolving technical requirements, **CATIA** enables engineers to design, model, and simulate the simplest to the most highly-complex products as the first step in global product development.

Now in its 16th Release of Version 5, **CATIA** has made its mark on all major manufacturing sectors, from aerospace and shipbuilding to the energy and automotive industries. It offers breakthrough solutions for a broad range of domains, including mechanical design, shape design and styling, equipment and systems design, simulation, synthesis and machining. From initial requirements to final detailed assembly, **CATIA** offers access to a product's complete lifecycle in digital format.

As the key component in our collaborative PLM solutions, the digital output of a **CATIA** project can feed **DELMIA** with relevant engineering intent, and supply **ENOVIA** or **SMARTEAM** with information for digital mock-ups or intellectual property management to collaborate across the enterprise.

Easy to deploy, based on open standards and scalable to any design practices, **CATIA** can transform concepts into reality at lightning speed, boosting innovation performance and reducing time-to-market in all competitive manufacturing sectors.



TOYOTA MOTORSPORT GMBH

CATIA accelerates design performance for Toyota Motorsport's F1 car

The Formula 1 (F1) championship is the perfect testbed for automotive product development. It compresses a three-year development cycle into six months. The long-term goal of Toyota Motorsport GmbH is to be a winning team. 2005 was its fourth season in F1, making it one of the youngest teams on the grid. It has developed its complete F1 car — chassis and engine — from scratch under one roof at its factory in Cologne, Germany.

To embrace the F1 challenge, Toyota has selected DS's Generative Car PLM solution with the support of DS Services. Working in conjunction with **DELMIA** and **ENOVIA**, **CATIA** V5 design, analysis, and simulation tools play a key role in optimizing Toyota's F1 performance.

Engineers from Cologne and Japan are able to collaborate on the car's digital mock-up, facilitating instantaneous design modifications.

And in addition to developing most components of the car, Toyota engineers have deployed **CATIA** V5 Human Modeling to design a virtual racecar cockpit that optimizes driver comfort, safety, and ergonomics. It simulates driver behavior and measures criteria such as reach, visibility, comfort, posture, biomechanics, and strength. This analysis enables the team to make driver-oriented decisions about cockpit design, while respecting the overall aerodynamics of the racecar body.

How our Generative Car solution improves the bottom line

up to -80%

time in the aerodynamics design process

-90%

time for the car's first physical assembly: from 3 weeks to 2 days

twice as many

wind tunnel prototypes produced and tested (Knowledge-based designs)

-60%

cost and time on information search during design

-48%

cost for handling Engineering Change Requests

"The cockpit is the nucleus of a racecar. It's a very confined space that protects the vital elements of the car, most importantly the driver. An improved cockpit, with a comfortably and safely installed driver brings us closer to success at every race.

The integration of the CATIA V5 Human Modeling ergonomics tools within our PLM product development platform allows us to manage ergonomics data in an efficient and intuitive manner within the overall development process of the entire car."

Thomas Schiller, General Manager, IT Department, Toyota Motorsport GmbH



The Production Performance Driver

DELMI A offers the most comprehensive suites of digital manufacturing solutions available in today's marketplace. Industries such as automotive, aerospace, defense, shipbuilding, consumer goods, electrical & electronics, fabrication & assembly, and automation are all benefiting from DELMI A's "digital factory" portfolio.



Combining powerful 3D software with industry-specific best practices, these solutions enable customers to define and continuously optimize all their manufacturing processes in a digital environment while linking it with product development. As a result, products go to market more quickly, production costs fall, and our customers benefit from even better innovations.

In recognition of its market leadership and growth, **DELMI A** was named the 2005 Technology Company of the Year by Automation Alley, a consortium that fosters growth in Southeast Michigan.

The **DELMI A** PLM suite of computer-aided process planning and engineering solutions helps companies achieve the goals of lean manufacturing and build-to-order by providing an environment for concurrent engineering.

Coverage ranges from the conceptual phase of product and process design, through the simulation and monitoring of manufacturing processes, to specific shop-floor operations such as capacity planning, implementation, and monitoring.

In 2005, DaimlerChrysler signed an important contract for **DELMI A**'s digital manufacturing technology with the aim of cutting costs while delivering top-of-the-line products. Other major customers who have signed with **DELMI A** to build higher value into their manufacturing processes include Audi AG, Nissan, PSA, and Toyota in the automotive sector, and Aermacchi, Airbus, The Boeing Company, Bombardier, Lockheed Martin, Mitsubishi Heavy Industries Ltd., and Spirit AeroSystems, Inc. in the aerospace market.

The **DELMI A Automation** suite is a next-generation collaborative environment for the automation industry, transforming numeric control design by integrating it into the digital PLM paradigm. Control engineers can now develop programmable logic controller (PLC) code in a logic modeler language, and then simulate and validate this logic against a 3D model of the cell, machine or entire line, optimizing the automated system.

The numeric control industry has given a warm welcome to **DELMI A Automation**. In 2005, it received the Editors' Choice Award from the American publication *Control Engineering*.

ANNEX DESIGN SERVICE, INC.

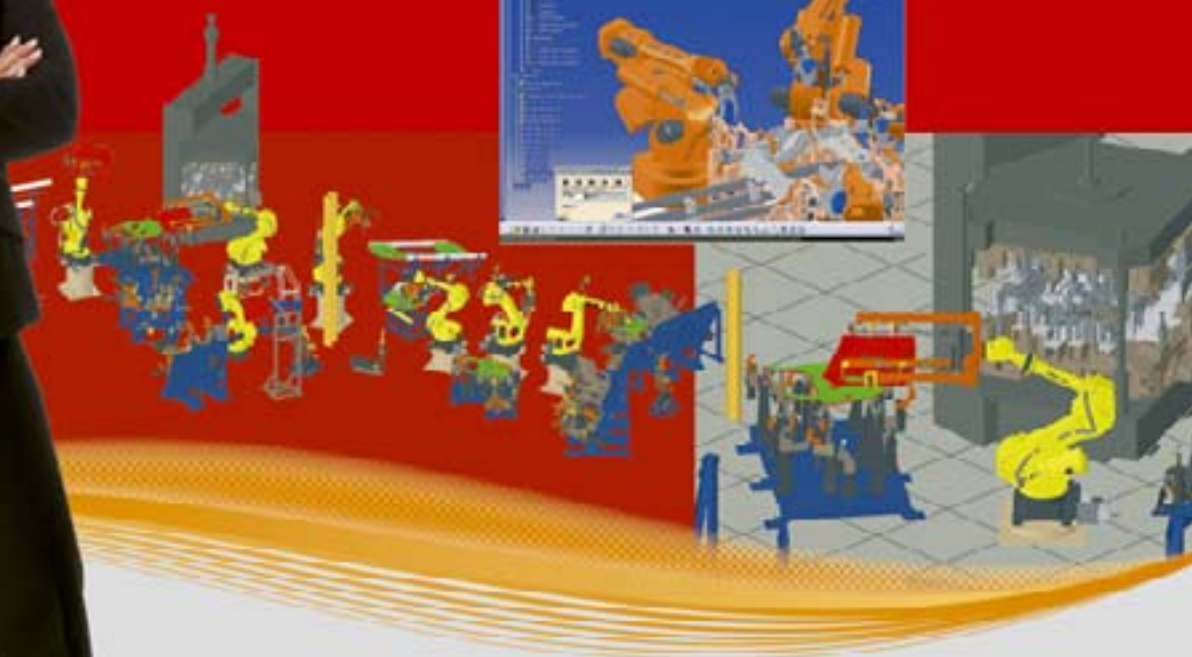
Making simulation standard practice to save time, improve quality, and increase customer satisfaction

Annex Design Service, Inc., a design services provider for sheet metal resistance and arc welding systems, has discovered the formula for staying competitive in the challenging automotive manufacturing marketplace. Excellent customer service backed by the right combination of engineering expertise and simulation tools keep Annex a step ahead of the competition.

With the help of **DELMIA** digital manufacturing tools, quality in Annex's design services translates into how well the actual system comes together on the plant floor. By simulating robot motions during design, Annex can verify that the robots can achieve all the required motions and that there

will be no interferences. Thus, when the system gets to the build phase, a significant amount of retool time is eliminated.

In addition, Annex finds that simulation gives customers a huge degree of confidence. By simulating, Annex is able to confirm that the systems it designs work within the customers' cost expectation and space constraints. Simulation also helps to produce designs that result in fewer errors and less rework.



DELMIA contributes to:

- Up to 30% savings in tool design and 65% reduction in design changes*
- Designs built and ready to go into production within weeks versus months
- Decreasing tryout time on the plant floor from months to weeks
- Improving overall quality and customer satisfaction
- Reducing errors and design rework

*CIMdata

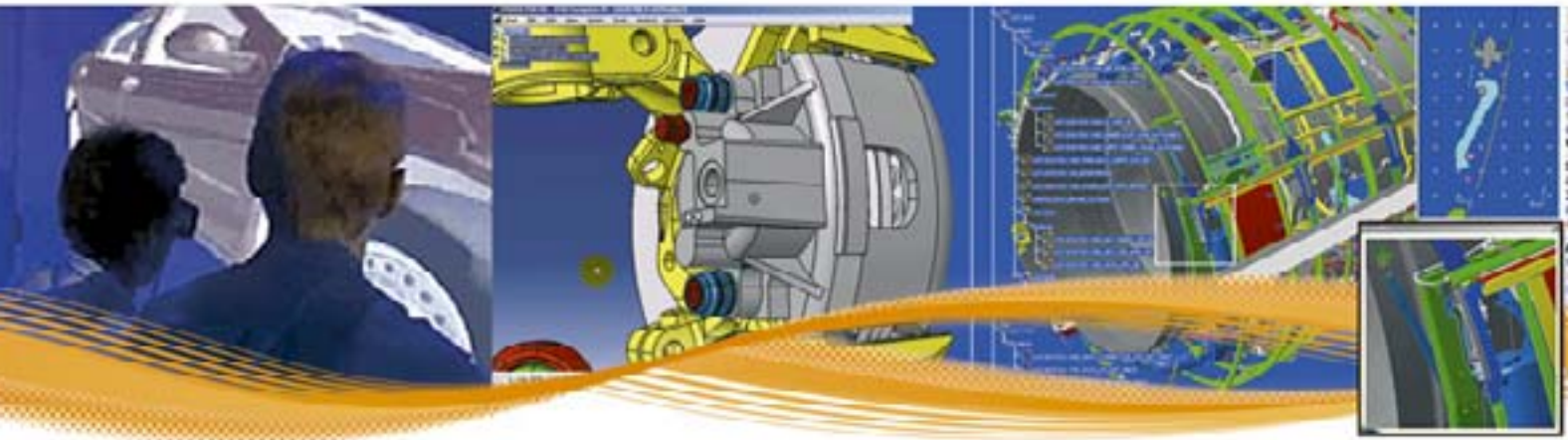
"We have stayed a lot busier than our competitors over the past three years and I believe our ability to deliver higher quality systems, due to upfront simulation, has played a key role in this. We have always been known for our quality, but the use of DELMIA simulation tools has made us even better."

