Annual Report 2012

Annual Financial Report

This document is an English-language translation of Dassault Systèmes' *Document de référence* (registration document), which was filed with the AMF (French Financial Markets Authority) on April 3, 2013, in accordance with Articles 212-13 of the AMF General Regulation.

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

General

This Annual Report also includes:

- **the annual financial report to be prepared and published by every listed company within four months of the end of its fiscal year, pursuant to Article L. 451-1-2 of the Monetary and Financial Code and Article 222-3 of the AMF General Regulation; and**
- **the annual management report of Dassault Systèmes SA's Board of Directors, which must be provided to the General Meeting of Shareholders approving the financial statements for each completed fiscal year, pursuant to Articles L. 225-100 *et seq.* of the French Commercial Code.**

The index set forth on page 203 provides cross-references to the relevant portions of these two reports.

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

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

"Dassault Systèmes SA" refers only to the French parent company of the Group.

In compliance with Article 28 of European Regulation n° 809/2004 of the Commission, the following information is incorporated by reference in this Annual Report:

- the consolidated financial statements on pages 119 to 154 (inclusive), the parent company financial statements on pages 155 to 178 (inclusive), and the related audit reports on pages 180 to 184 (inclusive) of the registration document for the year 2011 filed with the AMF (French Financial Markets Authority) on March 29, 2012, under n° D.12-0235;
- the financial information on pages 48 to 62 (inclusive) of the registration document for the year 2011 filed with the AMF on March 29, 2012, under n° D.12-0235;
- the consolidated financial statements on pages 120 to 156 (inclusive), the parent company financial statements on pages 157 to 179 (inclusive), and the related audit reports on pages 181 to 186 (inclusive) of the registration document for the year 2010 filed with the AMF (French Financial Markets Authority) on April 1, 2011, under n° D.11-0213; and
- the financial information on pages 44 to 58 (inclusive) of the registration document for the year 2010 filed with the AMF on April 1, 2011, under n° D.11-0213.

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

Contents

PERSON RESPONSIBLE

Person Responsible for the Registration Document

Bernard Charlès – President and Chief Executive Officer.

Certification by the Person Responsible for the Registration Document

Vélizy-Villacoublay, April 3, 2013.

“I hereby certify, after having taken all reasonable measures for this purpose, that the information contained in this Registration Document (*document de référence*) is, to my knowledge, in accordance with the facts and that no information liable to affect its significance has been omitted.

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

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

The consolidated financial statements for the year ended December 31, 2010 are covered by a report of the Statutory Auditors, set forth on pages 182-183 of the Registration Document for the year 2010, which was filed with the AMF on April 1, 2011, under number D. 11-0213 and contains an observation.”

Bernard Charlès

President and Chief Executive Officer

CHAPTER 1 – PRESENTATION OF THE GROUP

1.1 Key Figures

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

(in millions, except percentages and per share data)	Year ended December 31, 2012	2011	2010
Total revenue	€2,028.3	€1,783.0	€1,563.8
Operating income	501.0	427.9	322.0
As a percentage of total revenue	*24.7%*	*24.0%*	*20.6%*
Net income attributable to equity holders of the Company	334.8	289.2	220.5
Diluted net income per share	€2.66	€2.33	€1.82
Dividend paid (per share)	€0.80(1)	€0.70	€0.54
Supplemental non-IFRS financial information(2)			
Total revenue	€2,038.5	€1,783.5	€1,580.0
Operating income	644.3	542.6	451.7
As a percentage of total revenue	*31.6%*	*30.4%*	*28.6%*
Net income attributable to equity holders of the Company	424.5	362.1	302.6
Diluted net income per share	€3.37	€2.92	€2.50

(1) To be proposed for approval at the General Meeting of Shareholders scheduled for May 30, 2013.

(2) Readers are cautioned that the supplemental non-IFRS financial information is subject to inherent limitations. It is not based on any comprehensive set of accounting rules or principles and should not be considered in isolation from or as a substitute for IFRS measurements. The supplemental non-IFRS financial information should be read only in conjunction with the Company's consolidated financial statements prepared in accordance with IFRS. Furthermore, the supplemental non-IFRS financial information may not be comparable to similarly titled adjusted measures used by other companies. For a reconciliation of this non-IFRS financial information with the Company's audited financial statements, see paragraph 3.1.1.2 "Supplemental Non-IFRS Financial Information".

(in millions)	Year ended December 31, 2012	2011	2010
ASSETS			
Cash, cash equivalents and short-term investments	€1,319.1	€1,423.0	€1,139.1
Trade accounts receivable, net	457.8	494.3	413.5
Other assets	1,827.0	1,599.5	1,519.2
Total assets	***3,603.9***	***3,516.8***	***3,071.8***
LIABILITIES			
Borrowings, non-current	38.3	72.4	293.4
Other liabilities	1,200.9	1,378.2	987.6
Parent shareholders' equity	2,364.7	2,066.2	1,790.8
Total liabilities	***€3,603.9***	***€3,516.8***	***€3,071.8***

1.2 History

1.2.1 History and Development of the Company

1.2.1.1 Summary

Dassault Systèmes was established in 1981 through the spin-off of a small team of engineers from Dassault Aviation, which was developing software to design wind tunnel models and therefore reduce the cycle time for wind tunnel testing, using surfacing modeling in three dimensions (“3D”). The Company entered into a distribution agreement with IBM the same year and started to sell its software under the CATIA brand. With the introduction of its Version 3 (“V3”) architecture in 1986, the foundations of 3D modeling for product design were established.

Through its work with large industrial customers, the Company learned how important it was for them to have a software solution that would support the design of highly diversified parts in 3D. The growing adoption of 3D design for all components of complex products, such as airplanes and cars, triggered the vision for transforming the 3D part design process into a systematic integrated product design. The Version 4 (“V4”) architecture was created, opening new possibilities to realize full digital mock-ups (“DMU”) of any product. The V4 architectured software solutions helped customers reduce the number of physical prototypes and realize substantial savings in product development cycle times, and it made global engineering possible as engineers were able to share their ongoing work across the globe virtually.

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

In 2012, the Company unveiled its new horizon, **3D**EXPERIENCE, expanded its purpose from product to nature and life, and introduced its Social Industry Experiences strategy including the launch of its initial industry solution experiences. The **3D**EXPERIENCE Platform is a business platform which can be used on premise or online, in a public or private cloud leveraging the Company’s current technology architecture Version 6 (“V6”).

See paragraphs 1.2.1.3 “Dassault Systèmes’ Purpose”, 1.4.1.1 “Summary” and 1.4.1.4 “Technology” for further information.

1.2.1.2 Summary Timeline

1981:

- Creation of Dassault Systèmes to design products in 3D through the spin-off of a team of engineers from Dassault Aviation;
- The Company’s flagship brand, CATIA, is launched;
- Worldwide marketing, sales and support agreement with IBM, beginning of a long-standing partnership;
- Initial industry focus: automotive and aerospace.

1986:

- V3 software introduced for 3D Design.

1994:

- V4 architecture introduced offering a new technology enabling the full DMU of a product, enabling customers to significantly reduce the number of physical prototypes and to have a complete understanding of the virtual product;
- Expansion of the Company’s industry focus to seven industries, adding fabrication and assembly, consumer goods, high-tech, shipbuilding and energy.

1996:

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

1997:

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

1998:

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

1999:

- Initial launch of V5, a new architecture software for the PLM market designed for both Windows NT and UNIX environments;
- The Company expands its ENOVIA product line with the acquisition of SmarTeam focused on product data management for the small and mid-sized companies ("SMB") market.

2000:

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

2005:

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

2006:

- Expansion of the ENOVIA portfolio with the acquisition of MatrixOne, a global provider of collaborative PLM software and services to medium-to-large organizations;
- Expansion of the Company's industry focus from seven to 11 industries.

2007:

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

2008:

- Introduction of the Company's V6 architecture.

2010:

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

2011:

- DELMIA's offering expands with the acquisition of Intercim, offering manufacturing and production management software for advanced and highly regulated industries;
- ENOVIA's industry offering for formula-based industries expanded with the acquisition of Enginuity;
- 100% of the Company's total revenues are derived from its wholly-directed three sales channels, completing the transition from IBM begun in 2005;
- Dassault Systèmes announced its new online V6 architecture, its new store, a 3DStore online for **3D**EXPERIENCE and applications, and its first online cloud business services.

2012:

- Expansion of the Company's strategy to **3D**EXPERIENCE. See paragraph 1.2.1.3 "Dassault Systèmes' Purpose";
- Creation of a new brand, GEOVIA, dedicated to model our planet, focus on a new industrial sector, Natural Resources, with the acquisition of Gemcom Software International Inc. ("Gemcom") in the mining sector;
- Acquisitions of Netvibes, bringing intelligent dashboarding capabilities, and SquareClock, providing cloud-based 3D space planning solutions;
- Introduction of the Company's first industry solution experiences.

For further information on acquisitions made in 2011 and 2012, see paragraph 1.2.2 "Investments".

1.2.1.3 Dassault Systèmes' Purpose

Dassault Systèmes' corporate mission is to provide business and people with **3D**EXPERIENCE universes to imagine sustainable innovations capable of harmonizing product, nature and life.

A growing number of companies in all industry verticals are evolving their innovation processes to imagine the future both with, and for, their end-consumers. To meet this challenge, it is vital to ensure collaborative work processes internally and externally to the enterprise with designers, engineers, researchers and marketing managers, as well as external ad hoc participants because the innovation flow comes from many directions. Ensuring this flow unleashes the potential of what companies and academics call the new "Social Enterprise". Dassault Systèmes, with its **3D**EXPERIENCE Platform leveraging its V6 architecture, provides this "linkage", enabling decision-makers to create the value that their ultimate consumers are seeking. The Company's **3D**EXPERIENCE portfolio is designed to enable the powering of 3D realistic virtual experiences representing usage of future products, and is comprised of social and collaborative applications, 3D modeling applications, content and simulation applications, and information intelligence applications.

For Dassault Systèmes to be able to help its customers simulate the end-consumer experience, it is important to have a complete understanding of the most critical business needs of the industries in which its customers operate. Therefore, in conjunction with the Company's Social Industry Experiences strategy, Dassault Systèmes has adapted its organizational structure to focus on users and business decision-makers through its brands, industry and sales channel organizations, while further developing its geographic reach.

Dassault Systèmes has brought value to customers since its inception in 1981 by providing solutions in 3D Design for product creation, DMU for replacing physical mock-ups, and PLM covering the product's whole life, from design to manufacture and service. Now Dassault Systèmes has crossed into the next stage in its vision of the future: the **3D**EXPERIENCE era, a new phase already underway with key innovative customers who share this same vision and understand that "experiences" are the new way of doing business.

The Company believes its **3D**EXPERIENCE strategy broadens its addressable market opportunity. Specifically, the PLM software and services market was estimated to have an addressable market size of approximately $16 billion in 2011. During 2012 the Company expanded its strategy to encompass PLM and a broader market, which it has defined as the **3D**EXPERIENCE market. It has estimated that this addressable market opportunity represents approximately a doubling of the current PLM market based upon the Company's internal estimates and external market data. In addition to continued growth opportunities in the PLM market, **3D**EXPERIENCE significantly expands the market opportunity in virtual product experience, including systems behaviour and ergonomy, business intelligence, virtual training, resources management, as well as the representation of nature and life. **3D**EXPERIENCE also enhances the Company's presence in new industrial sectors such as Consumer Goods & Retail and Consumer Packaged Goods & Retail, Life Sciences, and Financial & Business Services.

1.2.2 Investments

The Company's investments, both through expenditures on its internal R&D efforts and through acquisitions, are closely aligned with its strategic roadmap. The Company's internal R&D investments are the principal driver of its product innovations and enhancements and totaled €1.02 billion for the three-year period ended December 31, 2012.

At the same time, with its goal to accelerate its penetration and expand its footprint within targeted industries, the Company will continue to evaluate potential external investments complementing and extending its technology, brands and industry knowledge through partnerships, minority investments or acquisitions. For further information, see paragraphs 1.4.1.4 "Technology" and 1.5 "Research and Development".

1.2.2.1 Acquisitions in 2012 and 2011

The Company completed three acquisitions in 2012, the two principal of which are described below, for a net investment of €281.5 million, and four main acquisitions in 2011 for a net investment of €37.4 million.

2012: Expansion of the Company's industry offerings to Natural Resources

In July 2012, in conjunction with the creation of a new brand, GEOVIA, to model and simulate our planet, the Company acquired Gemcom, a global leader in mining software solutions for an acquisition price of approximately €274 million. Gemcom provides software and services for mining customers to discover, measure, design, plan and manage their mining operations from exploration to production. Its customer base includes the top ten, as well as 30 of the 40 largest, mining companies in the world by revenue. Its employee base totals approximately 360. Its geographic presence further broadens the Company's global geographic footprint through Gemcom's work with companies with mines in countries in Africa and South America, Australia, western Canada, Indonesia, Kazakhstan, Mongolia and Russia.

2012: Expanding the Company's information intelligence capabilities with Dashboarding Intelligence

To further enhance information intelligence, the Company acquired Netvibes, a privately-held dashboarding technologies company with offices in Paris and San Francisco, with 33 employees, for approximately €21.2 million in February 2012. Netvibes Dashboard Intelligence helps enterprises monitor and manage information across internal systems as well as across the Web, on real-time, personalized dashboards. Netvibes' technology was designed to enable companies to improve their decision-making.

2011: Extending the Company's manufacturing software offering to the shop-floor

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

2011: Expanding the Company's offerings for formula-based industries

In March 2011, the Company acquired Enginuity, a U.S.-based company with 25 employees, to help accelerate product innovation and product launches for formula-centric companies while successfully navigating complex regulatory requirements. Through a single, global PLM solution with ENOVIA V6, the Company can help its customers manage and leverage their formula, packaging and consumer intellectual property ("IP") more effectively. Enginuity customers include several leading cosmetic and pharmaceutical companies.

2011: Expanding and advancing CATIA's offering in composites and electrical wiring

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

- *Simulayt (four employees)*, based in the U.K., specialized in composites simulation and advanced draping simulation technology; and

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

1.2.2.2 Principal Acquisitions of the Past Three Years

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

Acquisition	Year	Purchase Price
Gemcom	2012	€274 million
IBM PLM	2010	€361 million
Exalead	2010	€132 million

1.2.3 Facilities Strategy

The Company does not own the offices it occupies, with the exception of facilities totaling 21,000 square meters belonging to 3DPLM Software Solutions Limited ("3DPLM Ltd") located in Pune, India. Except for the Pune facility, the Company does not have full ownership rights over any real estate or building, either directly or through a lease (see Notes 14 and 25 to the consolidated financial statements).

Decisions regarding the location of Dassault Systèmes facilities are guided by the objectives of supporting growth in the Company's business and building the Company's reputation. The Company is also guided by an ongoing desire to encourage synergies within the Company, control costs and reduce environmental impact, while also improving staff working conditions. The Company seeks to be close to its customers, its partners in research and principal schools and universities, which are one of the main sources of recruitment for Dassault Systèmes.

1.2.3.1 Facilities Rationalization Strategy

The rationalization of the Company's facilities is determined by grouping together subsidiaries and operations on a limited number of sites throughout a single region or country. Co-localization analysis, particularly in connection with acquisitions, results in an audit of facilities and their usage conditions to determine steps to be taken in connection with the Company's strategy (such as maintaining the lease, facilities rehabilitation, or consolidation).

1.2.3.2 Respecting the Environment

The Company is committed to a voluntary process of limiting its impact on the environment (see paragraph 2.2.2 "Environmental Report"). This process leads to seeking sites offering performance criteria in terms of modern facilities, communications networks, environmental impact, accessibility and Dassault Systèmes' corporate image, as illustrated by the decision to change facilities in Boston. The Company seeks to rent buildings certified "*HQE*" (*Haute Qualité Environnementale*, or High Environmental Quality) like its corporate headquarters in Vélizy-Villacoublay, close to Paris (the "3DS Paris Campus").

1.2.3.3 Principal Sites

At December 31, 2012, the principal sites occupied by Group companies in its three geographic regions are as set forth in the table below.

Geographic region	Site	Surface area (in square meters)	Activities on the site
Europe	Vélizy-Villacoublay, France[(1)]	70,000	Headquarters – R&D – Marketing and sales
Americas	Waltham, Massachusetts, U.S.[(2)]	20,000	R&D, Marketing and sales
	Providence, Rhode Island, U.S.	8,900	R&D, Marketing and sales
	Montreal, Canada	5,200	Marketing and sales
Asia	Tokyo, Japan	4,000	Marketing and sales

(1) The Company's site in Vélizy-Villacoublay includes 60,000 square meters leased under a build-to-suit arrangement, occupied since 2008, and 10,000 square meters leased in a nearby facility, occupied since 2011. In February 2013, the Company entered into a build-to-suit lease agreement for a new building to expand its headquarters. Under this agreement the Company has committed to lease an additional 13,000 square meters of office space (see Note 25 to the consolidated financial statements).

(2) The Company has options to lease additional space as necessary in its 3DS Boston Campus.

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

1.3 Group Organization

1.3.1 Dassault Systèmes SA's Position within the Group

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

Dassault Systèmes SA defines the Group's overall strategy and operating plans. The R&D policy is set by Dassault Systèmes SA and R&D activities are carried out in laboratories located primarily in France, the United States, and India. The Company has R&D facilities in other countries as well, notably in Germany, South Korea, the United Kingdom, Sweden, Australia and Canada. With regard to marketing and sales, the entire range of products is commercialized through three sales channels (described in paragraph 1.4.2.3 "Sales and Marketing") by Dassault Systèmes SA and its sales subsidiaries.

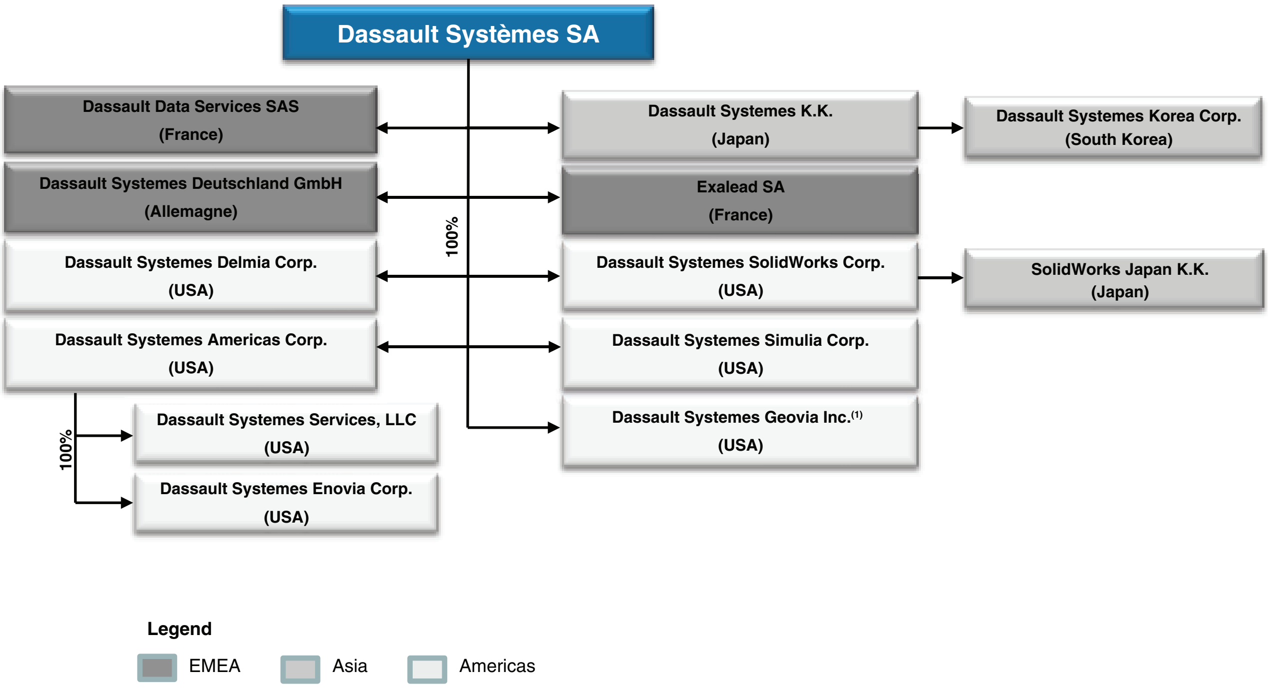
The Group has defined three main regions: Europe, the Americas and Asia. Within these regions, the Group has established 13 distinct geographical areas in order to be closer to its clients and the issues they face, better adapt to the local market, and broaden its global reputation.

Dassault Systèmes SA provides support to the Group in a range of areas, such as finance, communications, marketing, legal, human resources and information technology. The costs of providing centralized services are charged back to the respective subsidiaries using these services. In 2012, the total amount charged back to subsidiaries by Dassault Systèmes SA for these services was €61.5 million (compared to €61.8 million in 2011). With respect to the Company's assets, IP for the Company's products is held primarily in France by Dassault Systèmes SA and Exalead SA, and in the United States by certain of the Company's subsidiaries.

1.3.2 Principal Subsidiaries of the Company

At December 31, 2012, the Company included Dassault Systèmes SA and 80 operational subsidiaries, as compared to 65 operational subsidiaries in 2011; the increase was due principally to the acquisition of Gemcom. In 2012, the Company continued its effort to simplify the organization of its legal entities throughout the world. The objective of this effort, which was launched in 2007, is to reduce the number of legal entities held in each country. The Company is present in 37 countries.

The organigram below sets forth the Company's main subsidiaries.



(1) Entity resulting from corporate simplification operations implemented further to the Gemcom Software international acquisition

Direct or indirect equity interest

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

1.4 Business Activities

1.4.1 Principal Activities

1.4.1.1 Summary

The Company is the world leader of the global PLM market based upon end-user software revenue (source: CIMData). The PLM software market is comprised of 3D software for design, simulation, digital manufacturing, product data management and social collaboration and was estimated to have an addressable market size of approximately $16 billion in software and services as of 2011. During 2012 the Company expanded its strategy to encompass PLM within a broader market, which it defined as the **3D**EXPERIENCE market and estimated that this addressable market opportunity represents approximately a doubling of the current PLM market based upon its internal estimates and external market data.

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

Dassault Systèmes believes that from product creators to the final consumers, everyone can play a critical role in creating “delightful” experiences, going beyond product features and functions.

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

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

The Company’s software applications address a wide range of products, from apparel, consumer goods, machine parts and semiconductors to automobiles, aircraft, ships and factories. Its global customer base includes companies primarily in 12 industrial sectors: Aerospace & Defense; Transportation & Mobility; Marine & Offshore; Industrial Equipment; High-Tech; Architecture, Engineering & Construction; Consumer Goods & Retail; Consumer Packaged Goods & Retail; Life Sciences; Energy, Process & Utilities; Financial & Business Services; and Natural Resources. See paragraph 1.4.2.2 “Industries Served”.

In addition to its sales of software applications, which accounted for 91% of its total revenue in 2012, the Company also provides selected services, principally to large customers. These services comprise consulting services in methodology for design, deployment and support, training services and engineering services.

The Company principally organizes its business and markets its products and services according to two types of applications: PLM, to support product development, production, maintenance and lifecycle management, and SOLIDWORKS, which is primarily focused on product design. For information on revenue and operating income by segment, see paragraph 3.1.3 “Revenue and Operating Income by Segment”.

1.4.1.2 Key Business Strengths of the Company

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

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

- Innovation to create delightful customer experiences;
- Product quality;
- Time-to-market;
- Globalization (design/manufacture anywhere);
- Supply chain collaboration;
- Regulatory compliance;
- IP protection;
- Manufacturing efficiency; and
- Social innovation.

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

One of the key reasons for the Company's market share leadership over more than a decade is its focus on the creation and maintenance of a long-term vision which is visible in its investment in people and its long-term financial model. The Company has a diverse, highly-educated employee base of over 10,000 employees representing 105 nationalities. The Company's long-standing financial model, with a high level of recurring software revenue (accounting for 71% of the Company's total software revenue, in both 2012 and 2011), has enabled the Company to maintain investments in critical resources in R&D and customer support even during challenging macroeconomic environments.

The Company has a substantial commitment to technological innovation which has enabled it to define and create new markets, such as 3D Design, 3D DMU, 3D PLM and 3DEXPERIENCE. It maintains an active dialogue with customers and users in product development and an open development platform to broaden product offerings for customers.

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

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

The Company has developed a clear identity and value to its users through its market-proven brand strategy. During 2012 the Company began to launch industry solution experiences that focus on key business values and processes and bring together the appropriate applications from its market-leading brand applications portfolio.

The Company's brand strategy (see paragraph 1.4.2.1 "**3D**EXPERIENCE Software Applications Portfolio") focuses on providing significant value to end-users with the objective of each brand being a leader within its respective markets. The Company's R&D strategies, as well as its sales and marketing strategies, support this objective.

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

The Company has developed a network of partners for sales and marketing and product development, which it calls its "extended enterprise" model, and it intends to continue to build on this model going forward. For marketing and sales, the Company operates through both a direct sales force and indirectly through value-added resellers, with total sales well balanced between direct and indirect sales channels. It continues to expand its indirect sales channel capacity and expertise across its 12 targeted industries.

Moreover, the Group is engaging with more system integrators and software partners, working with more than 400 software development partners building applications complementing its software applications in both its PLM and SOLIDWORKS business segments. In addition, the Company works closely with research and academic organizations around the world.

1.4.1.3 Growth Strategy

The Company's principal growth opportunities reflect its current addressable market opportunity in PLM and the increased potential size of its addressable market with the introduction of its **3D**EXPERIENCE strategy in 2012. The Company's growth strategy is focused on advancing its **3D**EXPERIENCE strategy and platform, broadening its industry coverage and diversification, deepening its regional market penetration, expanding its universe of users, and offering Software as a Service ("SaaS").

- *Advancing its **3D**EXPERIENCE strategy and platform, based upon its V6 architecture and capabilities:* the Company anticipates continued growth from its current applications portfolio as well as the further advancement of its portfolio through internal and external investments, well aligned with its strategy centered on product, nature and life;
- *Deepening and broadening its industry coverage and diversification:* through its focus on enriching its software applications portfolio and developing industry specific solutions, including its industry solution experiences, the Company has extended its reach to 12 vertical industries. The Company sees opportunities to expand its presence and has developed industry practices to further its progress in each of the industrial sectors it targets. For further information, see paragraph 1.4.2.2 "Industries Served";
- *Deepening its regional market penetration:* the Company sees opportunities to grow its presence in all geographic markets. The Company's three global markets are Europe, representing approximately 45% of total revenue, the Americas (28%) and Asia (27%). In addition, the Company tracks "High-Growth" countries representing, as a group, 12% of total revenue during 2012. In order to strengthen and broaden its global footprint, the Company has established 13 regional organizations to enhance support for its strategic initiatives at a local level. See paragraph 3.1.1.1 "Executive Overview for 2012" for the regions included within "High-Growth" and further information on growth by geographic region;
- *Expanding its user universe:* the Company sees opportunities to expand the number of users of its software solutions and **3D**EXPERIENCE Platform. Within a corporation, the Company's applications now target a large portion of the enterprise employees, spanning the engineering, project management, compliance, manufacturing, quality assurance and maintenance departments and marketing and executive management. More broadly, the Company's target user market includes business, education, research and final product consumers. For further information see paragraphs 1.4.1.4 "Technology" and 1.4.2 "Principal Markets";
- *Offering Software as a Service and mobile applications:* with its current on-line architecture, V6, the Company is also positioned to grow through offering SaaS. At present, its revenue contribution is not material, but the Company believes that it may become a growth driver with the progressive roll-out of its services offering over the next several years, as well as with the release of mobile applications using tablets. For further information see paragraph 1.4.1.4 "Technology".