Tom Srigley, President, Annex Design Service, Inc.



The Collaborative Environment

ENOVIA is the backbone brand for our PLM strategy. ENOVIA V5 provides a unified, knowledge-based development environment in which global organizations can view, create, manage and validate real-time 3D product and process information. This collaborative environment helps development organizations optimize product designs, capture and share intellectual property created throughout the product lifecycle, and drive innovation across the enterprise value chain. ENOVIA specializes in high-value, complex products developed across large organizations.



Using powerful Web-based navigation, digital mock-up, simulation, analysis and communication tools, end-users can share insights, improve decision-making and understand the impact of a design changes on individual parts or entire product portfolios, reducing the need for expensive prototypes while accelerating time to revenue.

The latest release of **ENOVIA**, V5 R16, extends 64-bit support to Windows XP Professional, enabling more complex and extensive mock-up analysis capabilities. Users can now leverage this enhanced capacity to utilize the breadth and depth of **ENOVIA** V5 PLM capabilities for highly-sophisticated, complex design and product development initiatives.

A good example of how **ENOVIA** can benefit major manufacturing programs is the Boeing 787. With the Global Collaboration Environment virtual platform, Boeing and its 40 risk-sharing partners are using **ENOVIA** to manage the PLM applications that design, build, and test every aspect of the 787 airplane and its manufacturing processes digitally, before production actually begins.

Spirit AeroSystems, the largest independent structures supplier to the worldwide aerospace industry and a major supplier to Boeing Commercial Aircraft, has also chosen **ENOVIA** to enhance real-time collaboration with its customers and improve the global efficiency of product development processes.

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.



DS V5 PLM solutions help ASG to:

- Increase global collaboration
- Streamline processes
- Standardize infrastructures

“Using ENOVIA V5 VPM, 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, Manager of Enabling Technologies, Goodrich Aerostructures



Collaborative Product Data Management

SMARTEAM provides rapidly implemented, scalable and easily customized world-class engineering and enterprise collaboration solutions that let mid-market manufacturers optimize the value derived from their product knowledge. Its installed base reaches 3,700 companies and 120,000 users worldwide in the automotive and aerospace supply chains, industrial products and electronics, and industries newer to PLM, such as power process & petroleum.



SMARTEAM's unique capability is powerfully combining all product data — including that of **CATIA**, other CADs and business applications — and providing cost-effective solutions for its optimized management across engineering, the enterprise and the value chain, including across multiple sites. **SMARTEAM** integrates tightly with **CATIA** for engineering environments and combines **DELMIA** and **ENOVIA** to cover different business needs. It offers tools that streamline OEM-supplier collaboration and is coupled with **CATIA** in quick-start packages that help companies gain PLM benefits faster.

SMARTEAM provides Volvo Construction Equipment — a global player in construction equipment and related industries — with a rapidly deployable collaborative multi-site environment and helps manage **CATIA** V5 and other CAD models. This is one of the tools that helps Volvo CE integrate its business lines and business areas, and optimizes the development of over 60 equipment models.

Based on the familiar Windows and Web platforms, **SMARTEAM** automates and standardizes business processes across design, quality assurance, manufacturing, and after-sales support. It helps companies shorten

time-to-market, improve decision-making and productivity, meet customer needs, and comply with industry, environmental, and other requirements.

In the highly-competitive automobile supply chain, **SMARTEAM**, together with **CATIA** V5, is empowering leading Korean automotive supplier Daehan Solution Co. Ltd. to share and manage engineering data and domestic car development processes internally and with partners, cutting development costs by 20%.

In the energy industry, **SMARTEAM** brings assets management and standards compliance to a sector with a non-CAD focus. In 2005, Forsmarks Kraftgrupp AB, a nuclear power plant provider that produces about 18% of Sweden's electricity, chose **SMARTEAM** as its enterprise PLM solution for optimizing plant management among 1,000 users.



Start Magazine, a leading American publication for SMB manufacturers, named Dassault Systèmes and our **SMARTEAM** brand among its Hottest Companies of 2005. The award recognizes vendors whose technology has made an impact, factoring in a company's value proposition, growth record, and market differentiation.

PELTOR AB

70% more products launched thanks to CATIA V5 and SMARTEAM

Peltor AB is a world leading Swedish manufacturer of high-quality audio headsets, visors, and helmets for hearing protection. These specialized products feature state-of-the-art electronic components, and are used in the manufacturing, aviation, military, firearms, motor sports, forestry, and agriculture sectors. The company was challenged to meet growing demand for innovative products that combine the latest wireless technology with a light-weight, comfortable fit, and satisfy different local standards and customer requirements.

Peltor chose **SMARTEAM** to manage all its product data, including 3D **CATIA** models, product drawings, product specifications, and manufacturing and assembly operations. Its extended-enterprise teams in 11 countries can easily access this information from a single database and share the same resources and files. All company departments can consult the same technical and regulatory information through the **SMARTEAM** Web Editor to instantly verify that all products comply with standards.

With **SMARTEAM**, Peltor has cut data search time by more than **75%**, and reduced the circulation of printed drawings by **97%**. This has resulted in **80%** fewer errors and better productivity. **SMARTEAM** streamlines Peltor's product development since all product modifications are captured immediately and made instantly available to all end-users. When creating a new product from an existing model, Peltor has reduced development cycles by **55%**.

An independent Return on Investment (ROI) study by CIMdata found

\$1,195,000

net present value of benefits over six years with V5 PLM

90%

Peltor's internal rate of return on its PLM investment

"As a company grows, its product information grows alongside at an exponential rate. SMARTEAM helps us to efficiently manage our increasing amount of product data."

Sigvard Nilsson, Technical Director, Peltor AB



The 3D Simulation Platform

SIMULIA is the latest DS brand that encompasses all DS simulation solutions including ABAQUS and CATIA simulation products.



It empowers our PLM brands with highly-realistic 3D simulation and provides an open, multi-discipline platform that unifies today's fragmented market of niche analysis tools. By leveraging the CAA V5 architecture, **SIMULIA** assures interoperability between DS PLM solutions, partner products, and customer applications. This scalable and open solution transforms 3D simulation into a collaborative process for a wider constituency of users, increasing the business value of engineering and scientific simulation.

DS acquired ABAQUS, Inc. in 2005 to expand the range of simulation solutions, thus accelerating the development of the open simulation platform. ABAQUS is the world leader in software and services for advanced finite element analysis and is respected for providing a powerful and complete solution for both routine and sophisticated linear and nonlinear engineering problems. By delivering a unified simulation environment, **SIMULIA** supports a wide range of structural, thermal, dynamic, and coupled analyses, presenting a unique alternative to implementations involving disparate products and vendors.

SIMULIA enables engineers to identify early in the development process how and why products fail. By developing extremely demanding, life-like product test suites in partnership with strategic customers, **SIMULIA** simulates real-world forces and stresses that occur during events such as automotive crash, electronic heat transfer, or packaging damage due to crush or impact.

It also enables the visualization of the physical behavior of individual components and systems under realistic test conditions. By transforming the physical test process into a series of virtual experiments, **SIMULIA** radically accelerates time-to-market and lowers the cost of product testing while making it easier for manufacturers to ensure safety and regulatory compliance. By building on an open platform with established technology, **SIMULIA** broadens the availability of simulation for customers, enabling them to leverage the full power of PLM.

BMW GROUP

Improving crashworthiness with SIMULIA

Accurate modeling of material damage and failure is extremely important for automotive structural crashworthiness. Component and material failure

can substantially alter the load paths and response of the vehicle in a crash event. BMW Group worked with DS engineers to develop models for passenger head impact simulation and new capabilities for accurately representing progressive damage and potential failure of sheet metal, spot welds, rivets, and structural adhesives that can occur during a crash event. This collaboration prompted BMW to investigate using ABAQUS software for complete crashworthiness simulation.



The engineering teams began by cataloguing the existing full vehicle BMW 5 Series sedan and creating detailed simulation models of the components, subsystems, and systems. Each model had to be run successfully before progressing to the next level. For example, body-in-white (BIW) impact against a rigid barrier had to run successfully before moving on to trimmed BIW against a rigid barrier. This systematic progression paid off in achieving successful milestones, including frontal impact of a BMW 5 Series full vehicle model against a rigid barrier, and accurately simulating frontal and side impact full vehicle load cases to meet national and international standards.

Based on their growing confidence, BMW began a pilot production project to use ABAQUS for crashworthiness simulation for all new vehicles under development. Production usage introduced the challenge of making sure ABAQUS would interface well with the existing BMW simulation infrastructure, including being able to integrate with their standard pre- and post-processing software, take into account supplier subsystems such as airbags, and include finite-element-based crash dummy models.

In early 2006, BMW reported that it had successfully performed more than 1,500 simulation runs for all relevant load cases and ABAQUS was demonstrating the accuracy, robustness, reliability, and openness required for production use. Today, **SIMULIA** and BMW engineers continue to work together to advance crashworthiness capabilities and to widen deployment of the software for other BMW vehicle programs to meet regulatory, market, and business demands.

DS PLM Industry Solutions

Delivering Breakthrough Value

PLM is transforming industry by offering a seamless visual narrative of the entire production process. By representing products as digital knowledge bases, the whole value chain can share and build on enterprise assets to intensify innovation and speed time-to-market. The outstanding advantage of DS PLM Solutions comes from our total commitment to exact industry fit.