For a description of the challenges that must be met to maintain growth, see paragraph 1.6.1 "Risks Related to the Company's Business".

1.4.1.4 Technology

The Company has a substantial commitment to technological innovation. Important areas of investment in R&D include, among others, systems engineering, industry-specific offerings, cloud-based applications, mobility, search-based technologies and bio-intelligence. From a user perspective, the Company's research is centered on advancing its virtual technologies to provide a more realistic **3D**EXPERIENCE, reducing total cost of ownership through out-of-the-box industry solutions, simplifying adoption in particular for small and mid-sized companies through the introduction of on-the-cloud offerings, and broadening adoption through further advances in ease-of-use while offering robust technology to a wide array of users.

During 2012 the Company continued to advance its product offerings with new releases. In conjunction with the launch of its Social Industry Experiences strategy, the Company has begun to introduce industry solution experiences, which target key business processes within a specific industry. These new solutions are based upon the **3D**EXPERIENCE Platform and bring together the relevant applications from the Company's different brands.

PLM

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

In developing its V6 software architecture, the Company analyzed strategic demand drivers from customers and was able to satisfy what it saw as the six key categories of requirements:

- *A single platform for IP management:* harnessing a company's collective intelligence requires a single platform that can federate all product-related knowledge no matter where it resides, not just within the engineering and manufacturing realms, but all the way from idea to product experience. In addition, companies can share selected product information while better protecting their IP and all confidential information;

- *Global collaborative innovation:* global collaborative innovation implies the expansion of PLM users to involve consumers working with designers and all the professional users employing the universal language of 3D and the power of online communities. V6 provides, through its object data management, a way to collaborate and reconcile all project contributions in real time;
- *Realistic **3D**EXPERIENCE:* advanced product innovation requires that a 3D product be experienced as it looks and behaves in real life, as well as the most advanced intuitive interface capable of truly mimicking real life;
- *Online creation and collaboration:* collaborative online authoring is enabled for real-time, concurrent work across multiple remote locations with only a Web connection. Product development also brings product requirements together with functional, logical, and physical definitions of the product. Those capabilities are major breakthroughs for any company implementing a global engineering and manufacturing strategy;
- *Ready-to-use PLM business processes:* based on industry-specific business process solutions, ready-to-use PLM business processes software enables rapid deployment and thus a quick return on investment;
- *Lower cost of ownership:* V6 offers a single solution, on-the-cloud or on-premises, for all applications and embraces the latest technology standards, thereby substantially reducing the cost of ownership, allowing easy enterprise integration and rapid implementations, and spurring more efficient collaboration.

The Company believes V6 is unique with its combination of online architecture, openness, scalability and flexibility and serves as the architecture underlying its **3D**EXPERIENCE Platform.

SOLIDWORKS

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

Information Search Capabilities Technology

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

Cloud Initiatives

In 2011 Dassault Systèmes announced its investment in Outscale, a start-up to provide SaaS operator services. The Company's V6 cloud-based solutions, which are in "beta test" versions, have been designed to enable users to get what they need, when they need it. Offered as a flexible subscription model, without upfront investments in additional infrastructure, long-term volume commitments or administrative burden, V6 online solutions are designed to adapt to the needs of organizations or projects of any scale.

Technology and Software Partners

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

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

1.4.2 Principal Markets

1.4.2.1 3DEXPERIENCE Software Applications Portfolio

The Company's **3D**EXPERIENCE portfolio is designed to enable the powering of 3D realistic virtual experiences and is comprised of social and collaborative applications, 3D modeling applications, content and simulation applications, and information intelligence applications.

Since its inception, the Company has focused on creating a portfolio of leading software brands, each focused on a specific critical application market. The Company continues to develop its brands and create new brands to expand its addressable market, and, in addition, has begun the introduction of industry solution experiences to advance its Social Industry Experiences strategy launched in 2012. These solutions are designed on an industry-by-industry basis, and are built by "industry-relevant modules" of several (or all) of its brand applications with the aim of modeling the company value chain. It is a solution designed to trigger and connect the value created by each discipline in an industry to ensure that the company value stream is not interrupted.

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

3D Modeling Applications

SOLIDWORKS – 3D Design

SOLIDWORKS applications cover all aspects of the product development process with a seamless, integrated workflow for design, simulation, technical communication and data management. Designers and engineers can span multiple disciplines with ease, shortening the design cycle, increasing productivity and delivering innovative products to market faster.

SOLIDWORKS software applications are easy to learn and use and work together to help professionals to design products better, faster, and more cost-effectively. The SOLIDWORKS focus on ease-of-use allows more engineers, designers and other technology professionals than ever before to take advantage of 3D in bringing their designs to life.

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

- *3D Design:* 3D design application for rapid creation of parts, assemblies, and 2D drawings with minimal training. Application-specific tools for sheet metal, weldings, surfacing, and mold tool and die make it easy to deliver best-in-class designs. SOLIDWORKS 3D applications also include photo realistic rendering, a sophisticated components and parts library, design validation, as well as advanced wire and pipe routing functionality;

- *Data Management:* SOLIDWORKS product data management ("PDM") applications help professionals to get design data under control and substantially improve the way teams manage and collaborate on product development;

- *Simulation:* SOLIDWORKS offers a comprehensive suite of simulation applications to set up virtual real-world environments to test product designs before manufacture. Tests can be conducted against a broad range of parameters during the design process – like durability, static and dynamic response, motion of assembly, heat transfer, fluid dynamics, and plastics injection molding – to evaluate design performance and improve quality and safety;

- *Technical documentation:* SOLIDWORKS Composer allows users to easily repurpose existing 3D design data to more rapidly create and update high quality graphical assets for product deliverables, including documentation, technical illustrations, animations, and interactive 3D experiences;

- *Electrical Design:* SOLIDWORKS Electrical applications provide a range of electrical system design functionality to meet the needs of design professionals. All project design data is synchronized with real-time, bi-directional updates between schematics and the 3D model. Powerful schematic design tools quickly develop embedded electrical systems for machines or products, with built-in symbol libraries, manufacturer part data, and 3D component models.

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

CATIA – Digital Product Experience

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

CATIA has been designed to go far beyond traditional 3D CAD ("Computer-Aided Design") software tools to offer a unique digital product experience. Sustainable development is driving companies around the globe to create a constant stream of innovative and inspiring smart products. Design, engineering, systems architecture and systems engineering of these products have become more demanding.

- *CATIA Design:* 3D Design is about art, science and technology. Successful products are usually those with designs which elicit positive emotional responses from their consumers. 3D Design products and solutions cover the entire shape design, styling and surfacing workflow, from industrial design to Class A. CATIA's intuitive and easy-to-use shape design tools give everyone involved in the product design process, from industrial designers, Class A modelers to aero lofting engineers, a freedom to design any kind of complex shape. Advanced functionalities include reverse engineering, Class A surfacing, rapid propagation of design changes, powerful real-time diagnostic tools and high-end visualization. CATIA enables creative designers, design studios and engineering departments to work collaboratively in optimizing the product 3D Design for aesthetic and engineering purposes;
- *CATIA Engineering:* mechanical engineers equipped with 3D Modeling tools can gain insight into key factors of quality and performance early in the product development phase. Digital prototyping, combined with digital analysis and simulation, allows product development teams to virtually create and analyze a mechanical product in its operating environment. 3D modeling solutions of CATIA Engineering Software enable the creation of any type of 3D assembly for a wide variety of mechanical engineering processes, ranging from casting and forging, plastic injection and other molding operations, composite parts design and manufacturing, machined and sheetmetal parts design, to advanced welding and fastening operations. As a result of these processes, designers or design and engineering departments gain tremendous productivity, not only to close on the mechanical design sooner but also to perform design changes much faster;
- *CATIA Systems Architecture:* from aircraft to cars, industrial machinery, ships, and white goods, the complexity of the products and the systems that keep them running is steadily increasing. CATIA enables the modeling and composing of complex products, while defining and executing their driving systems. The CATIA Systems Architecture solution ensures traceability from initial requirements definition through to final product delivery and support. It enables systems architects, product engineers, designers and technical experts to define the architecture and interdependencies of complex products and systems. This accelerates the systems engineering process from initial specification definition through to development, validation and right-to-market product delivery;
- *CATIA Systems Engineering:* CATIA Systems Engineering integrates complex product behavior into the product definition, enabling a realistic **3D**EXPERIENCE that predicts the actual performance of products in the real world. The CATIA Systems Engineering solution allows engineers to use many different models to simulate the behavior of complex systems and products. This solution set provides a fully integrated systems modeling environment that leverages behavioral simulation for systems as well as for mechanical product assemblies;
- *CATIA Product Experience:* based on the **3D**EXPERIENCE Platform, CATIA Product Experience brings together the design, functional, engineering, and architectural characteristics of a product definition to enable integration at the level of the complete product. It provides a social experience, where people of all roles and skills, generalist and specialist, come together to view, collaborate and review the overall project.

GEOVIA – Virtual Planet

GEOVIA models and simulates the planet to improve predictability, efficiency, safety and sustainability of natural resources. Already a leader in the mining industry, based on its dedicated portfolio that spans the entire mine lifecycle, GEOVIA is helping geologists, surveyors and mine engineers understand, model and manage mining orebody. GEOVIA's goal is to extend its capabilities to other sectors that process natural resources such as water, vegetation, oil and gas, and many others, as well as sectors managing landscaping, city planning, and beyond.

Key mining industry challenges addressed by GEOVIA are as follows:

- *Resources availability:* based on geological modeling and production management experiences for better exploration and productivity;
- *Safety:* using risk assessment and evaluation experiences as well as unique collaborations tools;
- *Compliancy:* using compliancy solutions to shorten mining projects study phases, and engineering and scheduling tools enabling mine sites to minimize their impact on the planet; and
- *Skills shortage:* based on collaboration platform to enable mining people to travel only if needed and increase their capability to work off-site from offices of mining companies.

GEOVIA's software for the mining industry spans all phases including exploration and evaluation, development and production. Its products include:

- Gemcom Surpac for geology and mine planning, enabling users to save significant time and increase operational efficiency by enabling workflows to be automated;
- Gemcom GEMS, a data-driven collaborative geology and mine planning software to protect data integrity and ensure that the latest data is available on-demand, wherever it is needed;
- Gemcom Minex, fully integrating all aspects of mining from exploration through rehabilitation;
- Gemcom Whittle, a strategic mine planning software used to determine and optimize the economics of open pit mining projects;
- Gemcom MineSched, a production scheduling software;
- Gemcom PCBC, a leading block caving solution;
- Gemcom Hub, which provides secure remote collaboration that organizes, centralizes and enables the reliable sharing of exploration, planning, and production data over low-bandwidth connections; and
- Gemcom InSite records and evaluates data for service, support and production activities from the mine through to saleable product, enabling a rapid return on investment.

Content and Simulation Applications

SIMULIA – Realistic Simulation

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

SIMULIA's portfolio spans:

- *Finite Element Analysis:* with its finite element analysis software, companies are able to create and test virtual prototypes of products and processes;
- *Multi-Physics Solutions:* its multi-physics solutions enable companies to reach beyond the boundaries of a single domain to simulate two or more interacting physical phenomena;
- *Optimization Analysis:* SIMULIA also provides design exploration and optimization technology, enabling designers and engineers to perform rapid trade-off studies of real-world behavior and accelerate product development;
- *Simulation Lifecycle Management:* SIMULIA offers simulation lifecycle management, based upon the Company's V6 architecture, offering collaboration capabilities for management of simulation data, processes and IP.

DELMIA – Digital Manufacturing and Production

Product innovation requires production innovation. DELMIA's products and applications for manufacturing communities drive manufacturing innovation by virtually defining, planning, creating, monitoring and controlling all production processes. DELMIA, powered by the **3D**EXPERIENCE Platform, allows all stakeholders in manufacturing, whatever their level of expertise, to be part of a single community with all of its members working toward the same shared objectives of production performance.

DELMIA's digital manufacturing applications range from virtual process definition, workcell set-up, optimization, scheduling, and operation, to maintenance of real-time production systems. Its solutions assist teams across the development enterprise in making better decisions faster and accelerating process engineering to achieve maximum production efficiency, lower costs, improve quality, and reduce time-to-market.

DELMIA includes four principal domains:

- *Manufacturing Planning:* with comprehensive 3D process and resource planning tools for creating and optimizing build-to-order and lean production manufacturing systems;
- *Plant and Resource Engineering:* with tools to virtually define and optimize manufacturing assets concurrently with manufacturing planning;
- *Program and Control Engineering:* to virtually program, validate and simulate manufacturing systems for the virtual commissioning of production facilities;
- *Production Execution:* by offering an accurate virtual production system to enable companies to track real-time production activities, perform schedule changes, launch new programs, introduce model changeovers, and schedule maintenance operations.

3DVIA – 3D Communication

3DVIA software applications create that experience, when people immediately see and understand what you mean.

The Company's 3DVIA portfolio includes:

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

Social and Collaborative Applications

ENOVIA – Collaborative Innovation

ENOVIA offers a rich portfolio of collaborative enterprise business process applications, which run on the same web-based infrastructure. Applications are organized into user-role based segments in order to best target specific business needs – Governance user, Engineer/Designer, Supply Chain user, Reviewer and IT/Administrator. Applications include ENOVIA accelerators which provide pre-packaged business processes by industry, enabling rapid implementation and increased return on investment.

ENOVIA enables companies to bring together people, processes, content and systems involved in product creation, development, introduction and maintenance.

ENOVIA applications by user-role include:

- *For Governance Users:* ENOVIA's solutions aimed at product managers, program directors, project managers, compliance managers and other participants in governance processes. ENOVIA's product portfolio, program/project management, regulatory compliance and materials compliance applications address the needs for monitoring enterprise-wide critical PLM business processes;
- *For Engineer/Designer users:* ENOVIA's applications address bill of materials management, change management, multi-CAx management and systems engineering for designers, product engineers, manufacturing professionals and others collaborating on product development. These products help eliminate costly product development errors by enhancing collaborative product design, bill of material management integration and IP asset management;
- *For Supply Chain Users:* ENOVIA's applications address supplier management, supplier quality, procurement and sourcing and sampling. Its solutions help buyer agents, supplier relationship managers and supplier representatives manage their most critical business processes; and
- *For Reviewers:* ENOVIA's products for users to search and review data, to participate in approval processes and to collaborate with other users.

3DSWYM – Social Innovation

3DSWYM ("See What You Mean") is an online solution for companies to foster social innovation. It enables people and businesses of any size to create their own on-the-cloud communities to facilitate instant collaboration, connecting ideas, knowledge and experiences.

Whether employee, partner, supplier, consumer or stakeholder, everyone can become an active participant in the innovation process, extending and enriching the innovation ecosystem. Community members are given the possibility to network, explore ideas, share content and experiences spontaneously, in a safe and secure Web environment.

Information Intelligence Applications

EXALEAD – Discovery Intelligence

EXALEAD delivers discovery applications to help companies making sense of their large volume of digital information. As part of new user experiences, EXALEAD provides breakthrough industry solutions for customer interaction, digital asset management and machine data analysis.

- EXALEAD OneCall helps companies to transform contact to business into a single interactive event such as a call. In addition, the solution provides a direct feedback on the offer sales performance and almost real time segmentation of the customers to be reused as key input for the next innovation;
- Digital assets are massively sleeping in companies' information systems resulting in a very low level of reuse. EXALEAD for Digital Asset is a suite of discovery applications that helps navigate a customer's legacy, transform digital information into contextual knowledge and maximize reuse;
- Machine data are signals delivered by any connected devices. EXALEAD for Machine Data is a suite of discovery applications that helps make sense of the actual product usage by consumers. It transforms a sampling estimated usage approach into an exhaustive analytics approach.

EXALEAD is at the heart of the **3D**EXPERIENCE Platform, with discovery applications embedded in Social Industry Experiences. By providing advanced semantic and analytics capabilities, EXALEAD supports most enterprise processes for viewing, analyzing and interpreting digital information for all decision makers. EXALEAD also delivers access to external web information to complement a company's digital knowledge.

NETVIBES – Dashboard Intelligence

NETVIBES dashboard intelligence helps enterprises monitor and manage information on real-time, personalized dashboards designed to enable better, faster decision-making. Netvibes enables companies to go beyond simply monitoring, searching and surfing, to tracking the most valued information in one dashboard, in real time, across a company's internal systems and across the Web on any device.

1.4.2.2 Industries Served

The Company's target market is comprised of 12 industrial sectors:

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

The approximate breakdown of end-user software revenue by major industry was as follows for 2012:

- Transportation & Mobility: 29%;
- Industrial Equipment: 20%;
- Aerospace & Defense: 13%;
- Business Services (for the Company's core industries): 13%; and
- Other industries: 25%.

To deepen its penetration of each industry, the Company undertakes industry targeted initiatives which include the establishment of practice groups, the continuing development of industry-specific solutions, both through internal development and by acquisition, and increasing its expertise through partnerships with leading companies and system integrators and the addition of specialized direct sales and sales partners.

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

See paragraph 1.2.2 "Investments".

1.4.2.3 Sales and Marketing

The Company's customer base is comprised of a wide range of companies, from start-ups, small and mid-sized companies to the largest companies in the world as well as educational institutions and government departments. To ensure sales and marketing coverage of all its customers, the Company has developed three sales and distribution channels, with sales teams combining individuals with deep knowledge of their respective industries with brand specialists. No single customer or sales channel partner represented more than 5% of the Company's total revenue in 2012.

- *Direct sales through the 3DS Business Transformation channel:* sales to large companies and government entities are generally conducted through the Company's direct sales channel, the 3DS Business Transformation channel. Direct sales represented 56% of total revenue during 2012 compared to 57% in 2011. The Company completed a major transformation of this sales channel, bringing sales to large customers entirely under its management, with the acquisition and integration of IBM PLM in 2010;
- *Indirect sales through the 3DS Value Solutions channel:* sales to small and mid-sized companies in the PLM market are generally conducted indirectly through the Company's PLM Value Solutions channel, a global network of value-added resellers. This channel represented 24% of the Company's total revenue in 2012 and 2011;
- *Volume unit sales through the 3DS Professional channel:* the 3DS Professional channel is an indirect, multi-product channel focused on the volume market. It is comprised of a network of value-added resellers and distributors worldwide providing sales, local training, services and support to customers. Sales through this channel represented 20% and 19% of the Company's total revenue in 2012 and 2011, respectively, and were comprised of principally SOLIDWORKS products as well as other Dassault Systèmes software applications.

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

The Company has an active educational program with universities and schools around the world. The Company estimates that its SOLIDWORKS educational products are utilized at over 80% of the world's top engineering schools. To date, at least an estimated 2.5 million students are utilizing SOLIDWORKS and in addition, about 1 million have been using its PLM software applications in educational institutions.

1.4.2.4 Competition

The Company operates in a highly-competitive marketplace. As it continues to broaden its addressable market, by expanding its current product portfolio, diversifying its client base in new sectors of activity, and developing new applications and markets, the Company faces an increasing level of competition, from new competitors ranging from technology start-ups to the largest technology companies in the world, as well as from existing competitors. The Company's competitors generally compete with it in specific areas of its portfolio, but due to the breadth of the Company's activities, no single company competes with it across its entire scope.

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

In the Company's overall addressable market, additional software developers competing with the Company in specific applications or industries include, among others, Adobe, Autonomy (owned by Hewlett Packard), Aveva, Bentley, Intergraph (owned by Hexagon AB), Microsoft, Nemetschek AG, Right Hemisphere (owned by SAP), and other software companies in the mining sector, information intelligence and social enterprise innovation and collaboration.

For additional information, see also paragraph 1.6.1.14 "Competition and Pricing Pressure".

1.4.3 Material Contracts

Other than contracts entered into in the ordinary course of business, the Company's material contracts are principally the distribution agreements with its value-added resellers, as described in paragraph 1.4.2.3 "Sales and Marketing", and the strategic partnership contracts described in paragraph 1.4.1.4 "Technology" (see "Cloud Initiatives" and "Technology and Software Partners").

The Company entered into a loan facility in 2005 for a total amount of €200 million, which was fully repaid by the end of 2012. In addition, in April 2010, the Company contracted a term loan facility in Japan for JPY14,500 million (the equivalent of €115.0 million at the subscription date), with the last payment being due in June 2015. See paragraph 3.1.5 "Capital Resources" and Note 21 to the consolidated financial statements.

The Company signed long-term leases (for 12 full, consecutive years) for its corporate headquarters in Vélizy-Villacoublay, France (the 3DS Paris Campus) in 2008 and for its offices, technology lab and data center in Waltham, outside Boston, United States (the 3DS Boston Campus) in 2010, as described in paragraph 1.6.2.3 "Liquidity Risk" and Note 25 to the consolidated financial statements.

In February 2013, the Company entered into a built-to-suit lease agreement for a new building in its 3DS Paris Campus and extended the lease term for a further five years ending November 2025, as described in paragraph 1.6.2.3 "Liquidity Risk" and Note 25 to the consolidated financial statements.

1.5 Research and Development

1.5.1 Overview

At December 31, 2012, the Company's R&D teams included 4,421 engineers, compared to 4,215 engineers at year-end 2011, representing approximately 44% of the total Company headcount. During 2012 the Company increased its total R&D headcount by 5% (including 154 personnel joining the Company in conjunction with acquisitions completed during 2012), and by 8% in 2011.

The Company has research facilities located primarily in France, the United States and India (including the 1,593 and 1,306 employees at 3DPLM Ltd at December 31, 2012 and 2011, respectively), as well as in Germany, South Korea, the United Kingdom, Sweden, Australia and Canada.

R&D expenses totaled €368.1 million for 2012, compared to €329.3 million for 2011, increasing 11.8%, or 8% excluding net negative currency effects. R&D costs benefited from government grants and other governmental programs supporting R&D of €19.9 million in 2012 and €26.9 million in 2011. These government grants include research and development tax credits received in France.

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

1.5.2 Intellectual Property

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

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

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

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

With regard to trademarks, the Company's policy is to register trademarks for its principal products and services in the countries where it does business. Such registrations are a combination of international trademark, European Community trademarks and/or national registrations.

In order to protect its technology and key product capabilities, the Company generally files patent applications in countries where many of its main customers and competitors are located. At year-end 2012, the Company's portfolio comprised more than 224 protected inventions, with 40 new inventions in 2012. Patents have been granted in one or more countries for more than half the inventions, and patents for the others are pending. In addition, certain inventions are kept secret, proof of creation being preserved if necessary. The Company also applies a policy of crossed licenses for patents with major players in its environment.

See paragraph 1.6.1 "Risks Related to the Company's Business", and particularly paragraph 1.6.1.3 "Infringement of Third-Party Intellectual Property Rights and Licensing of Third-Party Technology" for risks concerning possible third-party allegations of unauthorized use of their IP, and paragraph 1.6.1.2 "Challenges to the Company's Intellectual Property Rights" for the difficulties in ensuring adequate protection for the Company's own IP.

1.6 Risk Factors

1.6.1 Risks Related to the Company's Business

1.6.1.1 Uncertain Global Economic Environment

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

- the deployment of the Company's solutions may represent a large portion of a customer's investments in software technology. Decisions to make such an investment are impacted by the economic environments in which the customers operate. Uncertain global economic conditions and the lack of visibility or the lack of financial resources may cause some customers to reduce, postpone or terminate their investments in information technology, or to reduce or terminate ongoing paid maintenance for their installed base. Such situations may impact the Company's revenues;
- the automotive and industrial equipment industries, which represent a significant share of the Company's revenue, have been and will continue to be impacted by the current economic context; and
- the sales cycle of the Company's products – already relatively long due to the strategic nature of such investments for customers – could further lengthen due to the uncertain global economic context.

The Company's current outlook for 2013 takes into consideration, among other things, an uncertain macroeconomic outlook, but if global economic and business conditions further deteriorate, the Company's business results may not develop as currently anticipated and may decline below their earlier levels for an extended period of time. Furthermore, due to factors affecting sales of the Company's products and services as described above, there may be a substantial time lag between an improvement in global economic and business conditions and an upswing in the Company's business results.

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

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

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

1.6.1.2 Challenges to the Company's Intellectual Property Rights

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

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

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

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

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

1.6.1.3 Infringement of Third-Party Intellectual Property Rights and Licensing of Third-Party Technology

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

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

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

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

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

1.6.1.4 Product Errors, Defects and Installation Problems

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

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

Finally, the Company could experience problems in installing complex solutions with certain customers as a result of the customer's infrastructure and software environment.

Because product errors, defects or installation problems could result in significant financial or other damage to its customers, such customers could pursue claims against the Company. A product liability claim brought against Dassault Systèmes, even if not successful, would likely be time consuming for its management and costly to defend and could adversely affect the Company's marketing efforts.

To reduce the risk of product errors or defects, the Company carries out advanced testing of its new products, releases, and versions prior to market launch, sometimes with carefully selected customers and partners. The Company also works as closely as possible with its customers to ensure successful product installation.

The Company also subscribes to an "Errors & Omissions" insurance policy covering possible defects in its products, although insurance carried by the Company may only partially offset the cost of correcting significant errors (see paragraph 1.6.3 "Insurance").

1.6.1.5 Security of Internal Systems and Facilities

The Company's R&D facilities are computer-based and rely entirely on the proper functioning of complex software and integrated hardware systems. However, it is not possible to guarantee the uninterrupted operation and complete security of these systems. For example, the invasion of the Company's computer-based systems by either computer hackers or industrial pirates could interfere with their proper functioning and cause substantial damage, loss of data or delays in on-going R&D activities. Computer viruses, whether deliberately or unintentionally introduced, could also cause similar damage, loss or delays. The increasing use of mobile devices (cellular telephones and portable computers) linked to certain of the Company's computer systems tends to increase the risk of unauthorized access as a result of their loss or theft.

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

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

The Company therefore maintains an IT security framework, including intrusion protection, data storage back-up and restricted access to critical and sensitive information, and also subscribes to insurance policies covering these risks (see paragraph 1.6.3 "Insurance").

1.6.1.6 Currency Fluctuations

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

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

To address the risks created by currency fluctuations, the Company carries out hedging operations on a case-by-case basis (see paragraph 1.6.2.2 “Foreign Currency Risk” and Note 20 to the consolidated financial statements).

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

Finally, in the current economic and political context of stress on sovereign debt and financial institutions, the quality of the Company’s counter-parties may be subject to downgrading. As a result, the Company continues to maintain a strengthened review of the quality of its investments and remains vigilant as to the liquidity of its assets (see paragraphs 1.6.2.3 “Liquidity Risk” and 1.6.2.4 “Credit or Counterparty Risk”).