Capitalizing on our extensive experience of working with world-class customers, we have customized our DS software products to handle customer pain points in key industries. Using a combination of Business Process Content (BPC) software, templates and services, we are now crafting Solutions that integrate closely with local best practices and optimize critical processes in distinct industries. These Solutions are designed to simplify, accelerate and secure PLM deployment for our clients.

¥The **Deployment Center** prepares a safe deployment of our PLM Solutions, pre-certified in the industrial context of our customers, with offerings such as software tailoring or development, integration, and data migration.

¥The **Knowledge Center** ensures operational end-user proficiency with tailor-made education and end-to-end support (remote and/or on-site) offerings.



Creation of DS Industry Solutions to Boost Solutions Approach

In order to reduce ramp-up time for both the development of our Solutions portfolio and its deployment at our customers, DS Industry Solutions was created, from the merger of our former Consulting & Services organization and PLM Practices entity. As a result, more than 1,000 DS Industry Solutions engineers, consultants and subject matter experts, in addition to the expertise of our ecosystem (cf. page 41), are now made available to help our customers to deploy, integrate, and optimize their PLM processes. The DS Industry Solutions organization focuses on customizing the right set of Solutions to deliver seamless product development throughout the value chain.

This framework of Solutions & Services portfolio is composed of four pillar centers:

¥The **Program Center** defines our customers' PLM investment, their objectives and capacity, from both a technical and a financial standpoint.

¥The **Solution Center** specifies and designs our customers' PLM Solutions, uniquely aligned with their targeted Industry Processes and fully supported by our DS Software Products portfolio.

Our DS Industry Solutions workforce has been working in close partnership with such industry innovators as, amongst others, Boeing, DaimlerChrysler, Honda, Northrop Grumman, and Toyota to fine-tune PLM as a global solution for generic industry process management. We are now leveraging this collaborative intelligence to help new customers benefit rapidly from proven solutions in their own sectors.

From Fast-track Industry Solutions to Business Process Contents (BPC)

In 2005, and in addition to our Solutions & Services offering, an exciting new concept — BPC — was also launched to enable customers to adapt our Industry Solutions to their specific needs without the expense of tailor-made software. This new approach adapts existing knowledge to new requirements even more quickly than in the past. We first identified and certified many tried and tested parts and modules from across many industries. We then encapsulated them as added-value business-process packages which deliver the proven advantages of our Industry Solutions at a fraction of the original cost.

ITER

ITER, an international project under the auspices of the International Atomic Energy Agency, is beginning construction in Europe of its first hydrogen plasma operation. ITER has been using **CATIA** since the beginning of the project to define precisely the tokamak (the heart of the ITER machine). As the project is now maturing, many other disciplines have to be

addressed like structures and piping design. In order to achieve engineering integration, ITER has decided to extend **CATIA** usage to these disciplines and to federate the activities within **ENOVIA**. This will enable a tight integration of the various ITER partners, R&D Institute as well as other industrial companies.

“DS PLM solutions are playing a key role in the ITER project as the platform for its development. Moreover, we have established a strong partnership with DS in order to benefit from design and collaboration best practices that have matured from various industries that have deployed the V5 platform.”

Eric Martin, Head of Design Office, ITER



MAGELLAN AEROSPACE CORPORATION

Magellan Aerospace Corporation, a major global supplier of technologically-advanced aerospace systems and components, is an early adopter of the dedicated DS Aerospace Supplier Collaboration solution. With this suite of aerospace-industry process models, templates, and practices, Magellan's extended

enterprise can better manage and control the data and processes shared by the suppliers in the aerospace industry, thus delivering a **30-35%** improvement in effectiveness of engineers' time and reduced risk and waste for its customers.

“Worldwide industry, not just shipbuilding and energy, is at a critical juncture. Some industries, like aerospace and shipbuilding, are leading the way in using 3D and PLM to transform the way they do business. Other industries, from large manufacturers to small- to medium-sized businesses, must adopt this business paradigm or risk failure in today's globally collaborative world.

Manufacturing today essentially uses decades-old processes streamlined with new technology. But the goal in today's energy industry should be more than just speeding up the old way of doing things, or addressing interoperability and archaic standardization arguments. PLM is a giant “what-if” machine, simulating an oil platform's entire lifecycle, from beginning to end. That “what-if” machine finds new ways to achieve a predictable outcome, automatically reuses process and design knowledge and, most importantly, helps ensure on-time delivery and satisfied customers.”

Brian Chang, CEO, Yantai Raffles Shipyard



Imagination by Design

SolidWorks is the leader in the 3D CAD market. It provides accessible, easy-to-use and innovative solutions for mechanical design, analysis, and product data management that simplify migration from 2D to 3D and drive new products to market faster.

Targeting the mechanical design community, **SolidWorks** customer sectors include leading enterprises in the machinery, medical, consumer, mold, tool, electrical, power, aerospace, automotive, and education industries.

The company's products are sold through



a network of resellers in 100 countries, and **SolidWorks** solutions are used by over one-half million engineers and designers around the world.

SolidWorks Solutions Partner Program signed up its 1,000th member in 2005. More partners integrate their solutions with **SolidWorks** 3D mechanical design software than with any other 3D CAD software on the market. This comprehensive menu of engineering applications ensures engineers working in **SolidWorks** have all of the tools they need on their desktop to be more creative and productive. The brand is also active in the educational market, training tomorrow's engineers to innovate with today's cutting-edge 3D software.

SolidWorks customers design some of the most innovative products in the world – products that break records, solve problems, and change people's lives. For them, **SolidWorks** engineering and design software is not only easy to use. It also saves time by automating many design tasks, and enables creative minds to imagine new solutions to complex problems.

- The custom motorcycle maker **Orange County Choppers**, for example, uses **SolidWorks** software to design the sweeping exhaust pipes, daring wheels, and other key features that make its street machines unique.

- India's leading glass container manufacturer, **Hindustan National Glass & Industries Limited**, is using **SolidWorks** design software to support design and engineering processes in five locations to achieve international quality standards for its global customers.
- **Weather Shield Manufacturing, Inc.**, a Wisconsin-based window and door manufacturer, uses **SolidWorks** software to design, configure, and customize doors and windows for architects, builders, and major retailers around the world. It also uses **SolidWorks** COSMOSWorks design validation software to test the designs prior to prototyping.
- The UK engineering design consultancy **M G Bennett & Associates Ltd.** is using **SolidWorks** to develop equipment that will help Scottish transportation authorities test the Forth Road Bridge, the oldest major suspension bridge in the country.
- **Poseidon Diving Systems**, the Swedish diving equipment manufacturer, used **SolidWorks** software to develop the entire Xtream breathing regulator that helped set the world record for the deepest individual dive at over 300 meters in the Red Sea in June 2005. Poseidon has standardized on **SolidWorks** software for all new product design, to eliminate the high costs of outsourcing design work to third-party contractors.

KONICA MINOLTA BUSINESS TECHNOLOGIES, INC.

Improving competitiveness with Mainstream 3D

Konica Minolta Business Technologies, Inc. (KMBT), is a leading global manufacturer of business copiers, printers, fax machines, digital all-in-one (printer, scanner, and fax) machines, and related supplies. KMBT wanted to develop a color all-in-one printing system with the best performance in the industry.

KMBT selected the **SolidWorks** mechanical design system as the design platform for the Model 8050/bizhub PRO C500 systems, because the software has a low cost of introduction, is easy to use, supports critical add-on applications, includes important new features with every Release, and utilizes the Parasolid geometry kernel.



Thanks to SolidWorks, KMBT:

- Introduced a revolutionary flagship product
- Reduced the number of prototypes required
- Shortened total development time
- Improved design quality and enhanced internal communication

“SolidWorks usage has spread within the company, even with almost no in-company training. We created rules on how to apply SolidWorks for product design and have found that self-study by our engineers, through the user manual and tutorials, is sufficient for supporting our CAD operations. SolidWorks is helping us to unleash the power to develop innovative products that, by their very nature, can create additional markets and extend existing markets into new areas.”

Masaaki Ikeda, Manager of Imaging Products R&D Group, Konica Minolta Business Technologies, Inc.

Solutions & Competitive Advantages

3D For ALL

See What You Mean

Dassault Systèmes is delivering on its long-term vision of opening up 3D to all users and communities, from content creators to professionals to consumers, with new innovative solutions to Imagine, Share & Experience 3D.

Our goal is truly to make 3D a media in its own right, and provide exciting user experiences through real-time life-like scenarios. Thanks to 3D, people see what they mean, and enter a whole new world of experiences and communication in a variety of environments, from browser-based Web to large-scale 3D visualizations and virtual reality immersive environments.

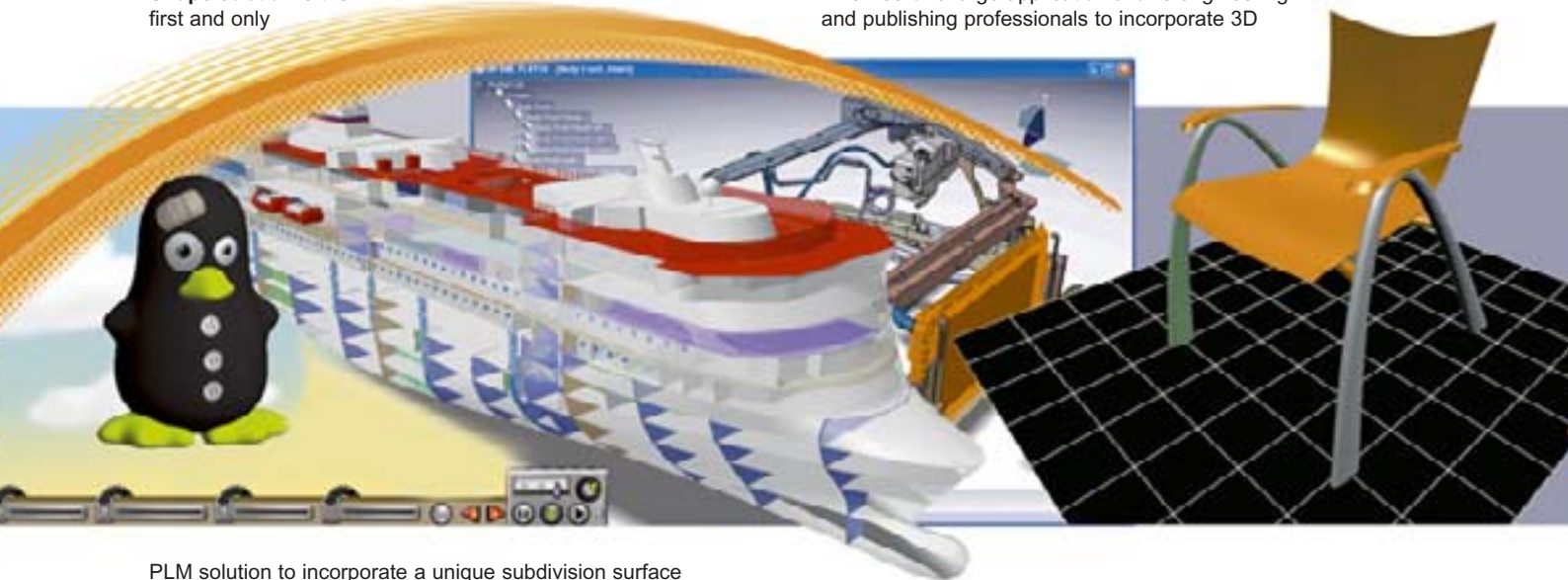
Just Imagine and Shape

Among an unrivalled wealth of capabilities, CATIA's **Imagine & Shape** solution is the first and only

Sharing through New Media

The **3D XML** (Extensible Mark-up Language) format is a cornerstone of our ambition to democratize 3D and demonstrates our commitment to openness for every type of user. Following strong industry response to the 3D XML standard for easily sharing live, accurate 3D data, we launched the first 3D XML Player in June 2005 to enable end-users to integrate the standard into their daily work environment.

This free-of-charge application allows engineering and publishing professionals to incorporate 3D



PLM solution to incorporate a unique subdivision surface technology, an advanced technique once reserved for the entertainment industry to produce high-definition animation films. This capability offers a path-breaking solution for non-specialist designers. They can quickly and simply transform a product shape idea into an exact geometric 3D model, without any sketching or prototyping, and iterate in real-time with the shape to explore ideas and converge to the final product. This new approach leverages the engineering of the emotional content of products, and fosters bolder innovation among product developers.

Emblematic of our whole 3D vision, our fun **Cosmic Blobs** software program for children is taking the power of high-performance 3D modeling out of the design office and into the playroom. Intended to transform children from passive consumers to active creators, Cosmic Blobs enables young designers to explore the world of image innovation first-hand on a computer screen.

Now also available for Apple Macintosh systems, the latest version incorporates new features requested by kids, such as movie file capture, improved content graphics, and an expanded user interface. Cosmic Blobs is rapidly gaining the approval of prominent organizations that ensure the quality of children's toys, games, and educational products.

objects into technical documentation, maintenance manuals, marketing brochures, websites, email communications, and many other everyday uses.

As a powerful example of market take-up, the 3D XML Player is now fully-supported by Microsoft Office applications, Internet Explorer, IBM's Lotus Notes, and IBM Lotus Workplace, giving users outside the engineering department a collaborative 3D experience of product management, and enhancing collaboration and joint decision-making. 3D XML also integrates seamlessly into CATIA, DELMIA, ENOVIA, SMARTEAM, SIMULIA, SolidWorks, and Vortools and will continue to empower our brands.

As 3D XML becomes an across-the-board standard for the innovation enterprise, 3D is taking its place as a new communication medium, allowing all users to see what you mean.

ESTECH

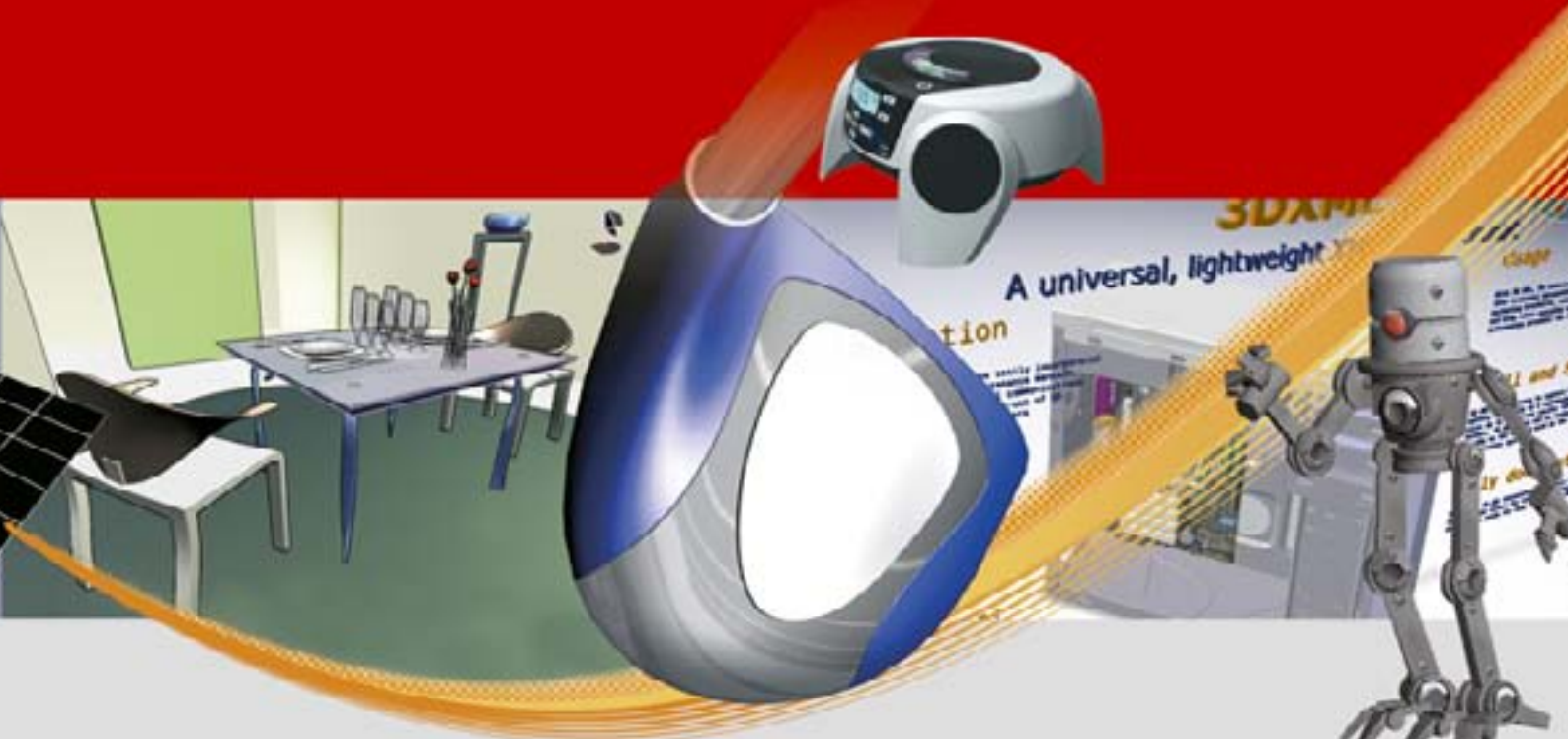
Designing in style with Imagine & Shape

French design-house Estech provides services ranging from concept development to the digital imagery for customer product presentations. It needs to produce a maximum number of realistic design variations with short deadlines. So it chose Imagine & Shape to help users create fast, realistic 3D geometric models without prior sketching or prototyping.

Another advantage of Image & Shape is that Estech employees do not need to be surface specialists to transform an idea into a virtual 3D shape. They can apply our dedicated Styled Plastic and Packaging solution, which smoothes the learning curve for new users. Their customers can then make their decisions faster, easier and with less risk since they can actually see the product they can choose.

"With the CATIA V5 Imagine & Shape workbench, we can present our customers with more high-quality design proposals than before and propagate changes quickly and easily during the validation phase."

Baptiste Hannebicque, Design Manager, Estech



Virtools: Experiencing Next-generation Interactive 3D

In 2005 Dassault Systèmes acquired Virtools, the French market leader in live Web applications and 3D interactive content creation in industrial, commercial, and consumer environments. Virtools's applications allow users to quickly and easily add life experience to any 3D object. For example, this breakthrough technology enables users to experience consumer shopping behavior in a supermarket or to visualize the ergonomics when driving a car through a city.

Virtools provides a groundbreaking platform for developing life-like 3D applications, as well as deploying these 3D applications in a variety of environments, from browser-based applications to large-scale 3D visualizations.

Virtools's solutions have been used in a wide variety of applications from advertising and Web marketing, through product usage, to training and maintenance and ergonomic experience. Customers include industry leaders such as France Telecom, L'Oréal, Matsushita, Procter & Gamble, PSA, Renault, Sony Computer Entertainment, Ubisoft, and Warner Bros. Online.

The Ecosystem

Expanding Powerful Global Alliances

Promoting collaborative innovation and creativity around the world, the DS ecosystem, comprised of world-class customers and partners in technology, business, and academia, leverages DS solutions to better focus on their core business. In early 2006, DS was rewarded for its strong commitment and long-term track record of growth and profitability driven by a systematic approach to strategic alliances when it was presented with the Alliance Excellence Award by the Association of Strategic Alliance Professionals.

The CAA V5 Software Community Program

Because PLM is a cross-functional process, it requires deep expertise in a number of disciplines. These disciplines include multiple types of analysis and simulation, electrical systems, software systems, and project management. Rather than attempting to deliver all of this functionality ourselves, DS has chosen to allow best-of-breed complementary software partners to develop and deliver these applications within the V5 environment. For our partners, the result is an application that meets user requirements while being integrated with the V5 data model, process model, and user interface. For DS, it is unmatched breadth and depth of process coverage. And for our customers, it is an integrated application environment with lower cost of ownership. Rather than forcing customers to work with multiple, disparate applications to address the same process scope, this complementarity is a competitive advantage for DS.