1.6.1.7 Difficulties in Relationships with Extended Enterprise Partners

The Company’s **3D**EXPERIENCE strategy requires a fully integrated platform with access to computer-aided design (“CAD”), simulation and manufacturing and data management products, which are increasingly complex and whose installation at the customer represents significant enterprise projects. To implement its **3D**EXPERIENCE strategy, Dassault Systèmes has developed an extended enterprise model and partners with other companies in areas such as:

- computer hardware and technology, to maximize benefits from available technology;
- product development, to enable software developers to create and market their own software applications using Dassault Systèmes’ open product architecture; and
- consulting and services, to support and accompany customers as needed to deploy **3D**EXPERIENCE solutions.

The Company believes that its partnering strategy allows it to benefit from complementary resources and skills and to reduce costs while achieving broader market coverage. The Company’s broad partnering strategy nevertheless creates a degree of dependency on such partners.

The Company’s ability to establish partner relationships for developing and installing its **3D**EXPERIENCE Platform is an important element of its strategy. Serious difficulties in the Company’s relationships with its partners, or an unfavorable change of control of these partners, may adversely affect the Company’s product and business development, and could cause it to lose the contribution of the employees or contractors of the Company’s partners, particularly in the area of R&D. In addition, any failure by the Company’s partners to deliver products of quality or according to the expected timing may cause delays in the delivery of, or deficiencies in, the Company’s own products.

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

1.6.1.8 Development of a New Services Offering for “Cloud Computing”

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

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

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

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

1.6.1.9 Legal Proceedings

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

The Company's legal department, assisted by technical experts, monitors on a regular basis all outstanding claims and litigations, some of which may be covered by insurance (see paragraph 1.6.3 "Insurance").

1.6.1.10 Complex Regulatory Environment

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

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

1.6.1.11 International Operations

In 2012, the Group's acquisitions extended its geographic footprint by strengthening its position in countries where it previously had not been, or had only marginally been, present. As an increasingly global participant in the software industry, the Company's business is exposed to certain risks inherent in international operations that are beyond its control. These risks include tariffs, duties, export controls and other trade barriers, unexpected changes in regulatory requirements and applicable laws, and political and economic instability in certain countries. Any of these factors could harm the Company's operating results. There can be no assurance that the Company will not experience material adverse effects with respect to its international operations and sales.

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

1.6.1.12 Rapidly Changing and Complex Technologies

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

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

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

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

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

1.6.1.13 Retention of Key Personnel and Executives

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

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

1.6.1.14 Competition and Pricing Pressure

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

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

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

1.6.1.15 Organizational and Management Challenges Arising from the Evolution of the Company

Dassault Systèmes has continued to expand through acquisitions and internal development, and has substantially increased its addressable market through launching **3D**EXPERIENCE. The Company's management policies and internal systems must be adapted on an on-going basis to meet the needs of a larger, more complex structure and implement the Company's strategy to reach a broader market. The Company must also continue to reorganize itself to maintain efficiency, while ensuring customer retention and the integration of newly acquired companies. If the Company does not address these issues effectively and on a timely basis, the Company's product development, internal processes, cost management and commercial operations could be impacted or fail to satisfy adequately market or customer demands, which could negatively impact its business and results of operations.

In addition, in order to realize acquisitions or investments, the Company may use significant financial resources, make potentially dilutive issuances of equity securities or incur debt. The acquisitions may also cause the Company to incur amortization expenses related to intangible assets other than goodwill, or generate goodwill subject to annual (or more frequent, if necessary) impairment tests, which may trigger depreciation. Minority interests in unaffiliated partners or other investments may also have to be written down in the Company accounts as a result of impairment. Acquired companies may also carry the risk of unanticipated or contingent liabilities, including litigation risk related to prior events (for example, see above the risk of claims that embedded components violate third-party IP rights). Each of these potential consequences of an investment or acquisition could reduce the Company's operating margin or net income.

The Company seeks to adjust on a regular basis its organization and management model to support its current level of growth. During 2012, the Company completed strengthening its industry-based and marketing organization to better understand the needs of its customers, provide solutions adapted to these needs and more effectively demonstrate the value it brings.

1.6.1.16 Variability in Quarterly Operating Results

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

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

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

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

1.6.1.17 Technology Stock Volatility

Under conditions of increased market uncertainty, the trading price of the Company's shares could be volatile. The market for shares of technology companies has in the past been more volatile than the stock market overall.

1.6.1.18 Shareholder Base

Groupe Industriel Marcel Dassault SAS ("GIMD"), which represents the interests of some of the Company's founding shareholders, owned 41.48% of the Company's outstanding shares, representing 51.85% of the voting rights, as of December 31, 2012. As more fully described in paragraph 6.3 "Information about the Shareholders", GIMD plays a decisive role with respect to matters submitted to shareholders, including the election and removal of directors and the approval of any merger, consolidation or sale of all or substantially all of the Company's assets.

1.6.2 Market Risks

The Company's overall risk management policy is based upon the prudent management of the Company's market risks, primarily interest rate risk and foreign currency exchange risk. The Company's programs with respect to the management of these risks, including the use of hedging instruments, are discussed in Note 20 to the consolidated financial statements. The Company's exposure to these risks may change over time and there can be no assurance that the benefits of the Company's risk management policies will exceed the related costs. Such changes could have a materially adverse impact on the Company's financial results.

1.6.2.1 Interest Rate Risk

The Company generates positive cash flows from operations and has some financial obligations (e.g., bank loans, loan facilities, employee profit-sharing), but the Company's cash position net of debt is positive throughout the year. The Company's cash surplus generally earns interest at fixed or floating market rates, while the Company's debt carries interest at floating rates. Therefore, the Company's interest rate risk is primarily related to a reduction of financial revenue. See Note 20 to the consolidated financial statements.

1.6.2.2 Foreign Currency Risk

The Company's results of operations can be affected significantly by exchange rate movements, and particularly the USD/euro and JPY/euro exchange rates.

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

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

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

See Note 20 to the consolidated financial statements.

1.6.2.3 Liquidity Risk

The Company generates positive cash flow from operations. The Company has financial debt (such as bank loans, loan facilities and employee profit-sharing in earnings), but has a positive net financial position throughout the year. The Company thus has a low liquidity risk. As of December 31, 2012, the Company's cash, cash equivalents and short-term investments totaled €1.32 billion. See Note 12 to the consolidated financial statements.

The Company has analyzed the amounts it will be required to pay under its contractual commitments at December 31, 2012. The Company believes that it will be able to meet such obligations.

The following table summarizes the Company's principal contractual obligations to make future payments as of December 31, 2012.

Contractual obligations

		Payments due by period			
(in thousands)	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Operating lease obligations[1]	€357,723	€51,673	€91,041	€83,368	€131,641
Loan facilities[2]	64,654	25,992	38,662	–	–
Employee profit-sharing	61,047	55,313	5,734	–	–
Total	**€483,424**	**€132,978**	**€135,437**	**€83,368**	**€131,641**

(1) Including €150.7 million of future minimum rental payments for the Company's headquarters facilities located in Vélizy-Villacoublay, France and €100 million of future minimum rental payments for the American subsidiaries' facilities located in Waltham near Boston, United States (see Note 25 to the consolidated financial statements).

(2) Including interest at Libor JPY plus 0.6% at December 31, 2012, or 0.73% per annum (see Note 21 to the consolidated financial statements).

In February 2013, the Company entered into a built-to-suit lease agreement for a new building in its 3DS Paris Campus and extended the lease term for a further five years ending November 2025. Future minimum rental payments over the extended term amount to approximately €138 million in the aggregate and have not been included in the table presented above.

1.6.2.4 Credit or Counterparty Risk

The financial instruments which could expose the Company to credit risk include principally its cash equivalents, short-term investments and customer receivables. The hedging agreements entered into with financial institutions pursuant to its policy for managing currency and interest rate risks also expose the Company to credit and counterparty risk. See Notes 12, 13 and 20 to the consolidated financial statements.

1.6.2.5 Equity Risk

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

1.6.3 Insurance

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

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

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

All Dassault Systèmes companies are protected by an "Errors and Omissions" policy covering professional civil and product liability for a total insured amount of €20 million for 2012. A policy also covers the operating liability of Dassault Systèmes SA and its French and foreign subsidiaries (other than those covered by the North American program) for a total insured amount of €20 million for 2012. The policy ceilings were raised to €30 million for 2013.

In 2012, the Company renewed its policy covering risks related to directors and officers liability for Dassault Systèmes SA and its subsidiaries, and subscribed an additional insurance policy providing the same coverage, increasing the total insured amount to €40 million.

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

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

Dassault Systèmes has not established captive insurance coverage.

CHAPTER 2 – SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY

2.1 Social and Societal Responsibility

2.1.1 Dassault Systèmes and its Employees

At the beginning of 2012, Dassault Systèmes announced its ambition to “provide business and people with **3D**EXPERIENCE universes to imagine sustainable innovations capable of harmonizing product, nature and life”.

This ambition could not be pursued without the women and men of Dassault Systèmes, its most valuable asset. They represent the culture and values of the Company and ensure its development.

Technological innovation

In order to respond to the challenges related to the growing scope of the market served by the Group and the development of innovative technology for harmonizing product, nature and life, Dassault Systèmes recruits employees with very diverse expertise, and seeks to retain them with an environment that encourages their professional and personal development.

The Gemcom and Netvibes acquisitions completed by Dassault Systèmes in 2012 pursue this goal, providing the Group’s employees with new opportunities to develop their skills respectively in the Natural Resources sector, and in support to decision-making (see paragraph 1.2.2 “Investments”).

Social innovation

Social innovation is, and will remain, at the heart of the Company’s development process. Dassault Systèmes uses its products and solutions not only to bring value to its customers, but also to transform its own internal operations.

In this context, the 3DSWYM application, which has replaced the Group’s intranet, strengthens the community spirit within Dassault Systèmes and encourages social innovation. In 2012, this application has become a key element of major enterprise processes such as the management of R&D operations, and the identification and acquisition of new skills.

This application promotes a new business model organized as networks, radically changing collaboration, innovation and learning, continuously enhancing the skills and contributions of each participant.

In this context, all Dassault Systèmes employees and partners become actors of a sustainable social innovation process.

2.1.2 Methodology for Employee Reporting

Scope

In general, employee reporting covers all Dassault Systèmes companies, including employees of companies or businesses acquired during the year. Nevertheless, as indicated below, the scope covered for certain indicators may be more limited.

Key employee indicators

For the purposes of this social report, the Company has selected key indicators which are set forth beginning in paragraph 2.1.3 “Employees”. They were selected according to the indicators of Articles R225-105-1 of the French Commercial Code and specific indicators based on the Group’s human resources policy. As part of them, Dassault Systèmes has defined the following concepts:

- “Employee Headcount”, which means employees of Dassault Systèmes SA and subsidiaries in which it has at least 50% control; and
- “Total Workforce” which includes the Employee Headcount, employees of companies in which it has less than 50% control and outside service providers who have worked more than a full month at period end. At December 31, 2012, employees of companies in which the Group has less than 50% control include the employees of 3DPLM Ltd.

Data related to employees is calculated on the basis of "Full-Time Equivalents", which corresponds to the proportion of "hours worked per standard full-time work hours" and which was jointly defined and shared by both Human Resources and Finance teams.

Data related to employee arrivals and departures are denominated in number of work agreements.

To make the reporting process more reliable, an internal methodological guide including definitions and rules for calculating each indicator is updated each year. Data reliability checks are carried out at the time of accounting consolidation as well as throughout the year in connection with analyzing changes from the preceding periods.

Limits of the social report

The Company operates in numerous countries with local regulations and practices which are not always harmonized or consolidated. For example, since notions generally adopted in France to define socio-professional categories ("*Non-Cadres*" and "*Cadres*", which close to the concepts of the "Non-Exempt" and "Exempt" categories) are not used outside France, and more than two thirds of Dassault Systèmes employees work outside France, the Company has used the following two categories: "Managers", who are responsible for a team, and "Non-Managers", who do not manage a team and are specialized in certain subjects.

For the same reasons of local differences, the Company is not able to provide consolidated data for overtime, the degree of seriousness of work accidents and professional illnesses.

Gathering and consolidating employee data

Data for the social report are taken from human resources and financial management software, both of which are deployed among all the companies in the reporting perimeter. In addition, interviews are also held with the human resources managers of Dassault Systèmes' main companies with more than 150 employees, namely in France, the United States, Canada, Germany, the United Kingdom, Japan, South Korea, China and India, which represented 91% of the Employee Headcount in 2012, to extend the social reporting information to aspects related principally to the main policies regarding human relations, health and safety, to initiatives regarding discrimination, training and absenteeism.

2.1.3 Employees

Overview of Total Workforce

As of December 31, 2012, Total Workforce was 10,122, up 6.0% compared to December 31, 2011. The number of employees over the last three years is set forth below.

At December 31	Employees	Service Providers	3DPLM Ltd	Total Employees	Percent change
2012	8,101	428	1,593	***10,122***	6.0%
2011	7,660	395	1,497	***9,552***	5.7%
2010	7,507	449	1,079	***9,035***	15.3%

Overview of Employee Headcount

Growth of the Company

As of December 31, 2012, Employee Headcount was 8,101 employees, located in 37 countries and representing 105 nationalities, up 5.8% from December 31, 2011. This increase was principally due to the acquisitions made in 2012 (see paragraph 1.2.2 "Investments"). Net growth in Employee Headcount, without taking into account the sale of Transcat PLM GmbH (see paragraph 3.1.1.1 "Executive Overview for 2012"), was 8.5%.

Distribution by geographic region

	Europe		Americas		Asia		Total	
At December 31	Employees	%	Employees	%	Employees	%	Employees	%
2012	4,073	50%	2,868	35%	1,160	15%	***8,101***	***100%***
2011	4,020	52%	2,734	36%	906	12%	***7,660***	***100%***

With respect to their geographic location, the distribution among the three geographic regions above remained relatively stable between 2011 and 2012. The slight increase in Asia was due in part to the acquisition of Gemcom, which has a relatively significant proportion of its employees in Asia.

Distribution by activity

	Total		Europe		Americas		Asia		Total	
At December 31	Employees 2011	%	Employees 2012	%	Employees 2012	%	Employees 2012	%	Employees 2012	%
R&D and maintenance	***2,558***	***33%***	1,541	38%	924	32%	148	13%	***2,613***	***32%***
Sales, marketing and services	***3,950***	***52%***	1,933	47%	1,473	51%	858	74%	***4,264***	***53%***
Administration and other	***1,152***	***15%***	599	15%	471	17%	154	13%	***1,224***	***15%***
Total	***7,660***	***100%***	***4,073***	***100%***	***2,868***	***100%***	***1,160***	***100%***	***8,101***	***100%***

The distribution of employees by activity remained stable between 2011 and 2012.

Distribution by type of work agreement

	Total		Europe		Americas		Asia		Total	
At December 31	Employees 2011	%	Employees 2012	%	Employees 2012	%	Employees 2012	%	Employees 2012	%
Open-term work agreement	***7,571***	***99%***	3,991	98%	2,857	100%	1,154	99%	***8,002***	***99%***
Fixed-term work agreement	***89***	***1%***	82	2%	11	0%	6	1%	***99***	***1%***
Total	***7,660***	***100%***	***4,073***	***100%***	***2,868***	***100%***	***1,160***	***100%***	***8,101***	***100%***

The distribution of types of work agreement was the same as in 2011: 99% of the Employee Headcount worked under open-term work agreements in 2012.

Distribution by type of position

	Total		Europe		Americas		Asia		Total	
At December 31	Employees 2011	%	Employees 2012	%	Employees 2012	%	Employees 2012	%	Employees 2012	%
Managers	***1,646***	***21%***	868	21%	599	21%	260	22%	***1,727***	***21%***
Non-Managers	***6,014***	***79%***	3,205	79%	2,269	79%	900	78%	***6,374***	***79%***
Total	***7,660***	***100%***	***4,073***	***100%***	***2,868***	***100%***	***1,160***	***100%***	***8,101***	***100%***

In 2012, managers represented 21% of Dassault Systèmes' employees, as in 2011.

Distribution by age

	Total		Europe		America		Asia		Total	
At December 31	Employees 2011	%	Employees 2012	%	Employees 2012	%	Employees 2012	%	Employees 2012	%
< 30 years old	***1,243***	***16%***	844	21%	344	13%	169	14%	***1,357***	***17%***
31 to 40 years old	***2,598***	***34%***	1,296	32%	844	29%	510	44%	***2,650***	***33%***
41 to 50 years old	***2,440***	***32%***	1,278	31%	919	32%	380	33%	***2,577***	***32%***
>51 years old	***1,379***	***18%***	655	16%	761	26%	101	9%	***1,517***	***18%***
Total	***7,660***	***100%***	***4,073***	***100%***	***2,868***	***100%***	***1,160***	***100%***	***8,101***	***100%***

The distribution of the Company's employees by age remained stable between 2011 and 2012.

Distribution by years of tenure

At December 31	Total Employees 2011	%	Europe Employees 2012	%	Americas Employees 2012	%	Asia Employees 2012	%	Total Employees 2012	%
Fixed-term work agreements	***89***	***1%***	82	2%	11	1%	6	1%	***99***	***1%***
Less than 5 years	***3,691***	***48%***	1,821	45%	1,304	45%	757	65%	***3,882***	***48%***
6 to 15 years	***2,799***	***37%***	1,396	34%	1,185	41%	325	28%	***2,906***	***36%***
More than 16 years	***1,081***	***14%***	774	19%	368	13%	72	6%	***1,214***	***15%***
Total	***7,660***	***100%***	***4,073***	***100%***	***2,868***	***100%***	***1,160***	***100%***	***8,101***	***100%***

The distribution of employees by years of tenure remained stable between 2011 and 2012.

Distribution by gender

At December 31	Total Employees 2011	%	Europe Employees 2012	%	Americas Employees 2012	%	Asia Employees 2012	%	Total Employees 2012	%
Women	***1,697***	***22%***	922	23%	699	24%	241	21%	***1,862***	***23%***
Men	***5,963***	***78%***	3,151	77%	2,169	76%	919	79%	***6,239***	***77%***
Total	***7,660***	***100%***	***4,073***	***100%***	***2,868***	***100%***	***1,160***	***100%***	***8,101***	***100%***

The relatively low proportion of women in the Company is due to the historically low number of women in engineering schools, which is one of Dassault Systèmes' principal sources of recruitment. The slight increase in the proportion of women (23% in 2012 compared to 22% in 2011) reflected the acquisition of Gemcom, whose employees were made up 35% by women and 65% by men.

The distribution by socio-professional category between men and women is set forth below.

At December 31	Total Employees 2011	%	Europe Employees 2012	%	Americas Employees 2012	%	Asia Employees 2012	%	Total Employees 2012	%
Women										
Managers	***298***	***18%***	128	14%	140	20%	37	15%	***305***	***16%***
Non-Managers	***1,399***	***82%***	794	86%	559	80%	204	85%	***1,557***	***84%***
Total Women	***1,697***	***100%***	***922***	***100%***	***699***	***100%***	***241***	***100%***	***1,862***	***100%***
Men										
Managers	***1,348***	***23%***	740	23%	459	21%	223	24%	***1,422***	***23%***
Non-Managers	***4,615***	***77%***	2,411	77%	1,710	79%	696	76%	***4,817***	***77%***
Total Men	***5,963***	***100%***	***3,151***	***100%***	***2,169***	***100%***	***919***	***100%***	***6,239***	***100%***
Total	***7,660***		***4,073***		***2,868***		***1,160***		***8,101***	

As of December 31, 2012, 16% of women employees of Dassault Systèmes and 23% of men are managers, compared to 18% and 23% respectively in 2011. The decrease in the percentage of women was due to the acquisition of Gemcom, where the percentage of women managers is 5%. See also paragraph 2.1.8 "Business Ethics and Professional Equality – Professional equality between men and women".

Employee arrivals and departures

Data concerning new hires and departures are expressed in terms of the number of work agreements.

New hires

At December 31	Total – Employees 2011	%	Europe – Employees 2012	%	Americas – Employees 2012	%	Asia – Employees 2012	%	Total – Employees 2012	%
Open-term work agreement	***967***	***86%***	478	77%	453	96%	374	98%	***1,305***	***88%***
Fixed-term work agreement	***159***	***14%***	146	23%	21	4%	8	2%	***175***	***12%***
Total	***1,126***	***100%***	***624***	***100%***	***474***	***100%***	***382***	***100%***	***1,480***	***100%***

Dassault Systèmes did not experience any particular difficulties in recruiting employees, and hired 1,480 persons in 2012 compared to 1,126 in 2011, reflecting principally the acquisitions of Gemcom and Netvibes.

Out of these 1,480 employees, 624 were located in Europe, 474 in the Americas and 382 in Asia. 88% of the work agreements signed in 2012 were for an open-term.

Manager positions represented 9% of the new hires in 2012, compared to 5% in 2011, as a result of the acquisitions of Gemcom and Netvibes with their managers.

In addition, 33% of the new hires in 2012 were women, an increase of four percentage points compared to 2011, again reflecting the proportion of women among the employees at Gemcom (35%).

At December 31	Total – Employees 2011	%	Europe – Employees 2012	%	Americas – Employees 2012	%	Asia – Employees 2012	%	Total – Employees 2012	%
Women	***332***	***29%***	223	36%	155	33%	106	28%	***484***	***33%***
Men	***794***	***71%***	401	64%	319	67%	276	72%	***996***	***67%***
Total	***1,126***	***100%***	***624***	***100%***	***474***	***100%***	***382***	***100%***	***1,480***	***100%***

Finally, the age distribution of new hires in 2012 remained relatively stable.

At December 31	Total – Employees 2011	%	Europe – Employees 2012	%	Americas – Employees 2012	%	Asia – Employees 2012	%	Total – Employees 2012	%
< 30 years old	***516***	***46%***	342	54%	160	34%	109	28%	***611***	***42%***
31 to 40 years old	***336***	***30%***	135	22%	142	30%	168	44%	***445***	***30%***
41 to 50 years old	***198***	***18%***	113	18%	106	22%	86	23%	***305***	***20%***
> 51 years old	***76***	***6%***	34	6%	66	14%	19	5%	***119***	***8%***
Total	***1,126***	***100%***	***624***	***100%***	***474***	***100%***	***382***	***100%***	***1,480***	***100%***

Employee departures

In 2012, 952 employees left the Company: 522 in Europe, 328 in the Americas and 102 in Asia, including 211 employees of Transcat PLM GmbH in Europe, which was sold.

At December 31	Total – Employees 2011	%	Europe – Employees 2012	%	Americas – Employees 2012	%	Asia – Employees 2012	%	Total – Employees 2012	%
Open-term work agreement	***797***	***90%***	411	79%	314	96%	99	97%	***824***	***87%***
Fixed-term work agreement	***91***	***10%***	111	21%	14	4%	3	3%	***128***	***13%***
Total	***888***	***100%***	***522***	***100%***	***328***	***100%***	***102***	***100%***	***952***	***100%***

The average rate of employee turnover on a global basis amounted to 9.8% for the year, compared to 9.9% in 2011 (not taking into account the sale of Transcat PLM GmbH in Germany). Excluding fixed-term work agreements, the turnover rate amounted to 8.2%.

21% of employee departures were initiated by the Company in 2012 (compared to 29% in 2011):

	Total		Europe		Americas		Asia		Total	
At December 31	Employees 2011	%	Employees 2012	%	Employees 2012	%	Employees 2012	%	Employees 2012	%
Employee departures initiated by the Company	***254***	***29%***	69	13%	103	31%	26	25%	***198***	***21%***

External workforce and subcontractors

Dassault Systèmes regularly uses outside service providers when it needs to mobilize new resources with specific knowledge on projects for limited time periods.

Payments made in 2012 to outside service providers amounted to €67.6 million (compared to €70.5 million in 2011), an amount which is not material when compared to the Company's revenue of €2.03 billion in 2012.

The Company's policy is to seek to establish business relations only with subcontractors who respect the terms of the basic conventions of the International Labor Organization relating to the eradication of forced labor, the equality of pay between men and women, the absence of discrimination (in hiring and professional development), the elimination of child labor, and freedom and protection for labor unions.

In addition, Dassault Systèmes companies take actions to ensure that sub-contractors consider their social responsibilities. The standard contracts of the Group's largest companies by number of employees (Dassault Systèmes SA and Dassault Systemes Americas Corp. represent 38% of all Employee Headcount) include in their general conditions a clause regarding respect for employees' rights.

As for Dassault Systèmes SA, the general conditions for service providers request that the service providers follow the principles of enterprise social responsibility with which Dassault Systèmes complies. These general conditions also refer to the website (http://www.3ds.com/company/corporate-social-responsibility/) dedicated to social responsibility and encourage service providers to follow Dassault Systèmes' example and respect the environment.

At December 31, 2012, 428 outside service providers (in full-time equivalents) worked for the Company.

	Europe		Americas		Asia		Total	
At December 31	Employees	%	Employees	%	Employees	%	Employees	%
2012	191	45%	178	41%	59	14%	***428***	***100%***
2011	136	35%	203	51%	56	14%	***395***	***100%***

2.1.4 Organization

Full-time and part-time

98% of the employees work on a full-time basis. 7% of the women employees and 1% of the men employees work on a part-time basis, comparable to 2011.

	Total		Europe		Americas		Asia		Total	
	Employees 2011	%	Employees 2012	%	Employees 2012	%	Employees 2012	%	Employees 2012	%
Full-time/part-time										
Full-time	***7,500***	***98%***	3,924	96%	2,850	99%	1,155	100%	***7,929***	***98%***
Part-time	***160***	***2%***	149	4%	18	1%	5	0%	***172***	***2%***
Total	***7,660***	***100%***	***4,073***	***100%***	***2,868***	***100%***	***1,160***	***100%***	***8,101***	***100%***
Full-time/part-time by gender										
Women										
Full-time	***1,575***	***93%***	810	88%	683	98%	238	99%	***1,731***	***93%***
Part-time	***122***	***7%***	112	12%	16	2%	3	1%	***131***	***7%***
Total Women	***1,697***	***100%***	***922***	***100%***	***699***	***100%***	***241***	***100%***	***1,862***	***100%***
Men										
Full-time	***5,925***	***99%***	3,114	99%	2,167	100%	917	100%	***6,198***	***99%***
Part-time	***38***	***1%***	37	1%	2	0%	2	0%	***41***	***1%***
Total Men	***5,963***	***100%***	***3,151***	***100%***	***2,169***	***100%***	***919***	***100%***	***6,239***	***100%***
Total	***7,660***		***4,073***		***2,868***		***1,160***		***8,101***	

Work time

In each country where Dassault Systèmes has operations, the length of the workweek is determined according to local regulations in effect. It is generally set at 40 hours. This is the case in Japan, China, India, the United States, Canada, the United Kingdom and Germany.