The result is one of the largest and most vibrant development communities in our enterprise software. A total of over 140 partners and some 5,000 developers are working with our open software platform, Component Application Architecture V5 (CAA V5).

The ecosystem's software development program, for example, now includes more than 360 dedicated product design and development applications in the latest R16 version of our PLM portfolio. They offer the broadest integrated V5 PLM portfolio available to support industry business processes. Partners and customers who embrace the open V5 platform and follow DS's best practices benefit from seamless integration with V5 PLM solutions, and standards compliancy for leading-edge technologies.

"As one of the first partners engaged in the CAA V5 Program, we are extremely pleased with the fast return on investment made on the V5 platform."

John Mathieson, Executive Vice President and COO, Dimensional Control Systems Inc. (United States), the world leader in Dimensional Management

New Major CAA V5 Partners in 2005

ICEM Ltd. (England), a specialist in developing advanced surfacing solutions for the automotive sector, has developed its next generation of surface design software for automotive Class-A, ICEM Shape Design suite of products, using the DS V5 PLM platform as their development environment.

OCE Print Logic Technologies SA (Netherlands), the world leader in large-format prints, adopted SMARTEAM within the CAA V5 environment to help increase design productivity, control costs, and decrease IT support.

Platform Computing Inc. (Canada), a world leader in grid computing software, is developing, marketing, and selling grid computing solutions that will substantially boost processing performance and enable V5 users to benefit from powerful resources within the standard CATIA environment.



Composite Materials

As an illustration of the industry processes delivery with V5 PLM, in the key design field of composite materials, CAA V5 partners contribute to the value of the end-to-end composite solutions by complementing DS V5 PLM solutions:

EADS CIMPA (France) provides V5 tape laying and automatic nesting simulation and part programming.

ESI Group (France) delivers a V5 integrated Resin Transfer Molding to simulate manufacturability virtual engineering solutions that simulate manufacturing processes and the real-life performance of industrial testing.

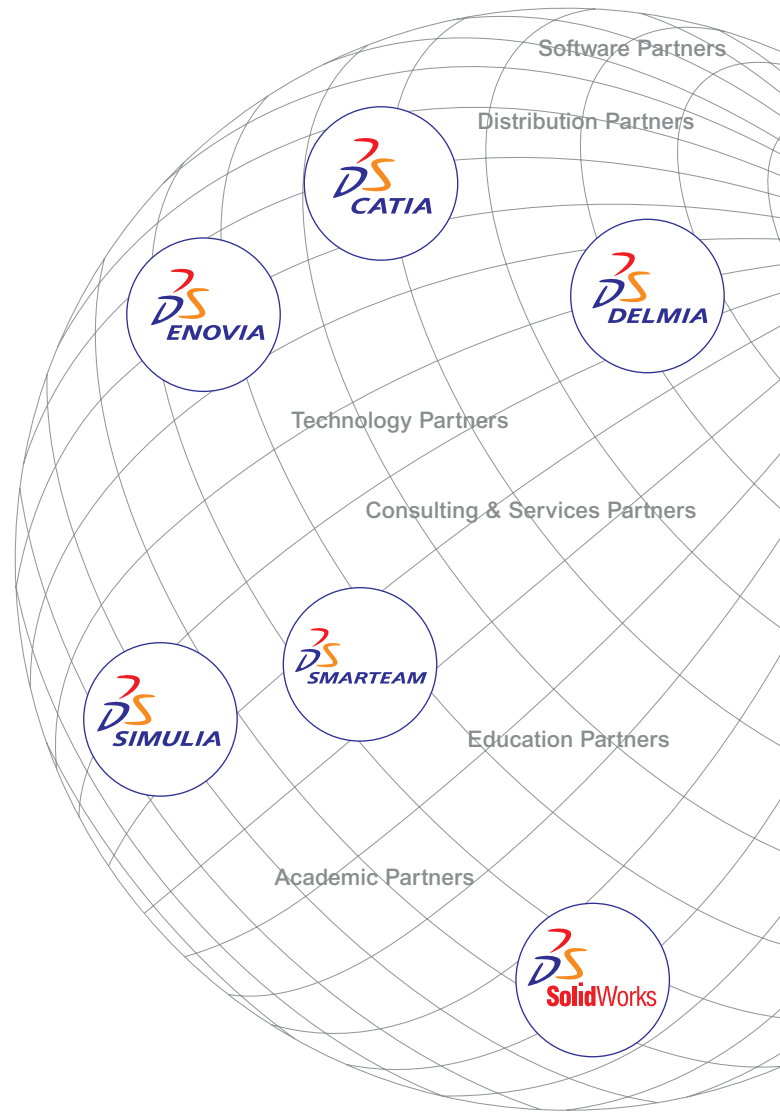
Magestic Systems, Inc. (United States), a provider of manufacturing solutions for nesting and laser projection, delivers nesting, cutting, and laser programming solutions based on CAA V5 to enhance our PLM portfolio.

Mtorres (Spain), an advanced engineering conglomerate, has developed a design-to-manufacturing PLM solution using CATIA V5 for composite materials in the aerospace industry.

Consulting & Services Partners

DS Industry Solutions is dedicated to providing worldwide PLM services through its 1,000 consultants. It helps customers optimize industrial processes and integrate global PLM solutions in line with sector best practices.

In addition to this home-made Solutions and Services capacity, DS Industry Solutions is also drawing on a community of partners in the arena of high-level consultancy and systems integration, training & education, and application development. This ecosystem includes IBM Corporation, Atos Origin, AvicIT, Axiom Systems Inc., Cards Engineering GmbH & Co. KG, Cenit AG Systemhaus, Computer Sciences Corporation, Dipro, EXA, Fasotec, Geometric Software Solutions Company Ltd., Hitachi Zosen, IASC, Incat International Ltd., Infosys, Larsen & Toubro, MDTVision, MRI Systems, MSC Software, Nihon Unisys, NS Solutions, PCO Technologies, Processia Solutions, PROSTEP AG, Tata Technologies, Toyota Communication Services, T-Systems International GmbH, Volvo IT, and Wipro.



We are also playing a leading role in Europe, alongside such technology industry leaders as SAP and Business Objects, within the **European Software Association** with the aim of strengthening the role of the Continent's software publishers in fostering economic growth, accelerating R&D, increasing vital skills, and protecting the assets of the industry as a whole.



Solutions & Competitive Advantages

The Ecosystem

CUSTOMER GAINS FROM OUR STRATEGIC PARTNERSHIP WITH MICROSOFT

As part of the fruitful strategic alliance launched last year, DS and Microsoft announced a number of value-creating agreements for their customers during 2005. In April, as a natural extension of our global 3D XML initiative, we agreed to make 3D XML and Microsoft's XAML formats deeply compatible, ensuring unique 3D experience within the next-generation Windows environment. Cross-format compatibility will enable users of 3D solutions to capture and share rich 3D data, and the agreement demonstrates our mutual commitment to openness, innovation, and technological excellence. In October, we announced the delivery of a version of our V5 PLM solutions for the Windows XP Professional X64 platform. This will enable a new generation of users to leverage the memory and bandwidth of the Windows 64-bit system to benefit from the full power of the DS V5 PLM portfolio when designing and managing very large assemblies and complex products. And in November, we announced V5 PLM support for Microsoft's major enterprise suites: SQL Server 2005, Visual Studio 2005, and BizTalk Server 2006. DS's support of these products will enable our customers to be more productive and make better decisions in a reliable and security-enhanced environment, through broader insight into essential business processes.

An Enhanced Distribution Network

In 2005, DS reached a new milestone in its long-standing relationship with IBM by deploying the Channel Management Provider (CMP) model in eight major countries: Belgium, France, Germany, Russia & the Commonwealth of Independent States (CIS), Sweden, Switzerland, the United Kingdom, and the United States. In these CMP countries, the operational management of Business Partners is now delegated to DS.

Gathering best-in-class skills and resources for channel sales, marketing, and technical support, the CMPs provide the IBM Business Partner community with a streamlined and focused team structured for proximity and responsiveness.

In order to respond to the demands of China's fast-growing market, we established a new distribution model that addresses all PLM customers through a network of newly-appointed DS PLM value-added resellers. Also, with our partner CAXA, China's leading domestic PLM vendor, we launched the development of CAXA V5, a new generation of integrated

and scalable 2D and 3D PLM solutions for the Chinese market that embed DS V5 technology components. These were developed at our joint R&D center in Beijing, and are built on top of the CAA V5 platform.

Among the DS brands, DELMIA's channel partners now include more than 55 resellers in 39 countries. As a result of unprecedented demand, SolidWorks saw its best ever growth in the reseller channel, with more than a 20% increase in worldwide sales, support, and training headcount. And SMARTEAM continues to empower the reseller and partner network, growing the breadth of distribution in the market in all geographies.

Technology Partners

DS works closely with a network of leading technology partners to bring innovative features to PLM solutions that customers require in today's globalized world. Leveraging a long-time technical relationship, prestigious companies like

"The release of CAXA V5 signals a new era for the Chinese CAD/CAM/PLM industry. Now, Chinese manufacturers have the opportunity to take part in the PLM revolution that is leading to greater efficiencies and lower production costs for manufacturers the world over. The release of this new solution is the culmination of a partnership with Dassault Systèmes in which both companies have focused on creating a Chinese solution in China and have succeeded in producing a truly transformative technology."

Dr. Lei Yi, President and CEO, CAXA



Advanced Micro Devices, Inc., DELL Inc., Hewlett-Packard Company, Intel Corporation, Microsoft Corporation, and Sun Microsystems, Inc. provide the exact platforms, equipment, service and support DS needs in order to provide certified solutions.

Working together, DS and those partners demonstrate the daily mutual commitment to customers, delivering state-of-the-art solutions adjusted to fit specific needs. Taking advantage of the valued relationship, these partners provide DS with their contribution to enhance the delivery of a comprehensive set of integrated solutions that facilitate collaboration and stimulate innovation.

Education Partners

Within the expanding Education Partner Program, 140 companies, representing a potential of 1,125 instructors, provide PLM training services in more than 36 countries.

Education partners focus on improving end-user performance. They use courseware developed by DS, updated at each Release and designed to teach the latest and most efficient methods and techniques to work with our PLM solutions.

Certification adoption has been spreading outside the partners community, into the customer and academic worlds, at a rate that has recently more than doubled. The Korean Society of CAD/CAM Engineers, which had been running certification exams since 1999, decided to standardize on the DS CATIA certification program.

Academic Partners

The ecosystem also embraces academic partners through its Academic Program. The objective is to seed a new generation

of PLM-competent graduates ready to enter the professional engineering workforce. Thousands of universities are using DS PLM and 3D solutions, training more than one million students each year.

In 2005, the Academic Program integrated many new, international academic partners.

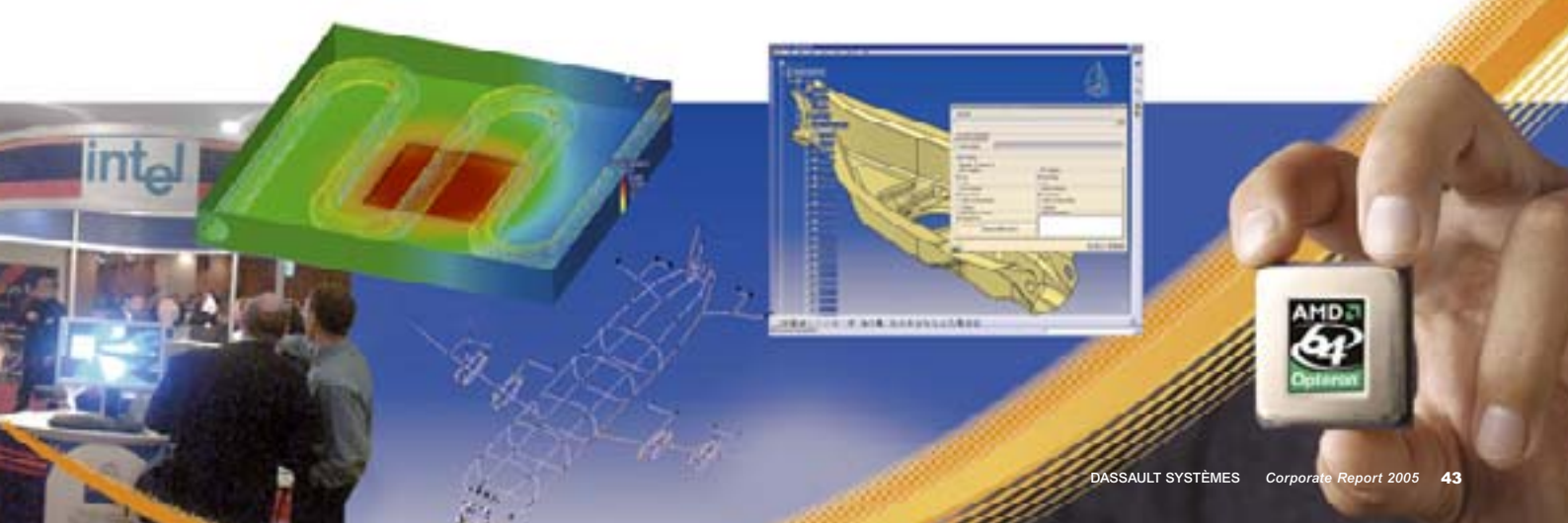
One example is the PLM Center of Innovation at Tsinghua University in China. The new center, with its state-of-the-art DS PLM solutions, the latest workstation technology from HP and the teaching support of AIP-PRIMECA, a group of French engineering schools, will give students a world-class education using the latest PLM applications and providing the best environment for PLM research projects.

On the European side, RENATE, a national center in Norway founded by The Ministry of Education and Research, purchased 30,000 licenses of SolidWorks Education Edition software to teach more than 60,000 junior high and high school students engineering fundamentals and to reinvigorate the country's manufacturing industry.

In the Americas, DELMIA and the Heart of Georgia Technical College (HGTC) established a long-term business relationship to promote the education of 3D PLM software throughout the state of Georgia. To enable the education plan, DELMIA provided PLM software and related training to HGTC, which has been designated as the initial PLM for Digital Manufacturing training center. HGTC will develop the training template and supervise the entire program rollout. It will then work through the Georgia Department of Technical and Adult Education's network of technical colleges and other public and private institutions to create additional training centers, which will total 60 throughout the state by the end of 2008.

PARTNERING FOR COLLABORATIVE ENTERPRISE SOURCING

Dassault Systèmes has joined forces with i2 Technologies, Inc., a leading provider of demand-driven Supplier Relationship Management solutions, to develop next-generation sourcing solutions for PLM. Built upon the DS V5 PLM platform and embedding i2 Technologies's proven sourcing technology components, these solutions will enable cross-functional visibility and unmatched collaboration between the engineering and sourcing communities. They bring sourcing considerations to the engineer's desktop, and engineering criteria and 3D digital mockup to the sourcing specialist. For example, from their 3D desktop, engineers will optimize design by taking into account part-sourcing information, such as obsolescence, availability, regulatory compliance, and companies' preferences, early in the design cycle. In parallel, DS has assembled an R&D team with both PLM and sourcing skills by acquiring a development center from i2 Technologies.



Corporate Responsibility

Revealing Potential

Dassault Systèmes is committed to helping to build the future using its innovation capacity as a catalyst for change, enabling the self-realization of its employees, the development of greener products by its customers, and the empowerment of next generations through constant investment in a sustainable-growth business model.





Shaping the Future

Fostering Interaction & Innovation

Investing in Tomorrow

Leveraging Eco-Design

Sharing Commitment

Shaping the Future

Dassault Systèmes' 5,700 people in 25 countries leverage DS brands, constantly pushing the frontiers to guide the next generation. The distinctive DS vision, shared by its large and varied ecosystem of customers and partners, is permanently projecting the company into the future. It is a common passion for innovation and sharing knowledge that drives DS and its ecosystem to achieve their dreams.

DS Company Values

DS's corporate culture and management system are the secrets to its success – steering the realization of DS goals and helping to build a sustainable future.

The company values guide DS actions throughout the ecosystem and are intrinsically linked to the performance of the company.

LEVERAGING DS COMPANY VALUES

1,280 managers were trained between 2003 - 2005 in the DS management model, leveraging their interpersonal skills to help rethink how they interact, deliver, and serve DS partners and customers. A further 380 were trained to enhance the DS worldwide network from a cross-organizational dimension so that large, Group-wide projects and team performance could be enriched.



Manage Time Efficiently

"In the competitive marketplace today, time is a valuable asset and maintaining the right tempo is crucial right across the Group. This is important on a local level with colleagues, Business Partners, and customers, and critical on a global level."

Selvakani Ramiah, PLM Competency Center DS, [Bangalore](#)

Breakthrough to Excellence

"At DS, we sell innovation every day – it's at the heart of all our processes. The only way we can keep abreast of an ever-changing competitive environment is to be innovative in everything we do. To achieve this, we must manage innovation from the moment solutions are imagined to their final implementation with our customers."

Laurent Valroff, Russia Business Development, [Moscow](#)

DS Business Practices

Guaranteeing sound business practices, through transparency, integrity, and reliability, is at the heart of the DS management system. The company demonstrates its commitment to clear ethical principles through the Code of Business Conduct for all employees. This Code governs DS employees' behavior and interaction both externally and internally. Respect

for each other is also critical and to demonstrate its importance, a Group-wide policy was implemented this year focusing on protecting the personal data of each and every DS employee. This policy is aligned with the EU Directive, the most protective of current regulations.

Please refer to pp. 16-17 for a detailed report on DS Corporate Governance

● Strong Commitment

"Realizing PLM business transformation requires excellence and passion both for DS and our customers. All the actors within the DS ecosystem have a strong commitment to create value for our customers. We can therefore make dreams into reality."

Patrick Michel, Industry Solutions, [Auburn Hills](#)



Create the Future

"DS wants its people to have the potential to explore and imagine the future. We are constantly projecting ourselves into the future and this is at the heart of our success. Integrating and standardizing technology is our global goal. The Virtools team joining DS and fitting in with the DS 3D For ALL strategy demonstrates a belief in our technology for the future. We are proud to pursue the 3D For ALL strategy together as a standard well beyond PLM."

● Bertrand Duplat, Virtools CTO, [Paris](#)

Working Together

"We provide the best solutions for Electrical & Electronics customers based on their requirements and our experience in the industry. Our multicultural team members are sharing the same global vision, working together with our Business Partners and customers all over the world, to bring the most valuable solutions to the market."

Vivian Huang, Asia Business Development, [Tokyo](#)

Growing Together

"Having just joined DS, I understand the importance of learning and growing together. The key factor to success is partnerships, allowing us to fully support DS customers' progress with our partners."

● Heng Zhao, Sales, [Beijing](#)

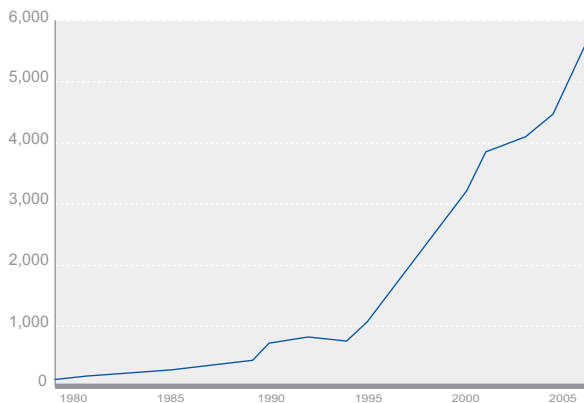
Fostering Interaction & Innovation

DS delivers 3D innovation to all business processes, embracing and utilizing the diversity that exists right across the company and its ecosystem. Collaborating with partners and customers is a source of constant agility that generates innovation, creates value, and leverages knowledge and leadership. It also encourages employee self-realization and creativity.

Constant Growth

This year an acceleration of growth was seen all over the Group, welcoming new employees all over the world. This has been mainly because of the DS growth strategy and the evolution of sales and consulting teams. The impressive increase in growth experienced in 2005 is equivalent to total growth over the four previous years.