In France, work time is determined according to whether an employee is subject to the system of annual working days ("forfait jours") or the hourly system ("mode horaire"). Employees subject to the system of annual working days work a predefined number of days per calendar year and other employees work a certain number of hours as defined by local labor agreements.

- At Dassault Systèmes SA, employees subject to the system of annual working days work 216 days per year, plus one day per year of "solidarity". For employees not working under the annual working days system, the work week is set at 37.8 hours and takes into account "days of reduced work time" ("*JRTTs*"). For *Non-Cadres*, the full-time workweek is set at 35 hours, taking into account *JRTTs*;
- At Dassault Data Services SAS, employees work a 37-hour week over five days (with 5 weeks of paid vacation plus 12 days of *JRTTs*), and employees working under the annual working days system work 216 theoretical work days per year (taking into account *JRTTs*, including the one day per year of "solidarity");
- At Dassault Systèmes Provence SAS, full-time employees subject to the system of annual working days work 210 days a year plus one day of "solidarity"; full-time employees not subject to the system of annual working days may choose one of the following systems: 39 hours per week for employees under the "1,670 hour" system (this includes 15 days of *JRTTs*), or 37.5 hours per week for employees under the "1,589 hour" system (this includes 13 days of *JRTTs*). For *Non-Cadres*, the workweek is set at 35 hours after taking into account time off for *JRTTs*;
- At SolidWorks Europe SARL, full-time employees subject to the system of annual working days work 217 days per year (taking into account *JRTTs*), full-time employees subject to an hourly basis work 1,600 hours per year, and *Non-Cadres* work 35 hours per week;
- At Exalead SA, full-time employees work on the basis of an average of 151.6 hours per month and have 10 days of *JRTTs*;
- At Netvibes, full-time employees working on an hourly basis work 35 hours per week.

Absenteeism

Absenteeism is tracked locally in accordance with regulations applicable in the countries where Dassault Systèmes has operations. The Company does not have a harmonized system for managing absenteeism throughout its subsidiaries.

The data presented below cover the Group's French companies (Dassault Systèmes SA, Dassault Systèmes Provence SAS, Dassault Data Service SAS, SolidWorks Europe SARL and Exalead SA), which represent approximately one-third of the Company's employees:

- In 2012, the reasons for absence other than paid time off are: illness: 11,514 days; maternity and paternity leave: 4,920 days; work and travel accidents: 172 days. The resulting absenteeism rate is 2.8%, a slight increase from 2011 (2.2%). The number of work and travel accident days decreased from 352 days in 2011 to 172 days in 2012;
- The total number of authorized absences (such as parental leave and leave for family events excluding paid leave) was 3,019 days, or 0.5% of the number of days theoretically worked.

2.1.5 Compensation

Salaries and social charges

Total salaries

Total gross salaries paid by the Company (including for employees of 3DPLM Ltd) amounted to €669.7 million in 2012, compared to €600.6 million in 2011, an increase of 11.5% for the year principally driven by growth in total headcount.

The salary policy at Dassault Systèmes seeks to ensure that each employee receives compensation consistent with market practices in the advanced technology industry in each country where the Company has operations; and differentiated according to the individual performance of each employee as evaluated by his direct manager during an annual interview reviewing performance and goals.

Increases take place for the entire Company in April each year. All the employees who were with the Company on October 1 of the preceding year are eligible for an annual salary increase.

In 2012, the average increases granted by Dassault Systèmes varied according to expected inflation in each country where the Company has activities.

Social charges

Social charges for the Company amounted to €197.2 million in 2012 compared to €167.3 million in 2011. This increase was principally driven by growth in total headcount and by an increase in the rate of social charges in France.

Profit-sharing (pursuant to Titles I and II of Book III of the Labor Code)

Employee profit-sharing ("*l'intéressement*") and regulatory profit-sharing ("*la participation*") are two methods of employee savings established by law in France. Employee profit-sharing is optional, while regulatory profit-sharing is required for all companies with more than 50 employees.

In 2008, Dassault Systèmes SA signed with labor unions an employee profit-sharing agreement and a regulatory profit-sharing agreement that is more favorable than what is imposed by the law. These two agreements covered 2008, 2009 and 2010.

In 2011, Dassault Systèmes SA renegotiated its agreements with labor unions for employee profit-sharing and regulatory profit-sharing for a period of three years, covering 2011, 2012 and 2013.

Employee profit-sharing for the year 2011, which was paid in 2012 at Dassault Systèmes SA, amounted to €13.8 million (€10.5 million in 2011). The total amount of the contribution by Dassault Systèmes SA for regulatory profit-sharing for the year 2011, which was paid in 2012, was €13.3 million (€10.9 million in 2011).

The results of operations recorded by Dassault Systèmes SA for the year 2012, and which will be submitted for approval at the General Meeting of Shareholders on May 30, 2013, should permit the distribution of employee profit-sharing of €16,786,107 and of regulatory profit-sharing of €13,291,056.

The table below sets forth the amounts of employee profit-sharing and regulatory profit-sharing at Dassault Systèmes SA over the past three years.

	2012		2011		2010	
(in thousands of euros)	**Amount**	**% of total remuneration**	**Amount**	**% of total remuneration**	**Amount**	**% of total remuneration**
Employee profit-sharing (*Intéressement*)	16,786	12%	13,783	11%	10,503	9%
Regulatory profit-sharing (*Participation*)	13,291	9%	13,348	11%	10,929	10%
Total	***30,077***	***21%***	***27,131***	***22%***	***21,432***	***19%***

The amounts attributed individually to employee beneficiaries are, depending on the choice made by the employee, either directly received, contributed to one of the Company's savings or group retirement plans, or deposited (only possible for regulatory profit-sharing) in a blocked bank account bearing interest at 110% of the average interest rate on private bonds (*Taux de rendement Moyen des Obligations Privées*).

At Dassault Data Services SAS, employee profit-sharing paid in 2012 with respect to the year 2011 represented 2.1% of total gross remuneration; regulatory profit-sharing amounting to 5.9% of total gross remuneration relating to 2011 was paid in 2012.

At Dassault Systèmes Provence SAS, employee profit-sharing for the year 2011 paid in 2012 amounted to 6.7% of total gross remuneration; regulatory profit-sharing for the year 2011 paid in 2012 amounted to 19.9% of total gross remuneration.

At SolidWorks Europe SARL, employee profit-sharing for the year 2011 paid in 2012 represented 7.2% of total gross remuneration. There is no regulatory profit-sharing at SolidWorks Europe SARL.

At Exalead SA, a specific profit-sharing agreement was signed in 2011.

2.1.6 Labor Relations

Social dialogue and collective agreements

The quality of the social dialogue is based on the numerous exchanges between the Company's management and the employees and employee representatives.

Europe

In France:

In 2012, one meeting was held with the Group Council (*le Comité de Groupe*).

Numerous meetings were organized by French companies of the Group. Collective agreements, concerning one or several subjects in connection with working and employment conditions, were negotiated and signed:

	Dassault Systèmes SA	**Dassault Data Services SAS**	**Dassault Systèmes Provence SAS**	**Exalead SA**[1]	**SolidWorks Europe SARL**	**Netvibes**[2]
Number of collective agreements in effect at December 31, 2012	39	28	9	2	3	0
Number of collective agreements signed during 2012	5[3]	4[4]	3[5]	0	2[6]	0

(1) At Exalead SA, employees are represented by a DUP (Délégation Unique du Personnel) consisting of five principal and five alternate elected representatives (elected in March 2012) in the Cadres group, and a Health, Safety and Working Conditions Committee consisting of three representatives of the Cadres group.

(2) At Netvibes, employees are represented by two delegates.

(3) These agreements concern in particular services related to the relocation of DELMIA's R&D activities from Grenoble to Aix-en-Provence, the statutory annual salary negotiation, professional equality between men and women (see paragraph 2.1.8 "Business Ethics and Professional Equality"), services related to moving from the site at Nancy (France), and employment of handicapped persons at Dassault Systèmes SA.

(4) These agreements concern, among other matters, the statutory annual salary negotiation, professional equality between men and women (see paragraph 2.1.8 "Business Ethics and Professional Equality"), profit-sharing and services related to moving from the site at Nancy (France).

(5) These agreements concern periods for holidays, the preelectoral agreement, and Amendment No. 1 to the profit-sharing agreement.

(6) Two amendments to the agreement regarding employee profit-sharing were signed with SolidWorks Europe SARL.

In 2012, the following meetings were held:

- At Dassault Systèmes SA, 22 meetings with the Workers' Council, 12 with labor delegates and 28 with all the representative labor unions;
- At Dassault Data Services SAS, 16 meetings with the Workers' Council, 12 with labor delegates, and 26 with labor union delegates;
- At Dassault Systèmes Provence SAS, 12 meetings with the Workers' Council, 12 with labor delegates, and 27 with all the representative labor unions;
- At SolidWorks Europe SARL, one monthly meeting was held with the employee representative;
- At Exalead SA, 12 meetings with the Workers' Council and 12 with labor union delegates.

In Germany, collective agreements are negotiated and signed with the Group Council and the Workers' Council of each Company site (Stuttgart, Hanover and Aix-la-Chapelle). At December 31, 2012, there were seven agreements in effect at Stuttgart, 26 at Hanover, and seven with the Group Council. There is no specific agreement at Aix-la-Chapelle, which follows the agreements signed with the Group Council.

In 2012, Dassault Systèmes Deutschland GmbH signed five agreements at the level of the Group Council of which three concern employee salaries, one is related to human resources management, and one to the "Great Place To Work" annual survey; two agreements were signed in Stuttgart regarding salaries; and one agreement was signed in Hanover for human resources management.

In the United Kingdom, there are no employee representatives or unions at Dassault Systèmes.

Americas

In the United States and Canada, there are no employee representatives or unions at Dassault Systèmes.

Asia

In South Korea, an employee representative is elected every year and participates in the organization of social activities.

In Japan, China and India, there are no employee representatives or unions at Dassault Systèmes.

Health and safety

The Company ensures that each of its employees has medical coverage in compliance with the practices in the countries where it has activities. In addition, in certain countries, employee representatives are responsible for communicating with the management of the relevant business units on employee health and safety.

France

Four Dassault Systèmes companies in France have *Health, Safety and Working Conditions Committees ("CHSCT*"). In 2012:

- The *CHSCT* of Dassault Systèmes SA met 10 times. An agreement to prevent psychosocial risks was signed on June 11, 2010, for three years. A working group on the prevention of such risks was created and met 10 times since its creation and once in 2012. Several actions have already been taken under this agreement: adding a section on psychosocial risks to the medical questionnaire, initiating certain projects for *Communauté DStress*, and hiring an independent advisor to study the improvement of organization at work as regards psychosocial risks, the results of which were provided on June 25, 2012, to the Workers' council, the *CHSCT* and the equal-opportunity working group;
- The *CHSCT* of Dassault Data Services SAS met five times;
- The *CHSCT* of Dassault Systèmes Provence SAS met four times;
- The *CHSCT* of Exalead SA was appointed in November 2012 and held its first meeting on December 11, 2012.

All employees in France have regular medical check-ups and benefit from supplementary health coverage. On the 3DS Paris Campus, a medical team composed of a physician and three nurses looks after the health and well-being of all on-site employees.

In France, work or travel accidents resulting in absence from work for more than one day amounted to eight during 2012.

Europe

In Germany, employees follow local policies in effect regarding health matters.

Work accidents resulting in absence from work for more than one day in 2012 amounted to two in Germany.

United States

The Company has put in place a health coverage program for all its employees working at least 20 hours per week. Depending on their family situation, the employees have the choice between two distinct programs. These programs include an individual health check-up every year.

Work accidents resulting in absence from work for more than one day numbered five during 2012.

Canada

Permanent employees are covered by a collective insurance policy including several benefits such as health insurance. The insurance program is required unless the employee is already insured elsewhere.

Asia

In Japan, an annual health check-up is organized by Dassault Systèmes for each employee; in 2012, 72% of the employees participated. In addition, all the employees are covered by health insurance.

In South Korea, an annual health check-up is organized each year for all the employees, who are also covered by a specific health insurance policy.

In India and China, employees are covered by medical insurance and are offered an annual medical check-up.

2.1.7 Development, Training and Career Management

A specific process dedicated to evaluating performance and development enables each employee to meet formally with his manager three times each year to evaluate the performance expectations of the past year, set the objectives for the year to come, and exchange, at mid-year, views on performance recognition. At the request of the employee or manager, an additional meeting can also be organized to discuss career development and set out an appropriate development path. In 2012, the goals of 96% of the Company's employees were discussed and formally documented in this manner (as in 2011).

In 2012, Dassault Systèmes continued its investments in 3DSWYM applications to accelerate information sharing and expertise through communities and in particular by enabling employees to connect and exchange with all the Group's experts on specific issues. Responses provided to customers, tricks for programming, and trends affecting markets can thus be rapidly communicated and handled by using knowledge shared across communities.

In parallel with this social learning experiment, which is made available to employees, formal training programs are also set up within the Group. These two structured and non-structured approaches for learning thus allow the Group's employees to develop their skills at the same speed as technological developments on the market.

Specific training programs targeting sales and services teams are also delivered to enable them to provide their clients the best possible experience. These programs are related to acquiring basic knowledge about the solutions and project management and also include workshops focused on understanding the business sectors of the customers served by the Company.

A training program is also set up for all the R&D functions (development, industrialization, customer support and industries). An initial training program, thus covering R&D processes and tools, is provided to new R&D employees to ensure that they fully understand the fundamentals of Dassault Systèmes' development techniques before starting a project.

The initiative launched by the Group in 2011 concerning the deployment of a new managerial training program was continued in 2012. Two main themes are presented: management fundamentals for new managers and performance management. On a global basis, 703 employees participated in management training, representing 11,472 hours of training time (5,786 hours in Europe, 4,300 hours in the Americas, and 1,386 hours in Asia).

In 2012, in France at Dassault Systèmes SA, Dassault Data Services SAS, and Dassault Systèmes Provence SAS, 1,694 employees (out of 2,792 employees) received at least one training course during the year, or 48,662 training hours, compared to 47,463 hours in 2011. The increase reflected principally an increase in the number of training hours provided at Dassault Systèmes SA: 37,383 hours in 2012 compared to 35,846 hours in 2011.

Distribution of training hours by type:	2012	2011
Management	4,315	3,057
Job skills	23,906	26,015
Health, safety and environment	248	30
Language	2,604	3,003
Computer skills (Dassault Systèmes internal tools)	1,450	1,669
Personal development	4,396	3,148
Dassault Systèmes solutions portfolio	8,440	6,704
DIF (French-specific)	3,303	3,837
Total	***48,662***	***47,463***
Distribution of training hours by category:		
Managers	11,332	9,360
Non-Managers	37,330	38,103
Distribution of training hours by men/women:		
Men	36,673	34,811
Women	11,989	12,652

2.1.8 Business Ethics and Professional Equality

Business ethics

Since its creation, Dassault Systèmes has developed its culture and built its reputation on different fundamental principles, particularly the creation of long-term relationships with its employees, customers, partners and shareholders, as well as high-quality products with high value-added. Confidence and integrity, supported by rigorous ethics and regulatory compliance, are at the heart of Dassault Systèmes' commitments for sustainable innovation and growth.

The Company's commitment to professional ethics and business citizenship is formalized through procedures regarding corporate governance, in particular the "Code of Business Conduct" distributed to all the Company's employees (see paragraph 5.1 "Report of the Chairman on Corporate Governance and Internal Control") and "Principles of Enterprise Social Responsibility" on the Company's internet site. This commitment is also evidenced by the Company's ethical and compliance awareness training for the Company's new hires (more than 40 sessions in 2012 throughout the world) and by targeted training given to employees who are the most exposed to ethical risks in connection with their daily activities.

Business Code of Conduct and professional equality

The Business Code of Conduct, backed up by specific policies, is intended to serve as the reference for each Company employee to guide his conduct and his interactions in connection with his activities. It recalls the Dassault Systèmes culture based on mutual respect, fairness and the diversity of its employees.

In this context, it is established as a principle that hiring, training, promotion, assignments and other decisions regarding work are based on the competence, talent and results demonstrated by employees and their professional motivations, with no discrimination, harassment or intimidation. The Company is particularly attentive to the health and safety of its employees, in their work conditions and environment, and respect for their privacy, particularly as regards the protection of personal data.

Principles of Enterprise Social Responsibility

The principles of Enterprise Social Responsibility, which the Company promotes to ensure that its ecosystem shares values based on the same universally recognized principles and rights, are founded on the recognition and respect of fundamental texts concerning social rights and the protection of the environment.

Dassault Systèmes requests that its suppliers and partners commit to the respect of the principles of eradicating labor by children required to attend school (and in any event under 15 years of age), eliminating forced labor, ensuring working conditions sufficient to provide for employee health and safety, respecting applicable minimum legal or regulatory levels of pay, and freedom to unionize and to collectively negotiate labor contracts. The Company also asks them to commit to ban all forms of discrimination, to fight against corruption and to respect applicable law on the protection of the environment.

Professional equality between men and women

The French, American, Canadian, Japanese, English and German companies of Dassault Systèmes, which employ 84% of the Company's employees included in the Employee Headcount, are subject to specific laws against professional discrimination between men and women.

Dassault Systèmes encourages hiring both men and women, developing access for women to different functions, and ensuring fair treatment for women's career advancement, particularly for women who take maternity leave.

Dassault Systèmes Executive Committee consists of two women and seven men, and the Board of Directors consists of two women and eight men.

Dassault Systèmes takes care to respect applicable regulations regarding professional equality and non-discrimination in the different jurisdictions where it has employees. France and the United States are set forth below as examples.

France

The agreement regarding equal professional treatment and balanced employment between men and women at Dassault Systèmes SA was renewed and signed on April 10, 2012. The agreement concerns the following subjects: hiring and development of professional balance between men and women, salary policy and equality between men and women, professional advancement and development, balancing professional and family life, and awareness and communications programs to develop attitudes and practices.

In addition, in order to analyze the positioning of men and women at Dassault Systèmes SA and to define actions to be undertaken to eliminate inequalities, an annual report on the situation comparing general employment conditions and training for men and women is prepared by the Company each year and has been available on the intranet site since 2010.

Dassault Systèmes Provence SAS has put in place an agreement on the promotion of diversity and has negotiated an agreement on professional equality between men and women (which was signed on January 15, 2013).

On February 28, 2012, Dassault Data Services SAS signed an agreement on the professional equality of men and women concerning principally four areas: hiring, professional advancement, salary and more specifically reducing the differences between men and women, and harmonizing professional life and family responsibility.

An action plan to promote professional equality between men and women was presented to the Workers' Council of Exalead SA and was approved in August 2012. The plan concentrates on three principal axes: hiring, training and professional development, and harmonizing professional life with family responsibility. The results will be presented to the Workers' Council in 2013.

There is no specific agreement related to this topic for SolidWorks Europe SARL.

United States

In the United States, Dassault Systèmes ensures compliance with regulations regarding equality on the job (hiring, training, promotions, compensation, firing and any other decision related to work), in particular Title VII of the Civil Rights Act. It sends reports of compliance with these regulations (EEO1, Vet 100 and Affirmative Action reports) to the U.S. authorities each year.

Employment of handicapped employees

The French, American, Canadian, Japanese, English and German companies of Dassault Systèmes, which employ 84% of the Company's employees, are subject to specific laws regarding the employment of handicapped workers.

In 2012, Dassault Systèmes has carried out different actions in favor of handicapped persons.

France

Dassault Systèmes SA entered into an agreement for employing handicapped employees in 2003, creating conditions favorable for their integration; this agreement was renewed in 2007 for three years, and an agreement was reached in December 2009, for the period 2010-2012. The agreement provides for quantitative commitments in terms of recruitment, training and budget.

These agreements reflect Dassault Systèmes SA's desire to make the hiring, training and continued employment of handicapped persons an important axis of its policy. The number of handicapped employees has thus been multiplied by a factor of 5 since 2003. As of December 31, 2012, 34 handicapped persons, of whom 8 had a major handicap, were employed by Dassault Systèmes SA; 19 of them were engineers or *Cadres*. During 2012, 6 handicapped students were accepted for training or apprenticeship and 37 trainees seeking jobs were trained. Also, numerous actions for internal communication and awareness with respect to handicapped persons were performed (such as videos, articles, interviews, cartoons giving an inside look on what it means to be a handicapped employee, etc.).

A new agreement concerning the hiring of handicapped persons for the years 2013 to 2015 was reached with the labor unions on December 21, 2012.

Access to 3DS Paris Campus for handicapped persons was specifically considered during construction (such as floor quality, doors, furniture, *Eo-Guidage* signaling, magnetic loops, accessible meeting rooms, parking lot entrances, etc.).

Since 2011, Dassault Data Services SAS has committed itself each year to adopt measures supporting the integration and employment of handicapped persons. In 2012, efforts were focused on enhancing sensitivities toward handicapped persons (a new external website to support hiring, participation in employment fairs, manager training, internal awareness training).

There is no specific agreement related to this topic at Dassault Systèmes Provence SAS, SolidWorks Europe SARL, or Exalead SA.

United States

In the United States, the regulations regarding equality on the job (see the paragraph above "Professional equality between men and women") apply in cases of discrimination against handicapped employees. It is, however, not permitted to ask about handicapped employees, so no data can be provided.

Senior employees

The agreement concerning the employment of senior employees at Dassault Systèmes SA, signed in January 2010, reflects the new regulatory environment and the employment policy of Dassault Systèmes. It establishes an approach toward considering senior employees within the business. The parties to the agreement agreed to be particularly attentive to job stability for senior employees, and to career management and professional development. The commission responsible for overseeing the agreement met on March 14, 2012, to examine actions for job stability for senior employees.

An agreement on employing senior employees was put also in place at Dassault Data Services SAS and Dassault Systèmes Provence SAS, and a company plan exists at SolidWorks Europe SARL and Exalead SA.

2.1.9 Social Projects and Relations with the Social, Regional and Associative Environment

Social projects

In France, Dassault Systèmes SA subsidizes its Workers' Council in the amount of 5.2% of total gross salaries paid during the year, with 5.0% for social and cultural activities and 0.2% for the operating budget. In 2012, the Workers' Council thus received €7.9 million, compared to slightly more than €7.1 million in 2011 and €6.2 million in 2010.

This yearly allocation by Dassault Systèmes allows employees, as well as their spouses and children, to be offered a large range of social and cultural activities with many sections dedicated to specific domains from sport to art, as well as financial support, such as for vacations, children's education, and membership in clubs.

Dassault Data Services SAS and Dassault Systèmes Provence SAS subsidize their Workers' Councils at a level of 1.5% of their total gross salaries paid during the year, with 1.3% for social and cultural activities and 0.2% for the operating budget.

Relations with the social, regional and associative environment

Contribution of the Company in terms of employment

Dassault Systèmes has operations in 37 countries and seeks to recruit most of its employees locally. At December 31, 2012, more than two-thirds of the Company's 8,101 employees were located outside France and the Company had employees from 105 different countries.

Company relations with secondary and post secondary education

In each country where Dassault Systèmes has operations, the Company has established a privileged relationship with the world of secondary and university education for several years. To facilitate innovation in teaching by the use of its technologies, Dassault Systèmes works together with schools, high schools, technical institutions, universities and major teaching centers around the world. Dassault Systèmes' academic partnership program includes a variety of actions specific to each of its brands, which are put in place via a website dedicated to making available participative educational resources, granting of certificates and diverse partnerships. Each year, more than two million students become familiar with the Company's PLM and SOLIDWORKS mechanical design technologies.

In 2012, the Company chose to pursue initiatives seeking to:

- encourage professional interest in science and technology and contribute to eliminating the lack of interest among young people for these fields in developed countries with (i) sponsorship initiatives and participation in the work of associations (for example, the American Society for Engineering Education – ASEE – and the European Society for Engineering Education – SEFI), (ii) support for high school students participating in multidisciplinary competitions such as the "Race in Class", which were targeted to junior and senior high school students and led them, in the context of their courses and clubs, to use CATIA or SOLIDWORKS software to design, build, test and race miniature Formula 1 racecars. Begun in 2006 as a project for educational success, this initiative has maintained its peak level of participation, with 11,500 students in France;
- improve the employability of degrees issued by different educational branches by giving them access to the Company's PLM solutions. This expertise should make it possible to respond rapidly to the needs of the 12 industrial sectors targeted by Dassault Systèmes' products and solutions. The need for engineers to combine technical knowledge acquired during a teaching course and knowledge of Dassault Systèmes' PLM tools and methods used by our industrial customers is increasing significantly in emerging economies. Together with the French Ministry of Higher Education and Research, the Company has extended its "PLM Competency Center" network to the Cape Peninsula University in South Africa. As part of the European Commission's "EUGENE" research project, Dassault Systèmes has provided an in-depth study on how to align engineering education with the needs of employers;
- prepare students for their future employers by providing certifications which enable them to access fundamental engineering design competencies, in 10 languages. SOLIDWORKS offers specialized programs for all-terrain vehicle, small racecar, airplane, and hybrid racing teams, for learning an integrated design and analysis process. The Group is a founding partner of the Association of Unmanned Vehicle Systems International, providing software to unmanned intelligent ground, air, and submarine vehicles and robotics systems. SOLIDWORKS enables students in sustainable development to make the right choices in material selection and manufacturing processes for our planet's future;
- introduce new teaching methods using virtual models well adapted to the modes of interaction and learning of today's students. The Company was thus retained in France as supplier of collaborative design technologies for projects financed by the Ministry of National Education (the "Virtualiteach" project for equipping high schools with 3DVIA-immersive teaching environments) or by the National Research Agency (the PLACIS project for teaching collaborative engineering with CATIA, ENOVIA, DELMIA and 3DSWYM).

In 2012, the innovative teaching project was strengthened by making new methods available for teachers to include 3D content in their course material and for publishers of schoolbooks to provide 3D subject extensions on line.

The SOLIDWORKS STEM Teacher blog and Dassault Systèmes' academic community "3DS Academy" on the Internet allow sharing of Dassault Systèmes' teaching materials for all of its brands with teachers of all levels.

Working together with the education department of ILUMENS and the Fondation Paris Descartes, Dassault Systèmes has supported a major health and public interest program by designing two 3D experiences. In one year, the 3D StayingAlive experience made it possible to train more than 15,000 people in life-saving measures. The other 3D experience, BornToBeAlive (www.borntobealive.fr), offers clear explanations, in real time, of the different stages of giving birth. The future parents can thus learn in a 3D environment about the universe of the maternity ward and visit the birthing room in order to understand better how the equipment operates. The user can also learn ways to help reduce stress on the day birthing begins. There is also a community to learn more and speak with specialists, mid-wives and doctors.

Company commitment to sustainable development

Dassault Systèmes is involved with associations to support the virtual economy and encourage sustainable innovation. To promote the development of the virtual economy in France and in Europe, Dassault Systèmes is a founding member of AFDEL (*Association Française des Editeurs de Logiciels*, or the French Association of Software Editors). The goal of this association is to promote the software industry as an industry that contributes to sustainable growth. Dassault Systèmes also supports the "Villette Foundation", a part of *Universcience* in France, whose goal is to promote and encourage scientific and technical culture to young people and to the public at large. Throughout the world, Dassault Systèmes brands are involved in local community efforts. Most of the Company's subsidiaries organize efforts to contribute to sustainable development within their community, such as days for voluntary work with local associations organized by the employees of SIMULIA, collecting food by the employees of DELMIA, subsidizing an orphanage by the employees of Dassault Systèmes in China, participating in the PanMassachussets Challenge, a race intended to collect funds for the benefit of a health care and research institute (the Dana Farber Cancer Institute).