DS Human Capital Growth as of December 05



Sharing Knowledge

DS is proud of its growing team of people worldwide, diverse in every sense, from professional experience, to their wealth of different backgrounds, to their different cultures. Within the DS ecosystem, 90,000 DS customers interact daily with more than 15,000 people worldwide : resellers, Business Partners,

and others fully dedicated to DS solutions. This interaction allows for close collaboration in many industries and paves the path for innovation.

In 2005 the DS Innovation Awards were renamed DS Innovation Forwards to strengthen our ultimate goal of innovation, which is creating the future.

Being nominated for a DS Forward illustrates that:

- Teams and their ingenuity and originality are recognized
- Innovations have clearly demonstrated added value
- Innovations have made an impact already within their own sector
- Innovations and teams have been recognized by peers, the ecosystem, and customers

Winners are disclosed at the Annual Internal Convention along with the inventors of DS innovations that have been granted patents.

DS INNOVATION FORWARDS

13 winners in five categories:

- Technology & Products
- Services, Solutions & Market
- Sales & Channel Management
- Ecosystem - In 2005 DS recognized its partners' contribution to education
- Special Category - Finance, Corporate Citizenship



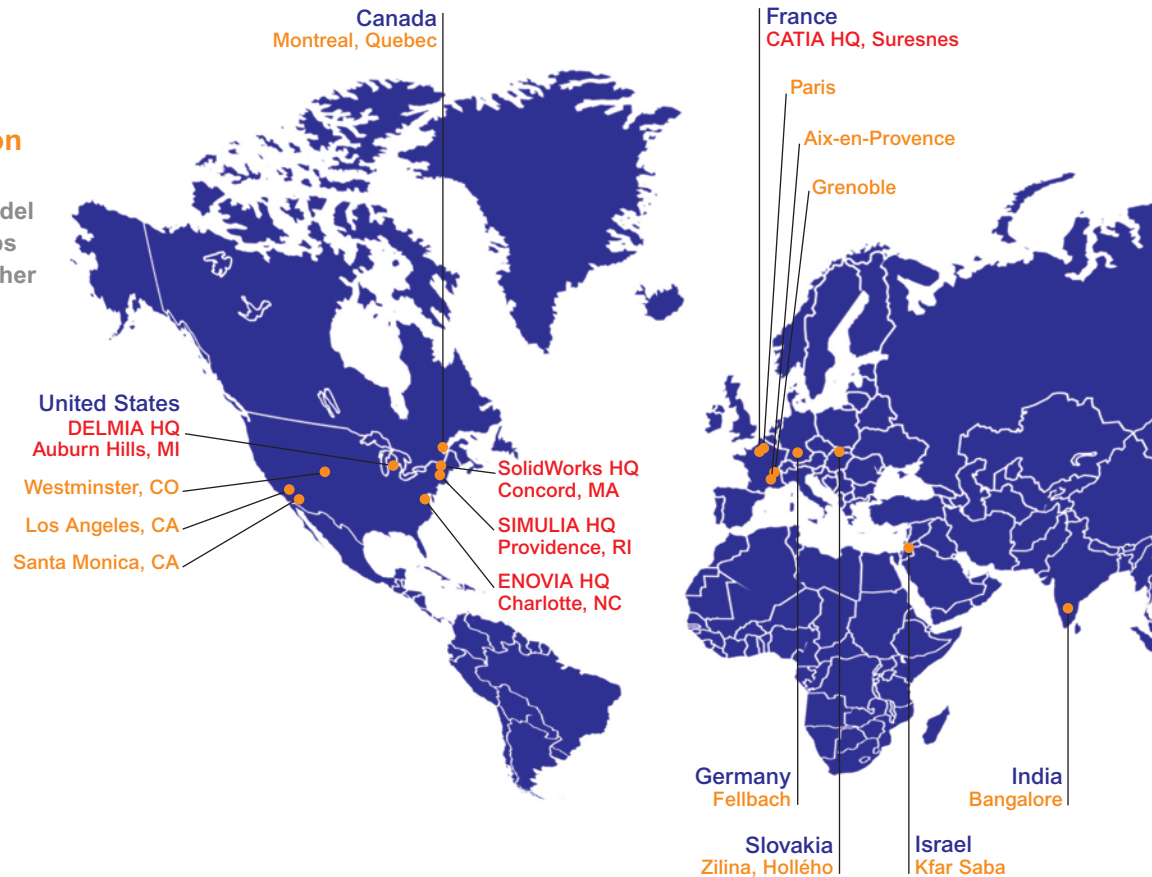
Sustaining Innovation in 2005

Our unique business model includes **16** research labs worldwide working together on integrated brands all over the world

47%
of DS people work within R&D

26.8%
of its revenue invested in R&D

90%
of DS people worldwide have a university degree or higher



Global, Lean and Efficient Company Reinventing Itself Constantly

Objectives, organizations, and operations are realigned every year to remobilize employees on new strategic priorities. This is a unique opportunity for DS employees to learn more through moving from one domain to another, from R&D or services into sales or marketing, for example,

and vice versa, thus maintaining and developing their employability. Some 30% of DS people were recently involved in this realignment.

In 2005, a process called P&DC (Performance & Development Commitment) was deployed throughout DS worldwide to support this realignment and to help assess and define individual objectives and professional development.

CONTINUOUS CAREER EVOLUTION FOR DS PEOPLE

DS uses an original global dynamic career development tool inspired by the company culture to identify and recognize each individual's level of contribution. This tool allows employees to visualize their career paths and encourages continuous development.

COMPANY SURVEY

DS management firmly believes that company culture has a direct impact on company performance. Therefore, for the first time ever, a worldwide DS survey guaranteeing anonymity was launched to measure company culture and employee professional self-realization. The survey's goal is to expand and optimize DS operations and quality of interactions. More than 72% of DS employees responded to the survey, demonstrating a very strong interest in building the future of the company.

Investing in Tomorrow

DS provides learning opportunities via the use of its solutions in a wide range of educational settings, to share its knowledge and technology with the next generation of engineers. Sharing technological innovation, through partnerships, is a means of helping to build a knowledge-based society. From the very beginning, DS has built and maintained an ecosystem with a focus on education so that everyone can grow.

Life-long Learning

DS solutions have crossed the boundaries of higher education and have entered the domain of primary schools. Cosmic Blobs 3D graphics software which received the 2005 Parents' Choice Recommended Award in the United States, acts like modeling clay on the computer, enabling children as young as seven years old to visualize their ideas in 3D.

Children in the Edward Devotion Middle School in Brookline, Massachusetts had the opportunity to use it in the Blob Master Design Challenge, in which they imagined what the next great car design might look like, using a Lotus Elise for inspiration.

"The Blob Master Design Challenge, co-sponsored by Group Lotus, gave kids across the United States and the United Kingdom a chance to show their creativity by designing the car of their dreams. They worked with Cosmic Blobs to create 3D models of fantastic vehicles that were judged by the design engineers at Group Lotus. What a great way to get started in a career in 3D design!"

Scott Harris, Co-Founder and Vice President
New Product Concepts, SolidWorks

The non-profit organization Re-Engineering Australia once again organized a mini-Formula 1 design competition using CATIA to create carbon dioxide-powered cars made of balsa wood. Competing against 16 teams from 11 countries, two Australian teams were winners at the mini-F1 International Finals

in England. "The Stingers" team from Trinity Grammar School won the overall competition; and the "Brisk in Pink" team from Cheltenham Girls School, the only all-girls team to compete in the finals, won the Innovative Thinking Award. The prize includes over \$1M worth of university scholarships.

"We are one of the 150 participating schools. Students at our all-girls school are excited about career opportunities in engineering, inspired by their success in using technology 'without limits'. Implementing CATIA V5 as part of the 'F1inSchools' program has allowed the students to explore new levels of innovation and creativity otherwise not available to them."

Paul Wilson, Design and Technology Educator,
Cheltenham Girls High School

In high schools, the springboard towards professional life, exposure to software like CATIA, DELMIA, and SolidWorks is crucial in inspiring students to pursue careers in engineering. In Michigan, for example, 13 high schools are DELMIA Academic Partners, with Southeastern High School-Automotive Design Academy using 70 seats of DELMIA Part Design and DELMIA Assembly as well as SolidWorks software.

In a recently-established partnership with the engineering and architecture schools at Princeton University, DS will provide selected PLM solutions for education and research. Princeton faculty members will integrate CATIA V5 in their aerospace, mechanical engineering, and architecture curricula.



DS is also committed to increasing individuals' employability throughout their working lives. The Vocational Education Partner program was set up with the Human Academy Company in 20 training centers across Japan, in order to provide working people and students with enhanced PLM skills in view of acquiring new tools or finding or changing jobs. DS also recently established a partnership with Gesab, a supplier of training and technical services to the Swedish engineering industry. Through this partnership, DS extends its Education Partner Program network and reinforces the use of best practices in deploying PLM in industry.

Innovation Management

In 2005, DS participated with Arcelor, Renault, and Valeo in the establishment of the 'Innovation Management Teaching and Research Chair' at the Ecole Polytechnique, one of the best engineering schools in France. Its aim is to bring the academic and business worlds together, further developing theoretical approaches to innovation management and producing graduates able to take on the challenge of innovation within today's businesses.

SOLIDWORKS EDUCATION EDITION

SolidWorks is enlarging the scope of the DS ecosystem by establishing close ties with national and regional education systems. Over 63,000 high school students in Germany and Norway are using the SolidWorks Education Edition as part of their core curriculum on 3D mechanical design. SolidWorks also sponsors continuing education by offering SolidWorks Education Edition for teachers' training.

THE "PETITES BOÎTES À EXPÉRIENCES"

ARTE-tv.com chose Virtools to create a series of applications using interactive real-time 3D in order to make science more accessible to its audience. The "Petites Boîtes à Expériences" is an online science kit that enables visitors to interact with scientific objects and data in an innovative manner, enriching the learning experience.

"We wanted to give them a chance to do hands-on experiments, to recreate or transform scientific phenomena in an interactive 3D environment. We chose Virtools to create these projects so we could offer intuitive learning experiences and let our visitors visualize scientific concepts that are otherwise invisible to the naked eye."