Finally, the Company spearheaded an initiative to provide support for education and economic development in Rwanda. The project's initial objective was to provide students with CAD program skills, with SOLIDWORKS contributing the licenses and teaching programs. The program evolved into helping participants structure and manage businesses providing modeling services, and subsequently into creating demand for such services.

Other societal matters

In light of the Company's business and geographic locations, there is no detailed reporting of its impact on regional development and nearby or local populations, or steps taken for the health and safety of customers or human rights, since these matters are not reported on.

2.1.10 Correspondence Table

Article R. 225-105-1 of the French Commercial Code	Paragraph	Page
Total employees and distribution by gender, age and geographic location	2.1.3	34, 35, 36
New hires and departures	2.1.3	36
Compensation	2.1.5	40
Organization of working time	2.1.4	39
Absenteeism	2.1.4	39
Organization of employee relations and employee communications, consultation and negotiation procedures	2.1.6	41
Summary of collective agreements	2.1.6	41
Health and safety conditions	2.1.6	42
Summary of agreements reached with labor unions or employee representatives regarding health and safety	2.1.6	41
Work accidents frequency and seriousness, and professional illnesses	2.1.6	42
Training policies	2.1.7	43
Total training time	2.1.7	43
Measures for the equal treatment of men and women	2.1.8	45
Measures for the employment of handicapped persons	2.1.8	45
Anti-discrimination policy	2.1.8	44
Respect for the freedom of association and the right to collective negotiation	2.1.8	44
Eliminating discrimination at work	2.1.8	44
Eliminating forced labor	2.1.8	45
Eliminating child labor	2.1.8	45
Regional, economic and social impact of the business	2.1.9	47
Relations with persons and organizations interested by the company's business, partners and benefactors	2.1.9	46
Subcontractors and suppliers: social responsibility	2.1.3	38
Good citizen practices and other measures to support human rights	2.1.9	48

Dassault Systèmes makes available at the request of any shareholder a summary of Dassault Systèmes SA's social activities as provided for by Articles L. 2323-68 *et seq.* of the Labor Code.

2.2 Environmental Responsibility

2.2.1 Industrial and Environmental Risk

The Group is not aware of any industrial or environmental risks which may have a significant impact on its financial condition or operating results, and it believes that its business has a very limited environmental impact:

- a significant portion of its assets are intangible, which reduces industrial and environmental risk;
- none of the Company's sites produces dangerous waste or waste with an environmental impact on the ground, air or water, and none of them possesses criteria set forth under the European SEVESO directive regarding sites at risk due to dangerous substances, or is classified under ICPE (*Installations Classées – et présentant des risques – pour la Protection de l'Environnement*);
- the Company does not believe that it is exposed to climate change issues in the short- or medium-term;
- Dassault Systèmes' business does not have known negative impact on biodiversity, nor does it create noise or odors which may create a nuisance locally. In addition, the Company is not involved with soil usage matters.

The only aspect which the Group believes there is a minor environmental issue, which would not have a significant impact on its financial condition or results of operations, is the fuel storage at the 3DS Paris Campus and the 3DS Boston Campus, which would be used to produce electricity in case of an electrical shortage.

Based on the Company's limited industrial and environmental risks, costs resulting from evaluating, preventing and treating industrial and environmental risks are not significant and are included under different line items under investments and expenses in the consolidated financial statements.

In 2012, no provisions or guaranties for environmental risks were recorded in the Company's consolidated financial statements. In addition, no expense was taken in the financial statements related to a court judgment regarding environmental issues or actions taken to remediate any environmental damage.

To remain alert to any regulatory risks related to environmental matters, Dassault Systèmes watches out for environmental regulations which may have an effect on its business.

2.2.2 Environmental Report

2.2.2.1 Dassault Systèmes and Environmental Issues

Despite the negligible environmental impact of its business, Dassault Systèmes is aware of its responsibility for protecting the environment. It has made sustainable development central to its objectives, with a strategy based on sustainable innovation, and implemented a strategy for optimizing and transforming its activities to reduce its environmental impact.

3DEXPERIENCE for Sustainability: Dassault Systèmes' applications for sustainable development

Dassault Systèmes offers its customers a **3D**EXPERIENCE for Sustainability, enriching several of its industry experiences with added value that helps customers achieve their sustainability goals.

The **3D**EXPERIENCE Platform lets innovators truly understand the impact of their ideas and processes on people and environment.

Eco-design for 3D modeling

Reducing environmental impacts begins with designing out the impacts from product conception. Our applications in the SOLIDWORKS, CATIA, and GEOVIA applications allow designers to make conscious design decisions. For example, SOLIDWORKS Sustainability is an integrated Life Cycle Assessment (LCA) dashboard with which designers and engineers can estimate the environmental implications of each design decision across the product's lifecycle, by measuring standard environmental indicators such as carbon footprint and energy. A commercial furniture manufacturer uses SOLIDWORKS Sustainability to predict the environmental impacts of custom furniture so that their customers can select the most environmentally-friendly options.

Green manufacturing for content and simulation

Our customers bring their ideas to life by using Dassault Systèmes software to virtually prototype and digitally manufacture their design concepts. DELMIA applications allow customers to virtually prototype their manufacturing and assembly lines to eliminate wasteful physical testing. SIMULIA applications allow customers to maintain product function while optimizing material. For example, a packaging designer used Dassault Systèmes applications to cut the use of plastic resins by 27% while maintaining product integrity. 3DVIA applications enable customers to communicate seamlessly across the organization, reducing time, material and energy spent on technical documentation.

Environmental data management for information intelligence

One of the most significant challenges that companies face in tracking progress for environmental sustainability is the availability of relevant data. EXALEAD applications enable the management of structured and unstructured environmental data, giving customers the decision support needed to execute their corporate sustainability and impact reduction strategies. Central to the success of these sustainability strategies is social listening. NETVIBES applications enable customers to gauge public sentiment about green marketing campaigns and to track competing programs for sustainable innovation.

Community for social collaboration

Finally, the engagement of multiple internal and external stakeholders is critical for the success of sustainability strategies. 3DSWYM applications allow customers to collaborate cross-functionally to tackle interdisciplinary sustainability challenges. With ENOVIA applications, customers can leverage the supply chain for traceability and measurement of impacts in the extended enterprise.

For example, ENOVIA Material Compliance Central enables customers to achieve compliance with environmental regulations, such as RoHS and WEEE in the High-Tech industry.

For example, in the High-Tech industry, companies are facing series of challenges both technological and ecological, such as managing fast evolving demands, mass volume production, and increasing product complexity. Dassault Systèmes' customers in the High-Tech industry have needs that can be addressed within the **3D**EXPERIENCE Platform for Sustainability:

- Social listening for dashboarding sustainability trends, such as evolving environmental regulations and consumer preferences in the High-Tech sector;
- Eco-design for predicting product environmental impacts, such as carbon footprint, energy consumption, and health impacts of high-concern materials;
- Eco-engineering for virtual prototyping and supply chain management, including performance testing for consumer electronics usage, and management of conflict minerals (tin, tantalum, tungsten, and gold) for electronic devices;
- Green manufacturing for responsible operations and extended producer responsibility, including adherence to the Waste Electrical and Electronic Equipment (WEEE) product take-back statute; and
- Materials intelligence for regulatory and standards compliance, such as adherence to the Restriction of Hazardous Substances (RoHS) directive and participation in the Electronic Product Environmental Assessment Tool (EPEAT).

Consideration of environmental matters in the Company's operational locations

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

3DS Paris Campus

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

Optimization of energy consumption at the 3DS Paris Campus is based on different technologies, including:

- *Computer servers:* heat generated by the servers is used to heat a significant portion of air circulated;
- *Lighting:* Dassault Systèmes saves energy by using motion detectors and detectors of natural light together with high-yielding lighting elements. For example, the lights used are 30% more efficient than fluorescent lights and five times more efficient than incandescent lights, with a 12 to 15-times greater life expectancy; and
- *Maintenance:* a centralized computer system oversees energy consumption, making it possible to locate leaks and defects and accelerate repair work to avoid energy loss.

Dassault Systèmes generally includes requirements regarding sustainable development in the terms and conditions for bids from suppliers of the 3DS Paris Campus. In particular, the terms and conditions for maintaining the green spaces and cleaning require the service provider to use non-toxic products.

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

3DS Boston Campus

The 3DS Boston Campus received the American certification LEED Gold, awarded for buildings designed to optimize environmental performance and built according to strict environmental standards. The building's construction used 61,000 metric tons of crushed materials (cement, masonry, steel, glass) and 2,000 metric tons of recycled steel for its embankment, and reused more than 75% existing materials.

To optimize its energy consumption, the 3DS Boston Campus is equipped with condensation heaters, high-yield air conditioning, and daylight sensors.

Environmental Management

The Company's Social and Environmental Responsibility Department ("*Responsabilité Sociale de l'Entreprise*", or "*RSE*") is responsible for environmental reporting, determining how to reduce the Company's environmental impact, and creating awareness among the employees regarding the importance of sustainable development.

In 2012, Dassault Systèmes created a new group to strengthen the environmental reporting process and steps taken to reduce the Company's environmental impact. In each geographic area, a "Sustainability Leader" was appointed. The Sustainability Leader is responsible for ensuring the collection of environmental data, the audit of environmental matters in his zone, the follow up on environmental indicators, and the creation of a local environmental management system. Each Sustainability Leader has created a "Green Team" made up of voluntary employees at each site. The Green Team supports actions for reducing the site's environmental impact, both at the level of Dassault Systèmes support services and through building awareness of employees and "eco-actions" training.

Environmental impact of the Company's transportation policy

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

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

The greenhouse gas effect of travel is presented in paragraph 2.2.2.4 "Greenhouse Gas Emissions".

Environmental considerations of the Company's computer equipment management policy

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

Recycling of computer equipment is generally handled by businesses or groups complying with applicable local environmental requirements regarding the treatment of electronic waste. Management of the retirement of computer equipment is set forth in paragraph 2.2.2.3 "Company Environmental Indicators – Waste treatment".

Creating Company employee awareness

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

For example, the North America Green Team created an electronic waste collection and recycling program and strengthened on-going waste recycling at their site. The Green Team's contribution to employee awareness of the importance of recycling caused certain services to reduce their paper consumption, by adopting a system of electronic document archiving which saves more than 65,000 sheets of paper each year.

The week of communication dedicated to sustainable development, which was initiated in 2010, was organized again in 2012 on the 3DS Paris Campus, with a presentation of the carbon footprint analysis for the Campus by the *RSE* Department. In addition, the Department organized a seminar on sustainable development to train the recently appointed Sustainability Leaders (see the paragraph above "Environmental Management") regarding environmental issues specific to the Company.

In 2011, Dassault Systèmes created an internal on-line community "DS Global Green Team" to enable employees to exchange information on environmental topics at Dassault Systèmes. In 2012, this initiative was continued and involved 180 employees.

2.2.2.2 Methodology for Environmental Reporting

Methodology and scope of environmental reporting

Dassault Systèmes adopted its "Environmental Reporting Protocol" in 2010. This protocol defines:

- the Company's environmental indicators and the methodology for collecting and calculating environmental information;
- the scope for collecting environmental data.

As required by Article 225 of the so-called "*Grenelle II*" law, the targeted scope of environmental reporting includes Dassault Systèmes SA and all of the more than 50% controlled companies, while excluding in 2012:

- companies acquired during the year (Gemcom, Netvibes, and SquareClock), which will be included starting in 2013 (after one full year of operation);
- companies which were sold during the year (Transcat PLM GmbH); and
- Delmia Solutions Private Ltd, which was merged in 2012 with 3DPLM Ltd (which is held at less than 50%). This change in scope affects environmental data for the Asia zone. Data for 2011 excluding Delmia Private Ltd are given to ensure the comparability of the data over the different periods.

As part of the process of improving the quality and relevance of information communicated for environmental reporting, the Company decided in 2012, after analyzing consumption at all its sites, not to collect environmental data from sites with less than 40 employees. Such sites have a minimal environmental impact when compared to the Group. On this new basis, environmental reporting covered 81% of the Company's employees in 2012 compared to 98% in 2011.

The variations between 2011 and 2012 should be looked upon with caution as major changes in the scope have taken place.

Environmental indicators thus determined for 2012 are presented in paragraph 2.2.2.3 "Company Environmental Indicators".

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

Collecting and consolidating environmental data

Environmental data were collected by the Sustainability Leaders and consolidated by the *RSE* Department on the basis of the Environmental Reporting Protocol and the responses to questionnaires sent to the Green teams. For certain questions, such as business travel and data concerning electronic waste, external service providers were also consulted.

Limitations on environmental reporting

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

In connection with waste treatment, collection is handled for most subsidiaries by the local government, which does not furnish any information on collected waste. It is thus not possible to provide any information on the amount of waste generated. Dassault Systèmes has nevertheless inquired of all the subsidiaries included in the 2012 reporting scope as to whether recycling was put in place. The Company produces on this basis information on the percentage of sites adopting waste recycling rather than on the quantity of waste treated (see paragraph 2.2.2.3 "Company Environmental Indicators – Waste treatment").

2.2.2.3 Company Environmental Indicators

The Company's environmental indicators are set forth below. Dassault Systèmes presents more detailed information for the 3DS Paris Campus, the Company's headquarters and principal site. It should be noted that in July 2011 approximately 450 employees who worked on site moved to a nearby facility. The information related to the 3DS Paris Campus no longer included these employees after the date of the move.

Company consumption levels

Energy

Information set forth below concerns electricity consumption and, starting in 2012, consumption of natural gas, at Dassault Systèmes sites and data centers. Natural gas consumption represents 6,7% of the total consumption of energy. The Company does not use renewable energy on its sites but has included in certain of its energy contracts, for example at the 3DS Boston Campus, the purchase of electricity produced by renewable resources.

Electricity consumption (in mWh)	**Year 2012**	**Year 2011 excluding Delmia Solutions Private Ltd**	**Year 2011**
Europe	30,700	27,800	27,800
of which 3DS Paris Campus	*21,400*	*15,800*	*15,800*
Americas	20,900	16,000	16,000
Asia	2,800	2,900	4,200
Total	**54,400**	**46,700**	**48,000**

When considering data regarding energy consumption at the 3DS Paris Campus, the following information should also be taken into account: the energy supplier for the 3DS Paris Campus realized at the end of 2011 that the electricity counters of two of the four buildings at the Campus had not been properly activated. Recorded and billed consumption has as a result been understated in 2011 since Dassault Systèmes moved into these facilities. Data set forth in the table above correspond to the consumption recorded and billed for each year.

The increase in electricity consumption in the Americas region was due principally to the inclusion of natural gas in the information set forth above.

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

Water consumption

Water consumption (in cubic meters)	**Year 2012**	**Year 2011**
Europe	24,100	31,900
of which 3DS Paris Campus	*19,000*	*19,500*
Americas	22,900	20,300
Asia	3,600	3,200
Total	**50,600**	**55,400**

Data related to water consumption presented above are partially based on estimates and as such may differ from actual water consumption (see paragraph 2.2.2.2 “Methodology for Environmental Reporting – Limitations on environmental reporting”).

Paper and packaging

Paper consumption (in metric tons)	Year 2012	Year 2011
Europe	31	58
of which the 3DS Paris Campus	*22*	*24*
Americas	16	23
Asia	10	19
Total	**57**	**100**

At the 3DS Paris Campus total paper consumption amounted to 22 metric tons in 2012, compared to 24 metric tons in 2011 and paper consumption per employee decreased by 2 kilograms, due principally to the computerization of all general procedures.

On the 3DS Paris Campus, the paper used is "FSC certified", an eco-label which ensures sustainable forest management. At a global level, 76% of employees use paper that is 100% recycled or "FSC" or "PEFC" certified, compared to 65% in 2011.

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

For the other geographic regions, data for 2012 and 2011 are not comparable (see paragraph 2.2.2.2 "Methodology for Environmental Reporting – Methodology and scope of environmental reporting").

Waste treatment

Waste generally

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

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

Percentage of employees with access to recycling facilities at their work location	Year 2012	Year 2011
Europe	94%	76%
of which the 3DS Paris Campus	*100%*	*100%*
Americas	98%	93%
Asia	91%	100%
% of employees with access to recycling facilities at their work location in the world	**94%**	**85%**

In 2012, the Company continued its efforts to establish recycling on its European and American sites.

On the 3DS Paris Campus, the service provider that collects waste is ISO 9001 certified for collection and ISO 14001 certified at all its waste treatment sites. The service provider carries out the sorting and collection of paper and cardboard, removes large waste items once each quarter and offers electrical battery collection. Ordinary waste at the 3DS Paris Campus is recycled for energy production by the service provider.

In the rest of the world, 2012 was notable for the establishment of recycling for a larger number of employees, particularly in Europe.

Waste treatment at 3DS Paris Campus	Year 2012	Year 2011
Normal waste (metric tons)	73	72
Recyclable paper/cardboard waste (metric tons)	75	68
% of ordinary waste recycled	**51%**	**49%**

The proportion of recycled waste increased on the 3DS Paris Campus from 49% in 2011 to 51% in 2012.

Specific waste

Quantity of DEEE(*) destroyed (in kg)	**Year 2012**	**Year 2011**
Europe	40	500
of which 3DS Paris Campus	–	–
Americas	–	900
Asia	–	1,700
Total	**40**	**3,100**

(*) DEEE: Electric and Electronic Equipment Waste

Computers of DEEE recycled according to environmental standards (in kg)	**Year 2012**	**Year 2011**
Europe	11,400	6,900
of which 3DS Paris Campus	*10,400*	*6,300*
Americas	7,000	–
Asia	1,200	100
Total	**19,600**	**7,000**

In 2012, the Company continued its policy of recycling computers, with a minimum of computers destroyed.

In 2012, on the 3DS Paris Campus, 10,400 kilograms of computer equipment were recycled by an association supporting and reinserting handicapped persons. The 3DS Paris Campus centralizes most of the computer recycling for all Dassault Systèmes' European sites, which explains its significant amount of DEEE.

The management of electronic waste represented one of the priority improvement goals for the Company's environmental footprint in 2012. Each Sustainability Leader had an objective to establish this type of recycling within his zone. The goal was achieved. In 2012, Dassault Systèmes used specialized service providers to recycle 99.9% of its material, compared to 70% in 2011.

2.2.2.4 Greenhouse Gas Emissions

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

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

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

The information used to evaluate the global carbon footprint of the Company covered a scope representing 81% of its employees. The results are set forth below:

Scope 1	2012 Metric Tons CO_2 emissions	2011 Metric Tons CO_2 emissions
Emissions due to on-site natural gas and fuel consumption	**640**	**1,460**
Total emissions due to the use of company vehicles	**1,640**	**3,140**
Emissions due to the use of company vehicles in Europe	1,510	3,000
Emissions due to the use of company vehicles in the Americas	–	10
Emissions due to the use of company vehicles in Asia	130	130
Emissions due to the use of refrigerants	**410**	**220**
Total scope 1	**2,690**	**4,820**
Scope 2		
Total emissions due to purchases of electricity	**10,290**	**12,240**
Emissions due to purchases of electricity in Europe	2,990	3,180
Emissions due to purchases of electricity in the Americas	5,850	6,310
Emissions due to purchases of electricity in Asia	1,450	2,750(*)
Total scope 2	**10,290**	**12,240**
Scope 3		
Total emissions due to employee business air travel	**17,840**	**18,120**
Emissions due to employee business air travel in Europe	6,050	4,750
Emissions due to employee business air travel in the Americas	8,860	10,540
Emissions due to employee business air travel in Asia	2,930	2,830
Total emissions due to employee business travel by train	**1,490**	**2,260**
Emissions due to employee travel by train in Europe	210	270
Emissions due to employee travel by train in the Americas	10	10
Emissions due to employee travel by train in Asia	1,270	1,980
Total emissions due to employee travel by personal car in connection with work	**2,630**	**3,670**
Emissions due to employee travel using their personal vehicles in Europe	880	1,900
Emissions due to employee travel using their personal vehicles in the Americas	1,310	1,130
Emissions due to employee travel using their personal vehicles in Asia	440	640
Total scope 3	**21,960**	**24,050**
Total greenhouse gas emissions (scopes 1 + 2 + 3)	**34,940**	**41,110**

(*) Excluding Delmia Solutions Private Ltd., the total CO_2 emissions due to electricity purchase in Asia were 1,560 metric tones.

The decrease in greenhouse gas emissions was principally due to the change in the scope of environmental reporting (see paragraph 2.2.2.2 “Methodology for Environmental Reporting – Methodology and scope of environmental reporting”).

2.2.2.5 NRE correspondence table

Article R. 225-105-1 of the French Commercial Code (*Code de commerce*)	Paragraph	Page
Water consumption	2.2.2.3	52
Energy consumption	2.2.2.3	52
Raw materials consumption	2.2.2.3	52
Measures taken to improve energy efficiency	2.2.2.1	49
Use of renewable energy	2.2.2.1	49
Conditions of use of the soil, discharge into the air, water and soil	2.2.1 and 2.2.2.1	49
Noise and odor	2.2.1	49
Waste treatment	2.2.2.3	52
Measures taken to limit impact on environmental equilibrium and natural environments	2.2.1 and 2.2.2.1	49
Measures taken to ensure legal compliance	2.2.1	49
Evaluation processes or business environmental certificates	2.2.2	49
Expenses undertaken to prevent environmental impact of the Company's business activities	2.2.1	49
Existence of Company environmental management services	2.2.2.1	49
Employee training and information	2.2.2.1	49
Provisions and guaranties for environmental issues	2.2.1	49
Indemnifications paid during the year pursuant to judicial decisions on environmental matters	2.2.1	49
Matters assigned to foreign subsidiaries	2.2.2.1	49

2.3 Independent Verifier's Attestation and Assurance Report on Social, Environmental and Societal Information

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

To the Chief Executive Officer,

Pursuant to your request and in our capacity as independent verifier of Dassault Systèmes SA (hereafter the "Company"), we hereby report to you on the consolidated social, environmental and societal information presented in the management report issued for the year ended December 31, 2012 in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

Management's Responsibility

The Board of Directors is responsible for the preparation of the management report including the consolidated social, environmental and societal information (the "Information") in accordance with the requirements of Article R. 225-105-1 of the French Commercial Code (*Code de commerce*), presented as required by Dassault Systèmes' internal reporting standards (the "Guidelines") and available at the Company's headquarters.

Our Independence and Quality Control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession (*Code de déontologie*) and Article L. 822-11 of the French Commercial Code (*Code de commerce*). In addition, we maintain a comprehensive system of quality control including documented policies and procedures to ensure compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent verifier's responsibility

It is our role, on the basis of our work:

- To attest whether the required Information is presented in the management report or, if not presented, whether an appropriate explanation is given in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (*Code de commerce*) and Decree no. 2012-557 dated 24 April 2012 (*Attestation de présence*);
- To provide limited assurance on whether the Information is fairly presented, in all material respects, in accordance with the Guidelines (limited assurance).

Considering that this is the first audit exercise, our report only relates to the information communicated for fiscal year 2012.

1. Certificate of presence (*Attestation de présence*)

Our engagement was performed in accordance with professional standards applicable in France:

- We compared the Information presented in the management report with the list as provided for in Article R. 225-105-1 of the French Commercial Code (*Code de commerce*);
- We verified that the Information covers the consolidated perimeter, namely the Company and its subsidiaries within the meaning of Article L. 233-1 and the controlled entities within the meaning of Article L. 233-3 of the French Commercial Code (*Code de commerce*) within the limits specified in paragraphs 2.1.2 (social information) and 2.2.2.2 (environmental report) of the Reference document;
- In the event of the omission of certain consolidated Information, we verified that an appropriate explanation was given in accordance with Decree no. 2012-557 dated 24 April 2012.

On the basis of our work, we attest that the required Information is presented in the management report.

2. Assurance report

Nature and scope of the work

We conducted our engagement in accordance with ISAE 3000 (International Standard on Assurance Engagements) and French professional guidance. We performed the following procedures to obtain limited assurance that nothing has come to our attention that causes us to believe that the Information is not fairly presented, in all material respects, in accordance with the Guidelines. A superior level of assessment would have requested more extensive verification works.

Our work consisted in the following:

- We assessed the appropriateness of the Guidelines as regards their relevance, completeness, neutrality, clarity and reliability, taking into consideration, where applicable, the good practices in the sector.
- We verified that the Company had set up a process for the collection, compilation, processing and control of the Information to ensure its completeness and consistency. We examined the internal control and risk management procedures relating to the preparation of the Information. We conducted interviews with those responsible for social and environmental reporting.
- We selected the consolidated Information to be tested (workforce, hiring, occupational and travel accidents, total hours of training, amount of computers destroyed and recycled, energy consumption, greenhouse gases emissions) and determined the nature and scope of the tests, taking into consideration their importance with respect to the social and environmental consequences related to the Company's business and characteristics, as well as its societal commitments.
  - Concerning the quantitative consolidated information that we deemed to be the most important:
    - at the level of the consolidating entity and the controlled entities, we implemented analytical procedures and, based on sampling, verified the calculations and the consolidation of this information.
    - at the level of the entity that we selected (3DS Paris Campus, Vélizy, France – Dassault Systèmes SA) based on its contribution to the consolidated indicators and a risk analysis, we conducted interviews and performed tests of detail based on sampling to verify that the procedures were correctly applied.

    The sample thus selected represents 24% of the workforce and between 44% and 53% of the quantitative environmental information tested.
  - Concerning the qualitative consolidated information that we deemed to be the most important, we conducted interviews and reviewed the related documentary sources in order to corroborate this information and assess its fairness.
- As regards the other consolidated information published, we assessed its fairness and consistency in relation to our knowledge of the Company and, where applicable, through interviews or the consultation of documentary sources.

Comments on the Guidelines and the Information

We wish to make the following comments on the Guidelines and the Information:

- Concerning the consolidation perimeter:
  - As specified in paragraph 2.2.2.2 of the Reference document, Dassault Systèmes' reporting guidelines imply that environmental information representing 19% of the Group's workforce is not consolidated;
  - As specified in paragraph 2.1.2 of the Reference document, the consolidation perimeter varies among social issues and represents in some cases less than half of the Group's employees.
- The variations between 2011 and 2012 environmental data should be looked upon with caution as major perimeter evolutions have taken place.

Conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Information is not fairly presented, in all material respects, in accordance with the Guidelines.

Paris, March 28, 2013

The Independent Verifier

Ernst & Young et Associés

French original signed by:

Eric Mugnier

CHAPTER 3 – FINANCIAL REVIEW AND PROSPECTS

3.1 Operating and Financial Review

3.1.1 General

The executive overview in paragraph 3.1.1.1 "Executive Overview for 2012" highlights selected aspects of the Company's IFRS financial results for 2012. The executive overview, the supplemental non-IFRS financial information and the more detailed discussion that follows should be read together with the Company's consolidated financial statements and the related notes included in paragraph 4.1.1 "Consolidated Financial Statements".

In discussing and analyzing the Company's results of operations, the Company considers supplemental non-IFRS financial information which excludes (i) the effect of adjusting the carrying value of acquired companies' deferred revenue, (ii) the amortization of acquired intangibles, (iii) share-based compensation expense, (iv) certain other operating income and expense, net, (v) certain one-time items included in financial income and other, net, and (vi) certain one-time tax effects and the income tax effects of the above adjustments. A reconciliation of this supplemental non-IFRS financial information with information set forth in the Company's consolidated financial statements and the notes thereto is presented below under paragraph 3.1.1.2 "Supplemental Non-IFRS Financial Information".

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

3.1.1.1 Executive Overview for 2012

Dassault Systèmes, the **3D**EXPERIENCE Company, provides business and people with 3D virtual universes to imagine sustainable innovations. Its world-leading solutions transform the way products are designed, produced, and supported. Dassault Systèmes' collaborative solutions foster social innovation, expanding possibilities for the virtual world to improve the real world. The Group brings value to over 170,000 customers of all sizes, in 12 industries, in more than 140 countries.

2012 represented an important juncture, with the unveiling of a new horizon, Dassault Systèmes, the **3D**EXPERIENCE Company, and the launching of the Company's Social Industry Experiences strategy. In conjunction with its new strategy, the Company expanded its mission with the purpose of providing businesses and people with **3D**EXPERIENCE universes to imagine sustainable innovations capable of harmonizing product, nature and life.

It was a year of significant investment and transformation within the Company, with **3D**EXPERIENCE driving the Company's strategy, product roadmaps and organizational structure as it positioned itself to access a market opportunity estimated at $32 billion, representing a potential doubling of the current addressable PLM market. During 2012 the Company released its first 12 industry solution experiences. These offers are designed to enable companies to take full value from its brands in an easy manner, as the Company brings together the appropriate applications and technologies from its broad applications portfolio to address specific industry business objectives.

2012 was a record year for revenue, earnings, operating profitability and cash flow from operations. The financial performance during 2012 demonstrated the Company's ability to execute on its ambitious roadmap for the future while also maintaining a strong operational focus.

The Company completed three acquisitions during 2012 for cash consideration, net of cash acquired, of €281.5 million to advance its **3D**EXPERIENCE strategy, most notably Gemcom to expand the Company's focus to the Natural Resources industry. In addition, the Company acquired Netvibes to add dashboarding information intelligence capabilities for businesses and consumers, and SquareClock, providing cloud-based 3D space planning solutions.

In 2012, the Company spun off Transcat PLM GmbH, its sales and services subsidiary and long time development partner dedicated to customers of all sizes in Germany and Slovakia, via a management buyout.

2012 Year in Review (all revenue growth comparisons are in constant currencies)

- Revenue: IFRS and non-IFRS total revenue increased 9% primarily driven by software revenue growth of 9% (IFRS) and 10% (non-IFRS). Software revenue represented 91% of total revenue. Services and other revenue increased 7%. 2012 results include the acquisition of Gemcom and the divestiture of Transcat PLM GmbH. Excluding the six-month impact of these transactions, IFRS and non-IFRS revenue growth would have been 8%.

- *Industries:* During 2012 the Company saw a good dynamic in its largest industries, Transportation & Mobility and Industrial Equipment, as well as increased traction in target verticals, such as Consumer Product Goods – Retail, Energy, Process & Utilities, and Architecture, Engineering & Construction. With the acquisition of Gemcom in 2012, the Company is now present in the Natural Resources industry.
- *Geographic regions:* Asia was the best performing region, growing by 13%, Europe was higher by 8%, and the Americas by 7%. High-growth countries grew 16% and represented 12% of total revenue. The composition of high-growth countries includes both individual countries as well as regional markets as follows: China, India, South Korea, Latin America, Russia and the Commonwealth of Independent States.
- *New business:* The Company's long-standing software licensing model gives customers the flexibility to choose either new licenses or rentals or a combination thereof. New business activity during 2012 was reflected in both new licenses revenue, which increased 9%, and periodic (rental) licensing revenue, which increased 17% and is included in recurring software revenue.
- *Recurring software revenue:* Recurring software revenue increased 9% (IFRS) and 10% (non-IFRS) from growth in maintenance from new licensing activity, strong renewal rates and growth in periodic (rental) licensing. Recurring software revenue represented 71% of total software revenue in 2012.
- *Operating income:* The Company reported strong growth in operating income principally due to higher revenue as well as an improvement in its operating margin reflecting continued focus on driving operational excellence. IFRS operating income increased 17% to €501.0 million and the operating margin improved 70 basis points to 24.7%. Similarly, on a non-IFRS basis, operating income increased 19% to €644.3 million and the non-IFRS operating margin expanded 120 basis points to 31.6%.
- *Net income:* Net income per diluted share increased 14% to €2.66 (IFRS) and 15% to €3.37 (non-IFRS). Growth in IFRS and non-IFRS earnings per share reflected higher revenue, operating margin expansion and growth in financial income offset in part by a higher effective tax rate.
- *Cash flows:* Net cash provided by operating activities totaled €566.3 million, representing an increase of 25.6% compared to €450.9 million for 2011, on higher net income and a significant improvement in working capital. The Company's principal uses of cash during 2012 included acquisitions of €281.5 million, net of cash acquired, repayment of debt totaling €264.7 million, payment of cash dividends of €87.8 million, share repurchases of €75.1 million, and purchases of property and equipment of €34.9 million.

2013 Business Outlook

The Company enters 2013 with a strengthened organization and increased sales capacity.

At the same time, the Company continues to maintain a cautious view on the global macroeconomic environment with mixed trends among the various regional markets as it observed in its business during the second half of 2012.

For a discussion of the Company's 2013 business outlook, see paragraph 3.2 "Financial Objectives". For further information regarding risks facing the Company, see paragraph 1.6.1 "Risks Related to the Company's Business".

3.1.1.2 Supplemental Non-IFRS Financial Information

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

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

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

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

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

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

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

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

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

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

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

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

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

- *other operating income and expense, net:* under IFRS, the Company has recognized certain other operating income and expense comprised of the impact of restructuring activities, gains or losses on sale of subsidiaries or operations, costs directly related to acquisitions and costs related to site closings and relocations.

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

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

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

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

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

- *certain one-time tax effects:* in 2012, the Company restructured certain activities which, as a result, led to an immediate adjustment of deferred tax assets. The Company's IFRS financial statements reflect the impact of these one-time tax effects.

  In its supplemental non-IFRS financial information for 2012, the Company has excluded these one-time tax effects because of their unusual nature in qualitative terms. The Company does not expect such tax effects to occur as part of its normal business on a regular basis. As a result, the Company believes that by excluding these one-time tax impacts, its supplemental non-IFRS financial information helps investors understand the current trends in its operating performance. The Company also believes that the exclusion of certain one-time tax effects facilitates a comparison of its effective tax rate between different periods.

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

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

(in millions, except percentages and per share data)	Year ended December 31,						% Change	
	2012 IFRS	**Adjustment(1)**	**2012 non-IFRS**	**2011 IFRS**	**Adjustment(1)**	**2011 non-IFRS**	**IFRS**	**non-IFRS(2)**
Total Revenue	**€2,028.3**	**€10.2**	**€2,038.5**	**€1,783.0**	**€0.5**	**€1,783.5**	**14%**	**14%**
Total revenue by activity								
Software revenue	1,843.2	10.2	1,853.4	1,616.9	0.5	1,617.4	14%	15%
Services and other revenue	185.1	–	185.1	166.1	–	166.1	11%	11%
Total revenue by geography								
Americas	564.3	3.0	567.3	488.8	–	488.8	15%	16%
Europe	908.9	2.0	910.9	827.1	0.2	827.3	10%	10%
Asia	555.1	5.2	560.3	467.1	0.3	467.4	19%	20%
Total revenue by segment								
PLM	1,625.1	10.2	1,635.3	1,442.0	0.5	1,442.5	13%	13%
SOLIDWORKS	403.2	–	403.2	341.0	–	341.0	18%	18%
Total Operating Expenses	**1,527.3**	**(133.1)**	**1,394.2**	**1,355.1**	**(114.2)**	**1,240.9**	**13%**	**12%**
Share-based compensation expense	(36.8)	36.8	–	(20.7)	20.7	–	78%	–
Amortization of acquired intangibles	(93.7)	93.7	–	(83.6)	83.6	–	12%	–
Other operating income and expense, net	(2.6)	2.6	–	(9.9)	9.9	–	(74)%	–
Operating Income	**501.0**	**143.3**	**644.3**	**427.9**	**114.7**	**542.6**	**17%**	**19%**
PLM	322.2	143.2	465.4	283.5	112.2	395.7	14%	18%
SOLIDWORKS	178.8	0.1	178.9	144.4	2.5	146.9	24%	22%
Operating Margin	**24.7%**		**31.6%**	**24.0%**		**30.4%**		
PLM	19.8%		28.5%	19.7%		27.4%		
SOLIDWORKS	44.3%		44.4%	42.3%		43.1%		
Financial income (expense) and other, net	18.1	(7.4)	10.7	0.4	(2.4)	(2.0)		
Income before Income Taxes	**519.1**	**135.9**	**655.0**	**429.0**	**112.3**	**541.3**	**21%**	**21%**
Income tax expense	(180.3)	(46.2)	(226.5)	(138.5)	(39.1)	(177.6)	30%	28%
(of which certain one-time tax restructuring effects)	*(5.0)*	*5.0*	–	–	–	–		
Minority interest	(4.0)	–	(4.0)	(1.3)	(0.3)	(1.6)		
Net Income attributable to shareholders	**€334.8**	**€89.7**	**€424.5**	**€289.2**	**€72.9**	**€362.1**	**16%**	**17%**
Diluted Net Income per Share(3)	**€2.66**	**€0.71**	**€3.37**	**€2.33**	**€0.59**	**€2.92**	**14%**	**15%**

(1) In the reconciliation schedule above, (i) all adjustments to IFRS revenue data reflect the exclusion of the deferred revenue adjustment of acquired companies, (ii) adjustments to IFRS operating expense data reflect the exclusion of the amortization of acquired intangibles, share-based compensation expense and related social charges, as detailed below, and other operating income and expense, net (iii) adjustments to IFRS financial income and other, net reflect the exclusion of certain one-time items included in financial income and other, net, and (iv) all adjustments to IFRS income data reflect the combined effect of these adjustments, plus with respect to net income and diluted net income per share, the income tax effect of the non-IFRS adjustments and certain one-time tax effects in 2012.

(in millions)	Year ended December 31,					
	2012 IFRS	**Adjustment**	**2012 non-IFRS**	**2011 IFRS**	**Adjustment**	**2011 non-IFRS**
Cost of revenue	€267.0	€(0.6)	€266.4	€249.4	€(0.6)	€248.8
Research and development	368.1	(14.2)	353.9	329.3	(10.1)	319.2
Marketing and sales	632.6	(11.0)	621.6	535.3	(5.5)	529.8
General and administrative	163.3	(11.0)	152.3	147.6	(4.5)	143.1
Total share-based compensation expense		**€(36.8)**			**€(20.7)**	

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

(3) Based on a weighted average of 125.9 million diluted shares for 2012 and 124.0 million diluted shares for 2011.

3.1.1.3 Critical Accounting Principles

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

3.1.2 Consolidated Information: 2012 Compared to 2011

Revenue

The Company's total revenue is comprised of (i) software revenue, which is its primary souce of revenue, representing 91% of total revenue in 2012, and (ii) services and other revenue, which represented 9% of total revenue in 2012.

(in millions, except percentages)	Year ended December 31, 2012	% change	% change in constant currencies	Year ended December 31, 2011
Total Revenue	€2,028.3	14%	9%	€1,783.0
Total revenue by activity				
Software revenue	1,843.2	14%	9%	1,616.9
Services and other revenue	185.1	11%	7%	166.1
Total revenue by geographic region(1)				
Americas	564.3	15%	7%	488.8
Europe	908.9	10%	8%	827.1
Asia	555.1	19%	13%	467.1
Total revenue by segment				
PLM revenue	1,625.1	13%	8%	1,442.0
SOLIDWORKS revenue	€403.2	18%	12%	€341.0

(1) The Company's largest national markets as measured by total revenue are the United States, Japan, Germany, and France. See Note 3 to the consolidated financial statements.

Total revenue increased 13.8% or €245.3 million primarily driven by software revenue growth of 14.0% or €226.3 million, well supported by services and other revenue growth of 11.4% or €19.0 million. In constant currencies, total revenue increased approximately 9%, software revenue increased about 9% and services and other revenue increased about 7%. 2012 results include the acquisition of Gemcom and the divestiture of Transcat PLM GmbH. Excluding the six-month impact of these transactions, total revenue growth would have been 8% in constant currencies compared to the 9% reported.

Similarly, non-IFRS total revenue increased 14.3% and approximately 9% in constant currencies to €2.04 billion in 2012 compared to €1.78 billion in 2011, primarily reflecting non-IFRS software revenue growth of 14.6% and approximately 10% in constant currencies.

Total reported revenue and software revenue growth rates were higher than constant currency revenue growth by approximately 5 percentage points principally due to the euro weakening approximately 8% against the U.S. dollar and 8% against the Japanese yen. The average 2012 U.S. dollar to euro exchange rate was $1.28 compared to the 2011 average of $1.39 per euro. With respect to the Japanese yen, the average 2012 Japanese yen to euro exchange rate was 102.5 per euro compared to 111.0 per euro in 2011.

As a percentage of total revenue, Europe represented 45% (47% in 2011), the Americas represented 28% (27% in 2011) and Asia represented 27% (26% in 2011). In terms of each region's respective contribution to growth in consolidated revenues (and based on constant currencies), Asia contributed 39%, Europe contributed 40% and the Americas contributed 21%.

- Asia was the best performing region with revenue increasing 13% (14% non-IFRS) in constant currencies, reflecting a further return to investment by Japanese customers and strong growth in China and South Korea;
- Despite the impact of the macro-environment softening which began to affect regional results in Europe in the third quarter of 2012, full year performance was solid with revenue higher by 8% in constant currencies, led by Germany and France;

- In the Americas, there were a number of important wins and contract renewals during the year in the Company's PLM sales channels (3DS Business Transformation and 3DS Value Solutions) and good growth in its 3DS Professional channel, leading to a 7% increase in total revenue in constant currencies.

High-growth countries posted 16% revenue growth in constant currencies on broad strength and represented 12% of total revenue in 2012, increasing from 11% in 2011 (the 2011 amount has been recalculated to reflect a more narrow definition of high growth countries instituted in 2012 by the Company).

Software Revenue

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

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

	Year ended December 31,	
(in millions, except percentages)	**2012**	**2011**
Software revenue		
New licenses revenue	€532.3	€465.0
Periodic licenses, maintenance and product development revenue	1,310.9	1,151.9
Total software revenue	**€1,843.2**	**€1,616.9**
(as % of total revenue)	90.9%	90.7%

Software revenue grew 14.0%, and approximately 9% (10% non-IFRS) in constant currencies. Software revenue increased €226.3 million, with periodic licenses, maintenance and product development revenue increasing €159.0 million and representing 71.1% of total software revenue, and new licenses revenue increasing €67.3 million and representing 28.9% of total software revenue. By region, Asia was the largest contributor to growth in software revenue, well supported by Europe and the Americas.

New licenses revenue increased 14.5%, and approximately 9% in constant currencies. New licenses revenue growth of €67.3 million reflected a sharp increase in Asia followed by Europe and the Americas. SIMULIA, CATIA and SOLIDWORKS reported the strongest new licenses revenue growth rates.

Recurring software revenue increased 13.6% (14.5% non-IFRS) to €1.30 billion for 2012, compared to €1.15 billion in 2011, or approximately 9% (10% non-IFRS) in constant currencies. Recurring software revenue growth of €156.3 million reflected an increase in maintenance from new licensing activity, and growth in periodic (rental) licensing. In total, recurring software revenue growth was similar across the three geographic regions. Renewal rates on maintenance were strong and remained stable in 2012 in comparison to 2011. Periodic (rental) revenue growth was strongest in Europe and the Americas on a regional basis and for SIMULIA, CATIA and ENOVIA on a brand basis.

Product development revenue increased to €6.5 million in 2012 compared to €3.8 million in 2011.

Services and Other Revenue

Services and other revenue is largely comprised of revenue from consulting services in methodology for design, deployment and support, training services and engineering services. In addition, the Company has historically included commission revenue from its business partner operations in services and other revenue. For each of the years 2012 and 2011, substantially all the Company's service revenue was generated by the PLM segment.

	Year ended December 31,	
(in millions, except percentages)	**2012**	**2011**
Services and other revenue	**€185.1**	**€166.1**
(as % of total revenue)	9.1%	9.3%

Services and other revenue increased 11.4% and approximately 7% in constant currencies principally due to growth of service engagements. In June 2012, the Company divested its business partner operations in Germany, Transcat PLM GmbH, whose results were previously included in services and other revenue.

Operating expenses

	Year ended December 31,	
(in millions)	**2012**	**2011**
Operating expenses	**€1,527.3**	**€1,355.1**
Adjustments(1)	(133.1)	(114.2)
Non-IFRS operating expenses(1)	**€1,394.2**	**€1,240.9**

(1) The adjustments and non-IFRS operating expenses in the table above reflect adjustments to the Company's financial information prepared in accordance with IFRS by excluding (i) the amortization of acquired intangibles, (ii) share-based compensation expense and related social charges, and (iii) other operating income and expense, net. For the reconciliation of this non-IFRS financial information with information set forth in the Company's financial statements and the notes thereto, see paragraph 3.1.1.2 "Supplemental Non-IFRS Financial Information".

Operating expenses increased 12.7%, or excluding net negative currency effects approximately 8% (similarly, 8% in non-IFRS). The increase in total operating expenses was principally driven by growth in total headcount coming from new hires and acquisitions, and investments in branding and market awareness. The increase in operating expenses also reflected the rise in the rate of social charges paid by the Company in France principally on the employee profit-sharing plan.

Cost of Revenue

The cost of revenue consists of:

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

	Year ended December 31,	
(in millions)	**2012**	**2011**
Cost of software revenue (excluding amortization of acquired intangibles)	€92.2	€80.8
Cost of services and other revenue	174.8	168.6
Cost of revenue	**€267.0**	**€249.4**

Cost of software revenue (excluding amortization of acquired intangibles) increased 14.1%, and approximately 8% excluding net negative currency effects. The increase in cost of software was principally due to growth in personnel, notably with the acquisitions of Gemcom and Netvibes, salary and benefits increases, and to higher royalty costs primarily reflecting growth in software revenue. The cost of software revenue (excluding amortization of acquired intangibles) represented 4.5% of total revenue in 2012 and 2011.

Cost of services and other revenue increased 3.7%. Excluding a net negative currency impact of about 4 points, services and other revenue costs were flat. The services and other revenue gross margin increased to 5.6% in 2012, compared to a negative margin of (1.5)% in 2011, principally reflecting operational improvements. The cost of services and other revenue amounted to 8.6% and 9.5% of total revenue in 2012 and 2011, respectively.

Research and Development Expenses

The Company believes that its ongoing significant investment in R&D is one of the most important elements of its success. The Company conducts its research in three principal countries: France, the United States and India (through its 3DPLM Ltd subsidiary), as well as in Germany, South Korea, the United Kingdom, Sweden, Australia and Canada.

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

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

Expenses for R&D are recorded net of grants received from various governmental authorities to finance certain R&D activities (mainly R&D tax credits in France).

	Year ended December 31,	
(in millions, except percentages)	**2012**	**2011**
Research and development expenses	**€368.1**	**€329.3**
(as % of total revenue)	18.1%	18.5%

R&D expenses increased 11.8%, or approximately 8% excluding a net negative currency impact. R&D expense increased principally as a result of a 6% average growth in R&D personnel, a decrease in government grants and other governmental programs supporting R&D (€19.9 million in 2012 compared to €26.9 million in 2011) and salary and benefit increases generally. The Company continues to focus on improving the balance of its research efforts in its three major locations in France, the United States and India.

Marketing and Sales Expenses

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

	Year ended December 31,	
(in millions, except percentages)	**2012**	**2011**
Marketing and sales expenses	**€632.6**	**€535.3**
(as % of total revenue)	31.2%	30.0%

Marketing and sales expenses increased 18.2%, or approximately 13% excluding a net negative currency effect. The principal drivers of the growth included a significant increase in marketing costs for a global advertising campaign, a 6% increase in average marketing and sales personnel headcount, principally related to the industry organization implementation, higher salaries, bonus and commissions, and increased expenses for travel, events and other support activities for the sales and distribution channels.

General and Administrative Expenses

	Year ended December 31,	
(in millions, except percentages)	**2012**	**2011**
General and administrative expenses	**€163.3**	**€147.6**
(as % of total revenue)	8.1%	8.3%

General and administrative expenses increased 10.6%, or approximately 7% excluding a net negative currency effect. The increase in general and administrative expenses reflected growth of 8% in personnel principally from acquisitions, annual salary and benefit increases and a net increase in recruiting, training and severance, offset in part by the settlement of third-party claims, particularly in the IP field.

Amortization of Acquired Intangibles

Amortization of acquired intangibles includes mainly amortization of acquired technology, acquired customer relationships, and trademarks.

	Year ended December 31,	
(in millions)	2012	2011
Amortization of acquired intangibles	**€93.7**	**€83.6**

Amortization of acquired intangibles increased €10.1 million, reflecting principally the acquisition of Gemcom in 2012.

Other Operating Income and (Expense), Net

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

	Year ended December 31,	
(in millions)	2012	2011
Other operating income and (expense), net	**€(2.6)**	**€(9.9)**

Other operating income and (expense), net, decreased by €7.3 million in 2012, principally reflecting a gain on the sale of Transcat PLM GmbH of €8.3 million, and lower restructuring costs of €4.5 million, which more than offset an increase in direct acquisition costs of €5.6 million. See Note 8 to the consolidated financial statements.

Operating income

	Year ended December 31,	
(in millions)	2012	2011
Operating income	**€501.0**	**€427.9**

Operating income increased 17.1% or €73.1 million from 2011 principally driven by a 13.8% increase in revenue and to a lesser extent, an improvement in the operating margin. Operating expenses increased 12.7% but declined as a percentage of total revenue to 75.3% compared to 76.0% in 2011. As a result, the operating margin improved to 24.7% for 2012 compared to 24.0% for 2011.

Similarly, on a non-IFRS basis, operating income increased 18.7% to €644.3 million for 2012 from €542.6 million in 2011 and the non-IFRS operating margin increased to 31.6% for 2012, compared to 30.4% for 2011.

Financial income (expense) and other, net

Financial income (expense) and other, net includes (i) interest income and interest expense, net; (ii) foreign exchange gains or losses, net, primarily composed of realized and unrealized exchange gains and losses on receivables and loans denominated in U.S. dollars, Japanese yen, Korean won and Chinese yuan; and (iii) one-time items, net principally composed of net gains or losses on sales of investments.

	Year ended December 31,	
(in millions)	2012	2011
Financial income (expense) and other, net	**€18.1**	**€0.4**

Financial income (expense) and other, net was mainly comprised of net financial interest income of €13.3 million (2011: €5.8 million) with the growth reflecting principally higher interest rates, as well as exchange losses of €(2.9) million (2011: €(7.9) million), and net gains from sales of investments of €7.4 million (2011: €2.5 million). See Note 9 to the consolidated financial statements.

On a non-IFRS basis, financial income (expense) and other, net totaled €10.7 million for 2012 compared to €(2.0) million in 2011 and excluded one-time items in 2012 and 2011.

Income tax expense

(in millions, except percentages)	Year ended December 31, 2012	2011
Income tax expense	**€180.3**	**€138.5**
Effective consolidated tax rate	34.7%	32.3%

Income tax expense increased 30.2%, or €41.8 million, principally reflecting a 21.0% increase in pre-tax income as well as an increase in the consolidated effective tax rate of 2.4 points, mainly due to lower tax credits received by the Company. See Note 10 to the consolidated financial statements for an explanation of the differences between the effective tax rate and the taxes computed at the statutory French tax rate of 36.10%.

On a non-IFRS basis, income tax expense increased 27.5%, or €48.9 million, to €226.5 million, reflecting a 21.0% increase in pre-tax income as well as an increase in the non-IFRS effective consolidated tax rate to 34.6% for 2012 compared to 32.8% for 2011.

Net income and diluted net income per share

(in millions, except per share data)	Year ended December 31, 2012	2011
Net income attributable to shareholders	**€334.8**	**€289.2**
Diluted net income per share	€2.66	€2.33
Diluted weighted average number of shares outstanding	€125.9	€124.0

Net income attributable to shareholders increased 15.8%, reflecting an increase in pre-tax income of 21.0%, partially reduced by an increase in the effective tax rate. Diluted net income per share increased 14.2% principally reflecting an increase in net income attributable to shareholders, offset slightly by an increase in diluted weighted average shares outstanding of 1.5%.

Similarly, non-IFRS net income increased 17.2% to €424.5 million compared to €362.1 million in 2011 and non-IFRS net income per diluted share increased 15.4% to €3.37 per share from €2.92 per share in 2011.

3.1.3 Revenue and Operating Income by Segment

PLM

Revenue

(in millions, except percentages)	Year ended December 31, 2012	% of Total revenue	2011	% of Total revenue
Revenue (excluding inter-segment sales)				
PLM revenue	€1,625.1	80.1%	€1,442.0	80.9%
Supplemental non-IFRS financial information(1)				
PLM non-IFRS revenue	€1,635.3	80.2%	€1,442.5	80.9%

(1) The supplemental non-IFRS financial information reflects adjustments to the Company's audited financial information by excluding the effect of adjusting the carrying value of acquired companies' deferred revenue. For the reconciliation of this non-IFRS financial information with information set forth in the Company's financial statements and the notes thereto, see paragraph 3.1.1.2 "Supplemental Non-IFRS Financial Information" above.

PLM software revenue increased 12.9% (13.6% non-IFRS), and approximately 8% (9% non-IFRS) on a constant currency basis. The PLM software revenue increase of €164.1 million reflected CATIA growth of €64.8 million, ENOVIA growth of €28.6 million and Other PLM (SIMULIA, DELMIA, EXALEAD, 3DVIA, 3DSWYM and the addition of GEOVIA) growth of €70.7 million in 2012.

PLM service revenue increased 11.4% in 2012 to €185.1 million and approximately 7% on a constant currency basis. See paragraph 3.1.2 "Consolidated Information: 2012 Compared to 2011".

On a non-IFRS basis, CATIA software revenue increased 8.4% and approximately 5% in constant currencies, ENOVIA software revenue increased 12.4% and approximately 7% in constant currencies, and Other PLM software revenue increased 28.5% and approximately 22% in constant currencies.