Suzanna Lotz, Producer, ARTE



Leveraging Eco-Design

DS solutions enable eco-design that equally integrates environmental, technical and economic aspects into product design. This helps customers create innovative products while minimizing their impact on the environment. By digitally designing their products in 3D, customers literally see what they mean and optimize the management of the entire product's lifecycle. Using 100% digital prototypes helps save raw materials and energy, and improves energy-efficiency, ergonomics, and safety of end products.

Energy Efficiency

Customers increasingly use DS solutions to further energy efficiency in industries like aeronautics, automotive, and construction. The Société des Véhicules Electriques (SVE), for example, is using CATIA in the development of the CLEANOVA® system, an electric motor (also in hybrid version) designed for use in most standard car models. This innovative project's success lies in the collaboration of major high-tech, industrial companies. Currently, the CLEANOVA 2 electric motor is being used in a pilot project with La Poste, the French postal service. The motor enables the car to travel 200 kilometers in an urban circuit. It is "zero emissions", silent, and the battery is recyclable.



Environmental Compliance

Customers use DS solutions to comply with EU Environmental Directives like Waste of Electrical and Electronic Equipment (WEEE), Restriction of Hazardous Substances (RoHS), and End of Life Vehicles (ELV).

SMARTEAM has established a partnership with Hitachi to provide solutions for environmental compliance and materials' traceability for the WEEE and RoHS EU directives.

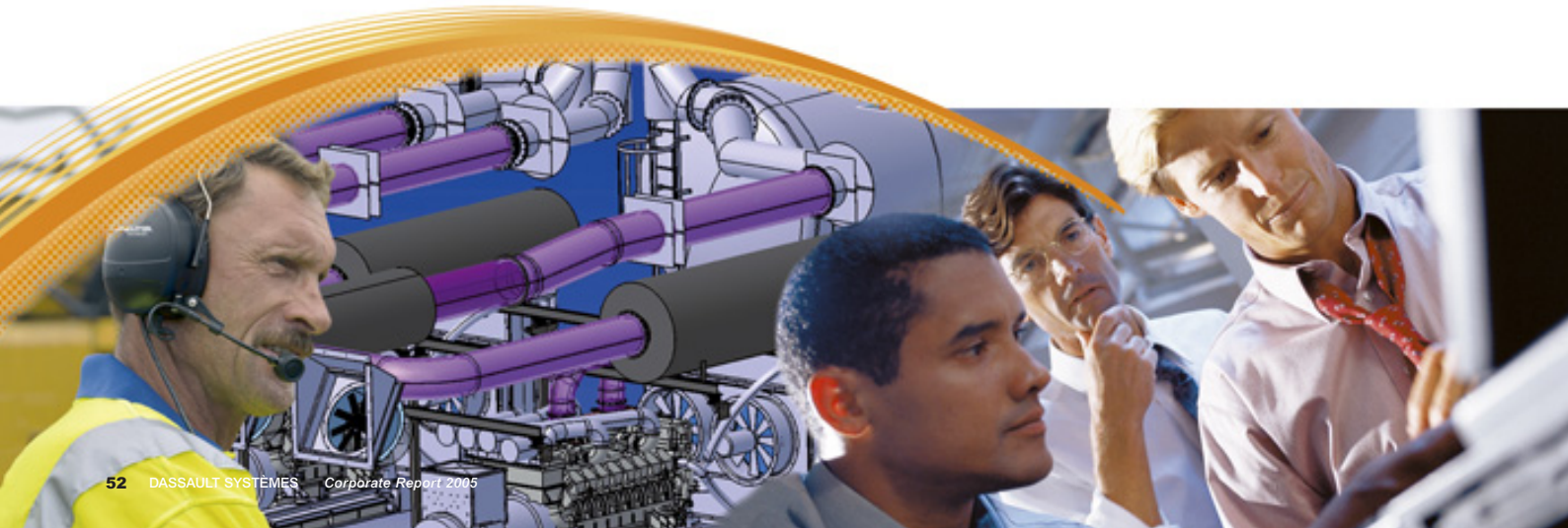
SMARTEAM's Bill of Materials (BOM) management capabilities will be leveraged in creating and meticulously managing a product's environmental BOM. The partnership also addresses after-sales service issues related to the growing concern of consumer-product recall, by allowing manufacturers to trace products from the assembly line to the final user. The partnership will optimize integrated information management over the entire product lifecycle, from design to disposal.

Peltor, a world-leading manufacturer of high-quality hearing protection and communication products used DS solutions in complying with the RoHS Directive.

"With SMARTEAM we are sure that our products comply with local standards and regulations, such as the EU ban on hazardous materials in electrical products."

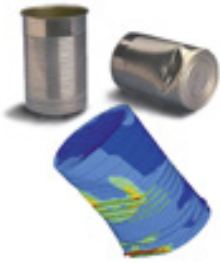
Per Gustafsson, European Marketing Director, Peltor

Transcat PLM, a DS Company, is the technology partner in two European Commission projects with Galway Mayo Institute of Technology, the software developer Amartec, as well as several automotive industry suppliers. One of the projects, the Design for Environmental Skills for Suppliers program, provides information and tools for the automotive industry on how to comply with ELV. The second project, within the EU LIFE program, aims to develop a CAD- and PDM-integrated solution for environmental design requirements. This solution will be an important tool for the automobile industry in managing vehicles' entire product lifecycle with V5 PLM solutions and improving environmental performance.



PROMOTING A GREEN ENVIRONMENT

In 2005, DS was the high-tech ambassador for France at Aichi, the Universal Exposition in Japan. Some 130 countries and international organizations were involved, united by the chosen theme: "Nature's Wisdom". Within the French pavilion, DS demonstrated how technology can contribute to a cleaner world. The total number of visitors to Aichi reached more than 22 million. The DS website featured a virtual exhibition of the event as well, with over 70,000 visits to the virtual display.



REDUCING ENVIRONMENTAL IMPACT

SIMULIA is increasingly being used in the consumer packaged goods industry to reduce the environmental impact of product packaging. This is done through simulations that helps engineers make decisions on minimizing weight (reduce quantity of raw materials) while maximizing the structural performance of packaging.

JULY 2005 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

DS MEMBER OF CSR EUROPE the leading European business network for Corporate Social Responsibility



CSR Europe counts over 70 leading multinational corporations as members. Since its inception in 1995 by the then European Commission President and leading European companies, the mission of CSR Europe has been to help companies integrate CSR into their core business.

Today, the companies that make up CSR Europe are at the forefront of CSR globally and setting the agenda for responsible and competitive business in Europe. DS chooses to participate in this network to exchange business best practices and solutions.



Sharing Commitment

DS employees around the world contribute to the continuous development of their local communities, inspiring them to explore their full potential. Sharing knowledge to advance the future has always been deeply embedded in the DS character. It also helps DS to enhance the world we live in today and create new possibilities for future generations.

Community Involvement

DS's worldwide commitment incorporates many domains, from helping communities to solve problems through technological innovations, to making donations to national educational systems

in developing countries, to mentoring elementary school children in neighboring schools. All DS brands participate in shaping this better future every day.



PHOENIX PROJECT

DELMIA in India used CATIA V5 to create a prosthetic limb that is highly-ergonomic and low-cost, and addresses an important community issue. It will be produced for low-income, disabled people in India on a not-for-profit basis. This project received a DS Innovation Forward in 2005.

"This project embodies the DS spirit, in which innovation capacity and technology – led by the employees' strong, voluntary commitment – come together in service of the community."

Muriel Pénicaud, EVP OHR, DS

SolidWorks will donate software and training to teach Rwandan students skills that will enable them to move the country forward. Established with the Rwandan government, this exemplary partnership also includes technical assistance to design water and sewage systems for urban and rural areas. SolidWorks is committed to a long-lasting partnership that will take shape and grow over the years.

SMARTEAM has shown its long-term commitment to improve conditions for socio-economically challenged youth by donating hardware to the Ramle Education Fund and the Heznek l'Atid Foundation. These two organizations work at closing educational gaps for high school students. The Heznek l'Atid Foundation reaches out to over 3,000 youth per year in 35 communities across Israel.

DS employee commitment is also present at the local level. For example, ENOVIA employees volunteer as mentors in local elementary and high schools in an initiative called the "Adopt a School Program".

Fundraising for the Community

Company culture encourages employees to work closely with the community on special fundraising events.

Contributing to relief efforts

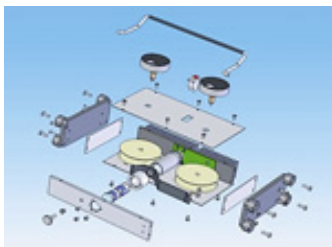
DS and its business partners in the United States contributed close to \$65,000 to the Hurricane Katrina relief efforts. DS Americas, in turn, contributed to the Pakistan Earthquake relief fund.

American Cancer Society

DELMIA employees continue their initiative to aid the American Cancer Society, and raised \$12,000 through the 24-hour Relay for Life.

Jimmy Fund / Dana Farber Cancer Institute

The SolidWorks team of bicycle riders once again participated in the two-day Pan Massachusetts Challenge, raising a record \$272,772 for the Jimmy Fund / Dana Farber Cancer Institute, a leading cancer research and treatment center in Boston. SolidWorks and its extended community was the largest corporate donor, with a team of 52 riders that included employees, customers, resellers, and partners.



TECH MUSEUM AWARD LAUREATE 2005 DESIGN THAT MATTERS

Design that Matters, a non-profit launched at the Massachusetts Institute of Technology Media Lab, used SolidWorks to design the Kinkajou solar-powered microfilm projector. It has been conceived for use in basic, night-time literacy programs in developing countries in zones that do not have access to electricity.



TRAINING AND INTEGRATION OF DISABLED PEOPLE INTO THE PROFESSIONAL WORLD

This program, launched in 2004, continued to grow in 2005. As part of the agreement with technical high schools, universities, and engineering schools, several students held internships at DS headquarters. DS also recruited several people for professional posts, either through direct recruitment or following a university internship at DS. In addition, DS participated in setting up a website that facilitates contact between corporate recruiters and disabled job-seekers: www.hanploi.com

Additional Information

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Brand Worldwide Headquarters

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DELMIA
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ENOVIA
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