Operating income

(in millions, except percentages)	Year ended December 31, 2012	% of Total operating income	2011	% of Total operating income
Operating income				
PLM operating income	€322.2	64.3%	€283.5	66.3%
Supplemental non-IFRS financial information(1)				
PLM non-IFRS operating income	€465.4	72.2%	€395.7	72.9%

(1) The supplemental non-IFRS financial information reflects adjustments to the Company's audited financial information by excluding (i) the effect of adjusting the carrying value of acquired companies' deferred revenue, (ii) the amortization of acquired intangibles, (iii) share-based compensation expense and related social charges and (iv) other operating income and expense, net. For the reconciliation of this non-IFRS financial information with information set forth in the Company's financial statements and the notes thereto, see paragraph 3.1.1.2 "Supplemental Non-IFRS Financial Information".

Operating income for the PLM segment increased 13.6%, reflecting a 12.7% increase in revenue and an increase in the PLM operating margin. On a non-IFRS basis, PLM operating income increased 17.6%, reflecting an increase of 13.4% in revenue and an improvement in the operating margin. The PLM operating margin was 19.8% in 2012 compared to 19.7% in 2011, and the non-IFRS PLM operating margin increased to 28.5% in 2012 from 27.4% in 2011, reflecting similar factors as for the Company's consolidated operating margin growth.

SOLIDWORKS

Revenue

(in millions, except percentages)	Year ended December 31, 2012	% of Total revenue	2011	% of Total revenue
Revenue (excluding inter-segment sales)				
SOLIDWORKS revenue	€403.2	19.9%	€341.0	19.1%

SOLIDWORKS revenue increased 18.2% in 2012 and approximately 12% in constant currencies. SOLIDWORKS new license revenue rose double digits on an increase in new seats of 11% to 52,987 seats and growth in revenue from multi-product sales including SOLIDWORKS simulation and product data management, and increased sales capacity. SOLIDWORKS recurring software revenue increased double digits, benefiting principally from an increased number of seats under maintenance coming from new licensing activity as well as stable maintenance subscription and renewal rates in 2012 in comparison to 2011.

Operating income

(in millions, except percentages)	Year ended December 31, 2012	% of Total operating income	2011	% of Total operating income
Operating income				
SOLIDWORKS operating income	€178.8	35.7%	€144.4	33.7%
Supplemental non-IFRS financial information(1)				
SOLIDWORKS non-IFRS operating income	€178.9	27.8%	€146.9	27.1%

(1) The supplemental non-IFRS financial information reflects adjustments to the Company's audited financial information by excluding (i) the effect of adjusting the carrying value of acquired companies' deferred revenue, (ii) the amortization of acquired intangibles, (iii) share-based compensation expense and related social charges, and (iv) other operating income and expense, net. For the reconciliation of this non-IFRS financial information with information set forth in the Company's financial statements and the notes thereto, see paragraph 3.1.1.2 "Supplemental Non-IFRS Financial Information".

SOLIDWORKS operating income increased 23.8%, principally reflecting the 18.2% increase in revenue. In addition, the operating margin increased to 44.3% in 2012 from 42.3% for 2011. Similarly, on a non-IFRS basis, SOLIDWORKS operating income increased 21.8% in 2012 compared to 2011, and the operating margin improved to 44.4% in 2012 from 43.1% in 2011.

3.1.4 Trends in Quarterly Results

The Company's quarterly new licenses revenue has varied significantly and is likely to vary significantly in the future, according to business seasonality and clients' decision process. The Company's total revenue is however less sensitive to quarterly variation due to its significant level of recurring software revenue, which includes software rentals. The significant level of recurring software revenue serves as a stabilizing factor when new licensing activity is impacting revenue and net income.

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

In 2012, revenue for the fourth, third, second and first quarters represented, respectively, 27.8% (28.7% in 2011), 24.6% (24.3% in 2011), 24.8% (24.0% in 2011) and 22.8% (23.0% in 2011) of the Company's total revenue for the year.

Nonetheless, it is possible that the Company's quarterly total revenue could vary significantly and that its net income could vary significantly, reflecting the change in revenues, together with the effects of the Company's investment plans. See paragraph 1.6.1.16 "Variability in Quarterly Operating Results".

3.1.5 Capital Resources

Cash and cash equivalents and short-term investments amounted to €1.32 billion as of December 31, 2012 compared to €1.42 billion as of December 31, 2011. The Company's net financial position was €1.28 billion at December 31, 2012, compared to €1.15 billion at December 31, 2011, and was comprised of cash, cash equivalents and short-term investments, less long-term debt. In 2011, the €200 million debt which was repaid in 2012 with cash on hand was also deducted to determine the Company's net financial position. Short-term indebtedness amounted to €25.5 million at year-end 2012, compared to €228.9 million at year-end 2011. Note 21 to the consolidated financial statements provides a description of the Company's borrowings and their contractual maturity.

In 2012 the Company's principal sources of liquidity were cash from operations amounting to €566.3 million, increasing by €115.4 million compared to 2011, proceeds from sales of short-term investments for a net amount of €107.9 million, and proceeds from exercise of stock options amounting to €98.7 million. During 2012 cash obtained from operations was used primarily to fund external growth investments in the amount of €281.5 million net, repay borrowings in the amount of €264.7 million, distribute cash dividends aggregating to €87.8 million, and repurchase Company shares in the amount of €75.1 million (see also the Consolidated Statements of Cash Flows in paragraph 4.1.1 "Consolidated Financial Statements").

In 2011 the Company's principal sources of liquidity were cash from operations amounting to €450.9 million, increasing by €42.5 million compared to 2010, and proceeds from exercise of stock options amounting to €233.4 million. During 2011 cash obtained from operations was used primarily to repurchase Company shares in the amount of €226.7 million (in order to mitigate the dilutive effect from stock options exercised in connection with the 2011 expiration of two major ten-year stock option programs), purchase short-term investments in the amount of €103.9 million, acquire tangible and intangible assets in the amount of €71.4 million, distribute cash dividends aggregating to €65.8 million, fund external growth investments in the amount of €37.4 million net, and repay borrowings in the amount of €26.2 million.

Exchange rate fluctuations had a negative translation effect of €13.5 million on the Company's December 31, 2012, cash balance compared to a positive translation effect of €27.1 million on the Company's December 31, 2011, cash balance.

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

3.2 Financial Objectives

The Company confirms its initial 2013 non-IFRS financial objectives which were announced on February 7, 2013, when the preliminary, unaudited annual results for 2012 were released. These objectives are subject to the assumptions and cautionary statements set forth below and are subject to revision, as market and business conditions evolve during 2013.

- The Company's initial 2013 revenue growth objective assumes a good level of recurring software revenue growth, with maintenance renewal rates similar to current levels and continued growth in rental licensing activity, and a slightly lower level of growth in new licenses revenue and in services and other revenue;
- The Company's initial revenue growth objective for 2013 takes into consideration the mixed economic context which could cause extended sales cycles, postponements, reductions or cancellations in investment spending, including in the automotive sector and supply chain. See paragraph 1.6.1.1 "Uncertain Global Economic Environment".

The Company's initial 2013 non-IFRS financial objectives are as follows:

- Non-IFRS revenue growth objective range of about 5% to 7% in constant currencies (€2.06 billion to €2.09 billion based upon the 2013 currency exchange rate assumptions below);
- Non-IFRS operating margin of about 32%, slightly increasing as compared to 31.6% for 2012;
- Non-IFRS earnings per share range of about €3.45 to €3.60, representing growth between 2% and 7%;
- These financial objectives are based upon exchange rate assumptions of US$1.40 per €1.00 and JPY120.00 per €1.00.

The Company's objectives are prepared and communicated only on a non-IFRS basis. The non-IFRS objectives set forth above do not take into account the following accounting elements and are based upon the 2013 currency exchange rate assumptions above: 2013 deferred revenue write-downs currently estimated at approximately €4 million, share-based compensation expense currently estimated at approximately €35 million for 2013, and amortization expense for acquired intangibles currently estimated at approximately €94 million for 2013. These objectives do not include any impact from other operating income and expense, net. These estimates do not include any new share grants, stock-options or performance shares, nor any new acquisitions or restructurings completed after February 7, 2013.

The information above includes statements that express objectives for the Company's future financial performance. Such forward-looking statements are based on Dassault Systèmes management's views and assumptions as of the date of this Annual Report and involve known and unknown risks and uncertainties. The Company's actual results or performance may be materially negatively affected and differ materially from those in such statements due to a range of factors as described in this Annual Report. For more information regarding the risks facing the Company, see paragraph 1.6.1 "Risks Related to the Company's Business".

3.3 Interim and Other Financial Information

Dassault Systèmes has not published any quarterly or half-year financial information since the date of its last audited financial statements.

CHAPTER 4 – FINANCIAL STATEMENTS

The consolidated and parent company financial statements below will be submitted for approval at the General Meeting of Shareholders of Dassault Systèmes scheduled for May 30, 2013.

4.1 Consolidated Financial Statements

In compliance with Article 28 of the European Regulation no. 809/2004 of the European Commission, the consolidated financial statements for 2010 and 2011 are incorporated by reference in this Annual Report as stated on page 2 hereof.

4.1.1 Consolidated Financial Statements

Consolidated Statements of Income

		Year ended December 31,	
(in thousands, except per share data)	**Notes**	**2012**	**2011**
New licenses revenue		€532,338	€465,009
Periodic licenses, maintenance and product development revenue		1,310,859	1,151,933
Software revenue	4	**1,843,197**	**1,616,942**
Services and other revenue		185,145	166,101
Total revenue		**2,028,342**	**1,783,043**
Cost of software revenue		(92,213)	(80,842)
Cost of services and other revenue		(174,821)	(168,644)
Research and development		(368,138)	(329,295)
Marketing and sales		(632,566)	(535,233)
General and administrative		(163,341)	(147,626)
Amortization of acquired intangibles		(93,718)	(83,630)
Other operating income and expense, net	8	(2,584)	(9,855)
Operating income		**500,961**	**427,918**
Interest income and expense, net	9	13,311	5,774
Other financial income and expense, net	9	4,782	(5,399)
Income from equity investees		–	723
Income before income taxes		**519,054**	**429,016**
Income tax expense	10	(180,225)	(138,515)
Net income		**€338,829**	**€290,501**
Attributable to:			
Equity holders of the Company		€334,821	€289,184
Non-controlling interest		€4,008	€1,317
Earnings per share			
Basic net income per share	11	€2.72	€2.38
Diluted net income per share	11	€2.66	€2.33

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

Consolidated Statements of Comprehensive Income

(in thousands)	Notes	Year ended December 31, 2012	2011
Net income		**€338,829**	**€290,501**
(Losses)/Gains on available for sale securities	23	(165)	35
Derivative gains/(losses) on cash flow hedges	23	30,675	(7,734)
Foreign currency translation adjustment		(28,108)	39,349
Tax on items taken directly to or transferred from equity		(11,421)	2,855
Other comprehensive income, net of tax		**(9,019)**	**34,505**
Total comprehensive income, net of tax		**€329,810**	**€325,006**
Attributable to:			
Equity holders of the Company		€328,691	€324,824
Non-controlling interest		€1,119	€182

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

Consolidated Balance Sheets

(in thousands)	Notes	Year ended December 31, 2012	2011
Assets			
Cash and cash equivalents	12	€1,159,300	€1,154,275
Short-term investments	12	159,765	268,693
Trade accounts receivable, net	13	457,819	494,341
Income tax receivable		56,322	65,020
Other current assets	13	98,180	74,384
Total current assets		**1,931,386**	**2,056,713**
Property and equipment, net	14	107,843	106,601
Investments and other non-current assets	15	39,839	28,619
Deferred tax assets	10	65,308	82,995
Intangible assets, net	17	671,101	593,866
Goodwill	18	788,435	647,990
Total non-current assets		**1,672,526**	**1,460,071**
Total assets		**€3,603,912**	**€3,516,784**
Liabilities and equity			
Trade accounts payable		€90,791	€99,844
Accrued compensation and other personnel costs		211,890	183,849
Unearned revenue		484,673	492,036
Income tax payable		34,708	19,568
Borrowings, current	21	25,526	228,942
Other current liabilities	19	80,907	113,926
Total current liabilities		**928,495**	**1,138,165**
Deferred tax liabilities	10	76,944	59,350
Borrowings, non-current	21	38,289	72,355
Other non-current liabilities	19	179,236	163,255
Total non-current liabilities		**294,469**	**294,960**
Common stock		125,097	123,093
Share premium		314,402	263,875
Treasury stock		(57,399)	(36,524)
Retained earnings and other reserves		2,036,065	1,763,065
Other items		(53,446)	(47,316)
Parent shareholders' equity		**2,364,719**	**2,066,193**
Non-controlling interest		16,229	17,466
Total equity	23	**2,380,948**	**2,083,659**
Total liabilities and equity		**€3,603,912**	**€3,516,784**

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

Consolidated Statements of Cash Flows

(in thousands)	Notes	Year ended December 31, 2012	2011
Net income		**€338,829**	**€290,501**
Adjustments for non-cash items	24	166,224	161,855
Changes in operating assets and liabilities	24	61,245	(1,493)
Net cash provided by operating activities		**566,298**	**450,863**
Additions to property, equipment and intangibles	14, 17	(40,626)	(71,358)
Purchases of short-term investments		(160,198)	(420,372)
Proceeds from sales and maturities of short-term investments		268,064	316,509
Payment for acquisition of businesses, net of cash acquired	16	(281,468)	(37,364)
Other		(4,550)	(2,294)
Net cash used in investing activities		**(218,778)**	**(214,879)**
Proceeds from exercise of stock options		98,699	233,369
Cash dividends paid	23	(87,827)	(65,777)
Repurchase of common stock	23	(75,136)	(226,697)
Repayment of borrowings	16, 21	(264,683)	(26,162)
Net cash used in financing activities		**(328,947)**	**(85,267)**
Effect of exchange rate changes on cash		(13,548)	27,076
Increase in cash and cash equivalents		**5,025**	**177,793**
Cash and cash equivalents at beginning of period		**1,154,275**	**976,482**
Cash and cash equivalents at end of period		**€1,159,300**	**€1,154,275**
Supplemental disclosure			
Income taxes paid		€105,397	€108,634
Cash paid for interest		€6,432	€7,247

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

Consolidated Statements of Shareholders' Equity

(in thousands)	Common stock	Share premium	Treasury stock	Retained earnings and other reserves	Other items	Parent shareholders' equity	Non-controlling interest	Total Equity
January 1, 2011	**€121,333**	**€229,865**	**€(7,172)**	**€1,529,721**	**€(82,956)**	**€1,790,791**	**€1,016**	**€1,791,807**
Comprehensive income, net of tax	–	–	–	289,184	35,640	324,824	182	325,006
Cash dividends paid	–	–	–	(65,627)	–	(65,627)	(150)	(65,777)
Exercise of stock options	5,190	220,753	–	–	–	225,943	–	225,943
Treasury stock transactions	(3,430)	(186,743)	(29,352)	(7,172)	–	(226,697)	–	(226,697)
Share-based payments	–	–	–	17,290	–	17,290	–	17,290
Other changes	–	–	–	(331)	–	(331)	16,418	16,087
December 31, 2011	**€123,093**	**€263,875**	**€(36,524)**	**€1,763,065**	**€(47,316)**	**€2,066,193**	**€17,466**	**€2,083,659**
Comprehensive income, net of tax	–	–	–	334,821	(6,130)	328,691	1,119	329,810
Cash dividends paid	–	–	–	(86,293)	–	(86,293)	(1,534)	(87,827)
Exercise of stock options	2,625	95,757	–	–	–	98,382	–	98,382
Treasury stock transactions	(644)	(45,230)	(20,875)	(8,387)	–	(75,136)	–	(75,136)
Share-based payments	–	–	–	25,049	–	25,049	–	25,049
Other changes	23	–	–	7,810	–	7,833	(822)	7,011
December 31, 2012	**€125,097**	**€314,402**	**€(57,399)**	**€2,036,065**	**€(53,446)**	**€2,364,719**	**€16,229**	**€2,380,948**

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

Notes to the Consolidated Financial Statements for Years Ended December 31, 2012 and 2011

Note 1. Description of Business

The "Company" or the "Group" refers to Dassault Systèmes SA and its subsidiaries. The Company provides software solutions and consulting services. It aims at enabling **3D**EXPERIENCE of products for its customers.

The Company's global customer base includes companies primarily in 12 industries: Aerospace & Defense; Transportation & Mobility; Marine & Offshore; Industrial Equipment; High-Tech; Architecture, Engineering & Construction; Consumer Goods & Retail; Consumer Packaged Goods & Retail; Life Sciences; Energy, Process & Utilities; Financial & Business Services and Natural Resources, following the acquisition of Gemcom in 2012 (see Note 16. Business Combinations). To serve these industries, the Company has developed a broad software applications portfolio, comprised of social and collaborative applications, 3D modeling applications, content and simulation applications, and information intelligence applications, all powered by its **3D**EXPERIENCE Platform.

Dassault Systèmes SA is a *société anonyme*, a form of limited liability company, incorporated under the laws of France. The Company's registered office is located at 10, rue Marcel Dassault, in Vélizy-Villacoublay, France. The Dassault Systèmes SA shares are listed in France on NYSE Euronext Paris. These consolidated financial statements were established under the responsibility of the Board of Directors on March 27, 2013.

Note 2. Summary of Significant Accounting Policies

Basis of preparation and consolidation

The accompanying consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union. The consolidated financial statements are presented in thousands of euros except where otherwise indicated.

The consolidated financial statements include the accounts of Dassault Systèmes SA and its subsidiaries. Companies over which the Company has control over operating and financial policies are fully consolidated. Companies over which the Company exercises significant influence over operating and financial policies are accounted for under the equity method. Intercompany transactions and balances are eliminated.

Impact of recently issued accounting standards

The standards, interpretations and amendments which became mandatory from January 1, 2012 and were published in the Official Journal of the European Union at December 31, 2012 had no material impact on the Company's consolidated financial statements.

The Company undertakes no early application of any standard or interpretation or associated amendments, including the following which were already published in the Official Journal of the European Union at December 31, 2012:

- Amendment to IAS 1, "Presentation of financial statements", on presentation of items of other comprehensive income, mandatory for financial years beginning on or after July 1, 2012. This amendment affects presentation only and is not expected to have a material impact on the Company's consolidated financial statements;
- IAS 19 (Revised), "Employee benefits", mandatory for financial years beginning on or after January 1, 2013. In particular, the amendments to IAS 19 require immediate recognition of actuarial gains and losses in other comprehensive income (the corridor approach is removed), immediate recognition of past service costs in the consolidated statement of income, and eliminate the concept of expected returns on plan assets. Had the Company applied the revised standard for financial year beginning on January 1, 2012, the estimated impact on its consolidated financial statements as of December 31, 2012 would have been a decrease in shareholders' equity, net of tax, of approximately €27 million, and no material impact on the Company's consolidated statement of income.

- IFRS 10 "Consolidated financial statements", IFRS 11 "Joint arrangements", and IFRS 12 "Disclosures of interests in other entities", mandatory for financial years beginning on or after January 1, 2014. The adoption of these standards is not expected to have a material impact on the Company's consolidated financial statements.

In addition, the Company's consolidated financial statements do not take into account new standards, interpretations and amendments not yet approved by the European Union at December 31, 2012.

Summary of significant accounting policies

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent assets and liabilities at the date of the financial statements. Examples include: estimating loss contingencies; assessing product lifecycles; identifying the different elements comprising a software arrangement, including the distinction between upgrades/enhancements and new products; determining when technological feasibility is achieved for its products; estimating the fair value of goodwill; determining when a decline in value of the Company's investments is other-than-temporary; determining the nature, fair value and useful life of acquired intangible assets in a business combination; determining assumptions for share-based payments; and assessing the realizability of deferred tax assets. Actual results and outcomes could differ from management's estimates and assumptions.

Foreign currency adjustments

The functional currency of the Company's foreign subsidiaries is generally the applicable local currency. Assets and liabilities with functional currencies other than the euro are translated into euro equivalents at the rate of exchange in effect on the balance sheet date. Revenues, expenses and cash flows are translated at the average exchange rates for the year unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case revenues, expenses and cash flows are translated at the rate on the dates of the transactions. Translation gains or losses are recorded in Other items in shareholders' equity.

Exchange differences on the settlement or retranslation of monetary items in a currency other than the Company's and its subsidiaries' functional currency are recorded in the statement of income.

Revenue recognition

The Company derives revenue from two primary sources: (1) new software licenses, periodic licenses, maintenance and product development, which includes software license updates, technical support and the development of additional functionalities of standard products requested by clients; (2) consulting and training services and other revenue.

Revenues are disclosed net of taxes collected from customers and remitted to governmental authorities.

Software License, Maintenance and Product Development Revenue – Software license revenue represents fees earned from granting customers licenses to use the Company's software. The Company's software license revenue consists of perpetual and periodic license sales of software products. Software license revenue is recognized (to the extent the Company has no remaining obligations to perform) when: evidence of an arrangement exists, delivery and acceptance has occurred, the amount of revenue and associated costs can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Company. In instances when any of the four criteria are not met, the Company defers recognition of software license revenue until all criteria are met. Revenue related to the licensing of software through value-added resellers (VARs) is generally recognized when evidence of a sale to an end-user customer is provided to the Company, assuming all other revenue recognition criteria have been met.

Periodic licenses generally have a one-year term and the corresponding fee is recognized ratably over the term of the license.

Maintenance revenue represents periodic fees associated with the sale of unspecified product updates on a when-and-if-available basis and technical support. Maintenance agreements are entered into in connection with the initial software license purchase. Maintenance support may be renewed by the customer at the conclusion of each term. Revenue from maintenance is recognized on a straight-line basis over the term of the maintenance agreement.

Product development revenue relates to the development of additional functionalities of standard products requested by clients and is recognized as the development work is performed.

Recurring fees for periodic license and maintenance and product development revenue are reported within software revenue.

Revenue under multiple-element arrangements, which typically include new software licenses and maintenance agreements sold together, is allocated to each element in the arrangement primarily using the residual method based upon the fair value of the undelivered elements. Discounts, if any, are applied to the delivered elements, usually software licenses, under the residual method. For maintenance, fair value is generally determined based upon the expected renewal rate.

Services and Other Revenue – Services and other revenue consists primarily of fees from consulting services and training. Services generally do not require significant modification or customization of software products and are accounted for separately to the extent they are not essential to the functionality of software products. Service revenues derived from time and material contracts are recognized as time is incurred.

Service revenues derived from fixed price contracts are generally recognized using a percentage of completion basis. For customer support contracts, when no performance pattern is discernible, revenue is recognized ratably over the term of the contract, generally one year, on a straight-line basis.

Share-based payment

The Company recognizes compensation expense for share-based payment awards expected to vest on a straight-line basis over the requisite service period of the entire award. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from initial estimates.

The Company estimates the fair value of share-based payment awards on the date of the grant using an option-pricing model based on assumptions made by management on expected volatility, expected option life and distributed dividends.

Cost of software revenue

Cost of software revenue primarily includes software license expense for software products included in the Company's software, maintenance costs, CD duplication costs and delivery expense.

Research and development

Costs incurred to develop computer software products include mainly payroll and other headcount-related costs associated with development of the Company's products. They also include amortization expense, lease and maintenance costs of computer equipment used for product development, software expenditures and costs of information technology and communication.

Research costs are expensed as incurred. Development expenditure on an individual project is recognized as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset;
- its intention to complete the intangible asset;
- its ability to use or sell the asset;
- how the asset will generate probable future economic benefits, notably demonstrating the existence of a market for the asset;
- the availability of technical, financial and other resources to complete and sell the asset; and
- the ability to measure reliably the expenditure during development.

Due to specificities in the software industry, the Company has determined that technological feasibility is the key criteria to capitalize development expenditure as it is generally the last criteria to be met. Currently the risks and uncertainties inherent in the software development process make it difficult to demonstrate technological feasibility before a working prototype has been completed, which generally occurs shortly before the commercial release of its software products. As a consequence, costs incurred after technological feasibility is established that could potentially be capitalized are not material.

Government grants

The Company receives grants from various governmental authorities to finance certain research and development activities, including research and development tax credits in France that are treated as government grants because they are realizable in cash in the event the Company has insufficient income tax payable. Government grants are recognized as a reduction of research and development costs or cost of services and other revenue when the qualifying research and development activities have been performed and there is reasonable assurance that the grants will be received.

Other operating income and expense, net

The Company distinguishes income and expense that is unusual, infrequent or generally non-recurring in nature in the consolidated statement of income. Such income and expense includes the impact of restructuring activity and other generally non-recurring events, such as gain or loss on sale of subsidiaries or operation, costs directly related to acquisitions, certain real estate transactions, and costs related to site closings or moving from one site to another.

Other financial income and expense, net

Other financial income and expense primarily includes the impact of remeasuring financial instruments at fair value, gains and losses on disposals and the impairment of investments in non-consolidated companies, exchange gains and losses on monetary items and change in fair value of derivative financial instruments not qualified for hedge accounting.

Income taxes

Deferred income tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Allowance for doubtful accounts and loans receivable

The allowance for doubtful accounts and loans receivable reflects the Company's best estimate of probable losses inherent in the receivable balance. The Company determines the allowance based on known troubled accounts, historical experience and other currently available evidence.

Financial instruments

Fair Value – The carrying amounts of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued expenses approximate fair value, due to the short-term maturities of such instruments. Foreign exchange options, futures, and forward contracts, which are designated and serve as hedges, are recorded at their fair market value. Based on the three hierarchy levels defined by IFRS 7 (Revised) (level 1: quoted price in active markets; level 2: inputs observable directly or indirectly, other than quoted price included in level 1; level 3: inputs not based on observable market data), cash, cash equivalents and short-term investments are measured using the level 1 fair value. Derivative instruments are measured using the level 2 fair value. Other investments that are not equity method investments are measured using the level 3 fair value.

Cash and Cash Equivalents and Short-Term Investments – The Company considers deposits with banks, investments in money market mutual funds and marketable debt securities with short-term maturities to be cash equivalents since they are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Other marketable debt securities and mutual funds that do not qualify as cash equivalents are considered to be short-term investments and are generally classified as trading securities with changes in fair value recorded in other financial income and expense, net.

Investments – Investments include, principally, available-for-sale equity securities at fair value, loans and deposits at amortized cost and equity method investments. For available-for-sale equity securities, any unrealized holding gains and losses excluded from operating results and are recognized in the consolidated statements of comprehensive income until realized. The Company assesses declines in the value of individual investments to determine whether such decline is other-than-temporary and thus the investment is impaired. This assessment is made by considering available evidence including changes in general market conditions, specific industry and individual company data, the length of time and the extent to which the market value has been less than cost, the financial condition and near-term prospects of the individual company, and the Company's intent and ability to hold the investment.

Derivative Instruments – The Company uses derivative instruments to manage exposures to foreign currency and interest rates. Derivative instruments are measured at their fair value and changes in the fair value affect the consolidated statements of income unless specific hedge accounting criteria are met. Changes in the fair value of derivatives designated as cash-flow hedges are reported as a component of shareholders' equity until the hedged item is recognized in earnings.

Property and equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives: computer equipment, two to five years; office furniture and equipment, five to 10 years; buildings, 30 years; leasehold improvements are depreciated over the shorter of the life of the assets or the remaining lease term. Repair and maintenance costs are expensed as incurred.

Intangible assets

Intangible assets primarily include acquired technology, contractual customer relationships, computer software and trademarks. Costs related to intangible assets are capitalized and amortized using the straight-line method over their estimated useful lives, which range from two to 14 years. No intangible assets have been identified with an indefinite useful life.

Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed on the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition, irrespective of the extent of any non-controlling interest.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Company's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash generating units or group of cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is tested whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, and at a minimum annually. For the purpose of the impairment test, the Company relies upon projections of future cash flows and takes into account assumptions regarding the evolution of the market and its ability to successfully develop and commercialize its products. Changes in market conditions could have a major impact on the valuation of assets and liabilities and could result in additional impairment losses.

Provisions

Provisions are recognized as liabilities to cover probable outflows of resources that can be estimated and that result from present obligations (legal, contractual or constructive) relating to past events. In cases where a potential obligation resulting from past events exists, but where occurrence of the outflow of resources is not probable or where the amount cannot be reliably estimated, a contingent liability is disclosed among the Company's commitments.

The amount of the provision provided is the best estimate of the outflow of resources required to extinguish this present obligation.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Gains and losses on the purchase, sale, issue or cancellation of the Company's own equity instruments are credited or charged to shareholders' equity and are not recognized in the statement of income.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Any difference between the recorded amount and the redemption value is amortized into income over the period of the borrowing using the effective interest rate method.

Post-employment benefits

The Company's payments for defined contribution plans are recorded as expenses for the relevant period.

For defined benefit plans concerning post-employment benefits, the Company uses the Projected Unit Credit Method to determine the present value of its obligations. Under this method, benefits are attributed to periods of service according to the plan's benefit formula. However, if an employee's service in later years will earn a materially higher level of benefit than in earlier years, benefits are attributed to periods of service on a straight-line basis.

Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting period exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date (this is referred to as the corridor approach). These gains and losses are recognized over the expected average remaining working lives of the employees participating in the plans.

The future payments for employee benefits are measured on the basis of future salary increases, retirement age, mortality and length of employment with the company, and are discounted at a rate determined by reference to yields on long-term high quality corporate bonds of a duration corresponding to the estimated duration of the benefit plan concerned.

The net expense for the year, corresponding to the sum of the current period service costs, the discount cost less the expected return on fund assets and a portion of deferred past service costs, is charged in full to operating income.

Note 3. Segment and Geographic Information

Operating segments are components of the Company for which discrete financial information is available and whose operating results are regularly reviewed by management to assess performance and allocate resources. The Company operates in two reportable business segments: the Product Lifecycle Management ("PLM") segment and the SOLIDWORKS segment. The PLM market serves customers seeking to optimize their industrial processes from the design stage through to manufacturing and maintenance. The SOLIDWORKS market serves companies seeking to support product design. The accounting policies of the reportable segments are the same as those described in Note 2. Summary of Significant Accounting Policies.

Data by reportable segment is as follows:

	Year ended December 31, 2012			
(in thousands)	**PLM**	**SOLIDWORKS**	**Elim.**	**Total**
Software revenue	€1,440,304	€403,060	€(167)	€1,843,197
Services and other revenue	185,145	–	–	185,145
Total revenue	**1,625,449**	**403,060**	**(167)**	**2,028,342**
Operating income	**€322,212**	**€178,749**	**€ –**	**€500,961**

	Year ended December 31, 2011			
(in thousands)	**PLM**	**SOLIDWORKS**	**Elim.**	**Total**
Software revenue	€1,276,167	€340,963	€(188)	€1,616,942
Services and other revenue	166,101	–	–	166,101
Total revenue	**1,442,268**	**340,963**	**(188)**	**1,783,043**
Operating income	**€283,540**	**€144,378**	**€ –**	**€427,918**

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

	Year ended December 31, 2012			
(in thousands)	**PLM**	**SOLIDWORKS**	**Elim.**	**Total**
Depreciation of property and equipment and amortization of intangible assets	€128,717	€3,402	€–	€132,119
Non-cash share-based payment expense	24,733	316	–	25,049
Additions to property, equipment and intangible assets	38,094	2,532	–	40,626
Goodwill	€760,267	€28,168	€–	€788,435

	Year ended December 31, 2011			
(in thousands)	**PLM**	**SOLIDWORKS**	**Elim.**	**Total**
Depreciation of property and equipment and amortization of intangible assets	€107,565	€4,746	€–	€112,311
Non-cash share-based payment expense	17,290	–	–	17,290
Additions to property, equipment and intangible assets	67,813	3,545	–	71,358
Goodwill	€619,268	€28,722	€–	€647,990

Data by geographic operations of the Company is established according to geographical location of the consolidated companies and is as follows:

(in thousands)	**Revenue**	**Total assets**	**Additions to property, equipment and intangibles**
2012			
Europe	€732,497	€2,065,536	€22,609
of which France	*395,698*	*1,662,584*	*17,540*
of which Germany	*178,672*	*161,984*	*868*
Americas	780,868	1,215,541	12,366
of which the United States of America	*737,708*	*880,016*	*11,571*
Asia Pacific	514,977	322,835	5,651
of which Japan	*409,241*	*194,118*	*1,164*
Total	**€2,028,342**	**€3,603,912**	**€40,626**
2011			
Europe	€687,841	€2,163,892	€31,411
of which France	*367,704*	*1,755,374*	*29,206*
of which Germany	*164,871*	*197,100*	*825*
Americas	678,001	1,000,603	32,530
of which the United States of America	*649,234*	*963,052*	*32,244*
Asia Pacific	417,201	352,289	7,417
of which Japan	*335,940*	*241,658*	*1,414*
Total	**€1,783,043**	**€3,516,784**	**€71,358**

The Company also receives data that identifies the location of the Company's end-user customers. Using such information, revenue by geographic area would be as follows:

	Year ended December 31,	
(in thousands)	**2012**	**2011**
Europe	€908,890	€827,134
of which France	*234,463*	*212,977*
of which Germany	*297,304*	*291,084*
Americas	564,377	488,878
of which the United States of America	*488,003*	*466,350*
Asia Pacific	555,075	467,031
of which Japan	*337,287*	*289,937*
Total revenue	**€2,028,342**	**€1,783,043**

Note 4. Software Revenue

Software revenue is comprised of the following:

	Year ended December 31,	
(in thousands)	**2012**	**2011**
New licenses revenue	€532,338	€465,009
Periodic licenses and maintenance revenue	1,304,379	1,148,110
Product development revenue	6,480	3,823
Software revenue	**€1,843,197**	**€1,616,942**

Note 5. Personnel Costs

Personnel costs

Personnel costs, excluding share-based payments (€25.0 million in 2012 and €17.3 million in 2011, see Note 6. Share-based Payments) and associated payroll taxes (€10.9 million in 2012 and €3.4 million in 2011), are presented in the following table:

	Year ended December 31,	
(in thousands)	**2012**	**2011**
Personnel costs	€(739,415)	€(642,224)
Social security costs	(186,234)	(163,939)
Total	**€(925,649)**	**€(806,163)**

Individual right to training for employees in France

French law provides employees employed under indefinite-term employment contracts by French entities within the Company with the right to receive individual training of at least 20 hours per year. Individual training rights can be accumulated over six years and the related costs are expensed as incurred.

As of December 31, 2012, accumulated individual training rights were approximately 258,000 hours.

Note 6. Share-based Payments

Compensation expense related to share-based payments is recorded in the consolidated statements of income as follows:

(in thousands)	Year ended December 31, 2012	2011
Research and development	€(10,870)	€(8,349)
Marketing and sales	(8,151)	(4,445)
General and administrative	(5,494)	(3,981)
Cost of services and other revenue	(534)	(515)
Total compensation expense related to share-based payments	**€(25,049)**	**€(17,290)**

Changes during 2012 and 2011 of unvested options and performance shares to which IFRS 2, "Share-based Payment" is applicable are as follows:

	Number of awards		
	Performance shares	Stock options	Total
Unvested at January 1, 2011	**300,000**	**3,450,964**	**3,750,964**
Granted	556,400	–	556,400
Vested	(150,000)	(397,574)	(547,574)
Forfeited	–	(76,790)	(76,790)
Unvested at December 31, 2011	**706,400**	**2,976,600**	**3,683,000**
Granted	689,230	–	689,230
Vested	(150,000)	–	(150,000)
Forfeited	(15,975)	(82,600)	(98,575)
Unvested at December 31, 2012	**1,229,655**	**2,894,000**	**4,123,655**

As of December 31, 2012, total compensation cost related to unvested awards expected to vest but not yet recognized was €66.4 million, and the Company expects to recognize this expense over a weighted average period of 1.4 year, no later than September 7, 2016.

Performance shares

Pursuant to an authorization granted by the shareholders at the General Meeting of Shareholders held on May 27, 2010, the Board of Directors decided to grant 689,230 shares to employees and executives on September 7, 2012 (539,230 shares of the 2010-04 plan and 150,000 shares of the 2010-05 plan) and 556,400 shares to employees and executives on September 29, 2011 (406,400 shares of the 2010-02 plan and 150,000 shares of the 2010-03 plan). Such shares shall be vested at the end of an acquisition period of two to four years, subject to the condition that the beneficiary be an employee or a director of the Company at the acquisition date.

2010-04 shares granted to employees and executives are subject to non-market performance conditions based on actual non-IFRS diluted earnings per share of the Group compared to the upper limit of the non-IFRS earnings per share objective for each of the years 2012, 2013 and 2014.

As provided for in the Code AFEP-MEDEF and on the basis of the recommendations of the Compensation and Nomination Committee, the Board of Directors made the vesting by the Chief Executive Officer ("CEO") of the 14,000 shares of the 2010-04 plan, of the 150,000 shares of the 2010-05 plan, of the 14,000 shares of the 2010-02 plan and of the 150,000 shares of the 2010-03 plan, subject to a performance condition related to variable compensation actually paid to the CEO over two financial years for the 2010-05 and 2010-03 plans, and three financial years for the 2010-04 and 2010-02 plans. The level of such variable compensation is itself dependent on achieving performance criteria previously established by the Board. In no case, however, may the number of free performance shares received exceed the number of performance shares initially granted by the Board.

All performance shares are measured at fair value based on the quoted price of the Company's common stock on the date of grant.

Stock option

Since 1996, the General Meeting of Shareholders has authorized the Board of Directors to implement several stock option plans for eligible employees and executives. Options generally vest over various periods ranging from one to four years, subject to continued employment. Options generally expire seven to ten years from grant date, or after termination of employment, whichever is earlier. To date options have generally been granted at an exercise price equal to or greater than the grant-date market value of the Company's share.

A summary of the Company's stock option activity is as follows:

	2012		2011	
	Number of shares	**Weighted average exercise price**	**Number of shares**	**Weighted average exercise price**
Outstanding as of January 1,	**7,402,852**	**€40.38**	**12,738,712**	**€41.66**
Granted	–	–	–	–
Exercised	(2,624,237)	37.49	(5,190,045)	43.53
Forfeited	(90,196)	41.77	(145,815)	38.75
Outstanding as of December 31,	**4,688,419**	**€41.96**	**7,402,852**	**€40.38**
Exercisable	1,794,419	€41.50	4,426,252	€39.12

A summary of the remaining contractual life and the exercise price of options outstanding as of December 31, 2012 is presented below:

SOP plan	Number of shares	Remaining life (years)	Exercise price
2008-02	1,718,900	4.91	€39.00
2010-01	1,175,100	5.40	47.00
2008-01	877,136	2.73	38.15
2006-02	562,195	1.43	47.50
2006-01	256,506	0.77	47.00
2002-03	93,067	0.05	23.00
2002-04	5,515	0.05	18.57
Outstanding as of December 31, 2012	**4,688,419**	**3.88**	**€41.96**

Note 7. Government Grants

Government grants and other government assistance were recorded in the consolidated statements of income as a reduction to research and development expenses and to cost of services and other revenue expenses, as follows:

	Year ended December 31,	
(in thousands)	**2012**	**2011**
Research and development	€19,936	€26,930
Costs of services and other revenue	2,727	2,836
Total government grants	**€22,663**	**€29,766**

Government grants include research and development tax credits received in France.

Note 8. Other Operating Income and Expense, Net

Other operating income and expense, net are comprised of the following:

(in thousands)	Year ended December 31, 2012	2011
Gain on sale of subsidiary[1]	€8,317	€–
Acquisition costs[2]	(6,658)	(1,009)
Restructuring costs[3]	(4,017)	(8,496)
Other, net	(226)	(350)
Other operating income and expense, net	**€(2,584)**	**€(9,855)**

(1) Gain recognized following the sale of a consolidated entity in 2012.

(2) In 2012, transaction costs primarily relating to the acquisition of Gemcom (see Note 16. Business Combinations).

(3) In 2012 and 2011 primarily composed of severance costs relating to the termination of employees following the Company's decision to rationalize its sales organization principally in Europe and in Japan and the reorganization of one of its R&D labs in France.

Note 9. Interest Income and Expense, Net and Other Financial Income and Expense, Net

Interest income and expense, net and other financial income and expense, net for the years ended December 31, 2012 and 2011 are as follows:

(in thousands)	Year ended December 31, 2012	2011
Interest income[1]	€21,071	€13,720
Interest expense[2]	(7,760)	(7,946)
Interest income and expense, net	**13,311**	**5,774**
Foreign exchange losses, net[3]	(2,908)	(7,945)
Other, net[4]	7,690	2,546
Other financial income and expense, net	**€4,782**	**€(5,399)**

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

(2) In 2006, the Company borrowed €200 million under the loan facility entered into in December 2005 (see Note 21. Borrowings), which bears interest at Euribor plus 0.18% per annum, and entered into interest rate swap agreements to fix interest payable (see Note 20. Derivatives and Currency and Interest Rate Risk Management). The Company recorded interest expense of €5.5 million and €5.9 million for the years ended December 31, 2012 and 2011, respectively.

(3) Foreign exchange losses, net are primarily composed of realized and unrealized exchange gains and losses on receivables and loans denominated in U.S. dollars, Japanese yen, Korean won and Chinese yuan.

(4) In 2012, mainly includes gains on sales of investments. In 2011 mainly includes gains of €5.0 million on previously held interest (see Note 16. Business Combinations) and a loss on investment of €2.6 million.

Note 10. Income Taxes

Deferred tax assets and liabilities are as follows:

	Year ended December 31,	
(in thousands)	**2012**	**2011**
Deferred tax assets:		
Accelerated depreciation and amortization for financial statement purposes	€31,057	€64,572
Profit-sharing and pension accruals	10,465	6,661
Provisions and other expenses	71,428	58,553
Net tax loss and tax credit carryforward assets	51,584	44,127
Valuation reserves	(11,940)	(7,863)
Total deferred tax assets	**152,594**	**166,050**
Deferred tax liabilities:		
Accelerated depreciation and amortization for tax purposes	(34,594)	(41,129)
Amortization of acquired intangibles	(98,014)	(94,803)
Other	(31,622)	(6,473)
Total deferred tax liabilities	**(164,230)**	**(142,405)**
Net deferred tax (liability)/asset	***€(11,636)***	***€23,645***

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

	Year ended December 31,	
(in thousands)	**2012**	**2011**
Current deferred tax assets	€34,101	€60,046
Non-current deferred tax assets	31,207	22,949
Total deferred tax assets	**65,308**	**82,995**
Current deferred tax liabilities	(5,697)	(4,620)
Non-current deferred tax liabilities	(71,247)	(54,730)
Total deferred tax liabilities	**(76,944)**	**(59,350)**
Net deferred tax (liability)/asset	***€(11,636)***	***€23,645***

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

Non-current deferred tax liabilities mainly include the tax effect of intangible assets created through business combinations (primarily IBM PLM, Gemcom and Exalead).

Change in deferred taxes can be summarized as follows:

	Year ended December 31,	
(in thousands)	**2012**	**2011**
Net deferred tax asset as of January 1,	**€23,645**	**€15,544**
Changes included in the income statement	5,449	3,029
Currency translation adjustments	(459)	705
Other(1)	(40,271)	4,367
Net deferred tax (liability)/asset as of December 31,	**€(11,636)**	**€23,645**

(1) In 2012, other changes mainly relate to the acquisition of Gemcom.

The components of income before income taxes are as follows:

(in thousands)	Year ended December 31, 2012	2011
France	€219,766	€191,392
Foreign	299,288	237,624
Income before income taxes	**€519,054**	**€429,016**

The significant components of income tax expense are as follows:

(in thousands)	Year ended December 31, 2012	2011
France	€(97,815)	€(90,017)
Foreign	(87,859)	(51,527)
Current taxes	**(185,674)**	**(141,544)**
Change in deferred taxes	5,449	3,029
Income tax expense	**€(180,225)**	**€(138,515)**

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

(in thousands)	Year ended December 31, 2012	2011
Taxes computed at the statutory rate of 36.10%	€(187,379)	€(154,875)
Foreign tax rate differentials	(1,348)	2,164
R&D tax credit and other tax credits(1)	6,986	11,687
Tax exempt income(2)	11,074	10,407
Change in valuation allowance	3,086	463
Share-based payments(3)	(2,445)	(2,266)
Other, net(4)	(10,199)	(6,095)
Income tax expense	**€(180,225)**	**€(138,515)**
Effective tax rate	***34.7%***	***32.3%***

(1) R&D tax credit and other tax credits derived mainly from tax research credits in France in 2012 and in 2011.
(2) Income received by the Company in connection with certain intercompany financing arrangements is taxed at a reduced rate.
(3) In certain tax jurisdictions, the Company will not receive tax deductions relating to share-based payments. Therefore, no deferred tax asset is recognized on the related compensation expense.
(4) Includes notably in 2011 and 2012, the CVAE ("*Cotisation sur la Valeur Ajoutée des Entreprises*"), a component of the CET ("*Contribution Economique Territoriale*") in France, for €5.5 and €6.8 million respectively.

At December 31, 2012, there were net tax operating losses and tax credit carryforwards of €146.7 and €2.9 million respectively, which are scheduled to expire after 2018.

Note 11. Earnings per Share

Basic net income per share is determined by dividing net income attributable to equity holders of the Company by the weighted average number of common shares outstanding during the period. Diluted net income per share is determined by dividing net income attributable to equity holders of the Company by the combination of the weighted average number of common shares outstanding during the period and the dilutive effect of stock options and performance shares.

The following table presents the calculation for both basic and diluted net income per share:

(in thousands, except shares and per share data)	Year ended December 31, 2012	2011
Net income attributable to equity holders of the Company	€334,821	€289,184
Weighted average number of shares outstanding	123,279,850	121,435,518
Dilutive effect of share-based payments	2,628,636	2,544,088
Diluted weighted average number of shares outstanding	125,908,486	123,979,606
Basic net income per share	**€2.72**	**€2.38**
Diluted net income per share	**€2.66**	**€2.33**

Note 12. Cash and Cash Equivalents and Short-term Investments

Cash and cash equivalents are comprised of the following:

(in thousands)	Year ended December 31, 2012	2011
Bank accounts	€78,911	€80,838
Cash equivalents	1,080,389	1,073,437
Cash and cash equivalents	**€1,159,300**	**€1,154,275**

At December 31, 2012 and 2011, approximately 66% and 54% of cash and cash equivalents was denominated in U.S. dollars, respectively.

Short-term investments of €159.8 and €268.7 million at December 31, 2012 and 2011, respectively, were primarily comprised of bank certificates of deposit, mutual funds and fixed term deposits. At December 31, 2012 and 2011, short-term investments included approximately 21% and 13% of investments denominated in U.S. dollars, respectively.

Cash, cash equivalents and short-term investments are maintained on deposit with high credit-quality financial institutions, principally in France. The Company follows a conservative policy for investing its cash resources, mostly relying on short-term maturity investments. Investment rules are determined and controlled by the treasury department of Dassault Systèmes SA.

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

Note 13. Trade Accounts Receivable, Net and Other Current Assets

Trade accounts receivable and other current assets are receivables measured at amortized cost.

Trade accounts receivable

(in thousands)	Year ended December 31, 2012	2011
Trade accounts receivable	€478,859	€503,827
Allowance for trade accounts receivable	(21,040)	(9,486)
Trade accounts receivable, net	**€457,819**	**€494,341**

The maturities of trade accounts receivable, net, were as follows:

(in thousands)	Year ended December 31, 2012	2011
Less than 3 months past due	€49,638	€65,074
3 to 6 months past due	11,994	10,459
More than 6 months past due	3,471	6,910
Trade accounts receivable past due	**65,103**	**82,443**
Trade accounts receivable not yet due	392,716	411,898
Total trade accounts receivable, net	**€457,819**	**€494,341**

The Company is not dependent on any of its principal clients. No single customer or sales channel partner represented more than 5% of the Company's total revenue in 2012.

Other current assets

Other current assets consist of the following:

(in thousands)	Year ended December 31, 2012	2011
Value added tax	€35,970	€31,460
Prepaid expenses	30,972	27,187
Derivatives(1)	13,623	197
Other current assets	17,615	15,540
Total other current assets	**€98,180**	**€74,384**

(1) See Note 20. Derivatives and Currency and Interest Rate Risk Management.

Note 14. Property and Equipment

Property and equipment consist of the following:

	Year ended December 31, 2012			Year ended December 31, 2011		
(in thousands)	Gross	Accumulated depreciation	Net	Gross	Accumulated depreciation	Net
Computer equipment	€132,215	€(97,082)	€35,133	€122,186	€(92,164)	€30,022
Office furniture and equipment	44,120	(24,695)	19,425	43,045	(22,210)	20,835
Leasehold improvements	68,445	(21,031)	47,414	67,233	(17,144)	50,089
Buildings	6,424	(553)	5,871	5,978	(323)	5,655
Total	**€251,204**	**€(143,361)**	**€107,843**	**€238,442**	**€(131,841)**	**€106,601**

The change in the carrying amount of property and equipment as of December 31, 2012 is as follows:

(in thousands)	Computer equipment	Office furniture and equipment	Leasehold improvements	Buildings	Total
Net property and equipment as of January 1, 2012	**€30,022**	**€20,835**	**€50,089**	**€5,655**	**€106,601**
Additions	23,231	4,669	6,162	807	34,869
Business combinations	1,325	547	585	–	2,457
Disposals and other changes	95	(772)	(543)	–	(1,220)
Depreciation for the period	(19,044)	(5,416)	(8,001)	(261)	(32,722)
Exchange differences	(496)	(438)	(878)	(330)	(2,142)
Net property and equipment as of December 31, 2012	**€35,133**	**€19,425**	**€47,414**	**€5,871**	**€107,843**

The change in the carrying amount of property and equipment as of December 31, 2011 is as follows:

(in thousands)	Computer equipment	Office furniture and equipment	Leasehold improvements	Buildings	Total
Net property and equipment as of January 1, 2011	**€24,660**	**€13,913**	**€27,822**	**€ –**	**€66,395**
Additions	18,646	9,066	26,347	3,264	57,323
Business combinations	868	2,582	–	2,747	6,197
Disposals	(66)	(115)	(210)	–	(391)
Depreciation for the period	(14,488)	(4,858)	(5,617)	(92)	(25,055)
Exchange differences	402	247	1,747	(264)	2,132
Net property and equipment as of December 31, 2011	**€30,022**	**€20,835**	**€50,089**	**€5,655**	**€106,601**

Note 15. Investments and Other Non-Current Assets

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

	Year ended December 31,	
(in thousands)	2012	2011
Investments	€3,035	€4,130
Loans receivable, non current	12,249	7,623
Deposits and other non-current assets	24,555	16,866
Investments and other non-current assets	**€39,839**	**€28,619**

Note 16. Business Combinations

Netvibes

On February 9, 2012, the Company completed its acquisition of 100% of Netvibes Ltd for cash consideration of approximately €21.2 million. Netvibes is an Internet platform that offers dashboard intelligence technologies for the businesses and consumers.

The allocation of the purchase price resulted in €10.1 million of goodwill, which has been assigned to the PLM segment. In addition, intangible assets subject to amortization and included in the fair value of the net assets acquired are as follows:

(in thousands)	**Fair value**
Technology	€13,000
Trademark	892
Total amortizable intangible assets acquired	**€13,892**

Pro forma results of operations reflecting this acquisition are not presented because the results of operations of the acquired company are immaterial to the Company's results of operations.

Gemcom

On July 11, 2012, the Company completed its acquisition of 100% of the outstanding common shares of Gemcom Software International Inc. ("Gemcom") for cash consideration of approximately €273.8 million. Headquartered in Vancouver, Canada, Gemcom is a global leader in mining software solutions, and takes the lead of the newly created GEOVIA brand, which aims to model and simulate the planet.

The allocation of the purchase price resulted in €138.6 million of goodwill, which has been assigned to the PLM segment.

The purchase price has been allocated to identifiable assets acquired and liabilities assumed based on estimated fair values at the date of the acquisition, as follows:

(in thousands)	
Cash and cash equivalents	€24,301
Trade accounts receivable	11,847
Other assets	10,532
Intangible assets acquired(1)	169,855
Unearned revenue(2)	(3,042)
Other liabilities(3)	(51,219)
Deferred taxes, net	(27,002)
Goodwill	138,561
Total purchase price	**€273,833**

(1) Intangible assets acquired are subject to amortization and include the following:

(in thousands)	
Technology	€103,738
Customer relationships	64,996
Trademark	1,121
Total amortizable intangible assets acquired	**€169,855**

(2) The carrying value of Gemcom's unearned revenue was reduced to reflect the fair value of customer support obligations assumed. As a result, approximately €14.2 million of revenues that would have otherwise been recorded by Gemcom had this entity not been acquired by the Company will not be recognized in the Company's consolidated statements of income.

(3) Includes a financial debt for €36.1 million that was fully repaid by the Company on July 17, 2012.

The unaudited financial information presented in the table below summarizes the combined results of operations for the year ended December 31, 2012 as if the acquisition of Gemcom had occurred at the beginning of the period. This financial information reflects the adjustment to reduce Gemcom unearned revenue to the fair value of the associated support obligation, and the additional amortization expense, assuming the fair value adjustments to deferred revenue and intangible assets had been applied from the beginning of the period, with the related tax effects.

(in thousands)	**Year ended December 31, 2012 (unaudited)**
Revenue	€2,072,787
Net income	€342,737

In addition, the portion of Gemcom's revenue and net income generated since the acquisition date and included in the Company's consolidated financial statements as of December 31, 2012 is respectively €29.2 million and €(2.9) million.

Intercim

On March 17, 2011, the Company completed its acquisition of 82% of the outstanding common shares of Intercim LLC for cash consideration of approximately €24.7 million. As a result of this transaction, the Company increased its percentage of interest from 18% to 100%. Intercim LLC, a U.S.-based company, provides manufacturing and production operations management software solutions for advanced and highly regulated industries.

As a result of this transaction, a gain of €3.3 million on the previously held interest was recorded in other financial income and expense, net. The allocation of the purchase price resulted in €5.7 million of goodwill assigned to the PLM segment.

In addition, intangible assets subject to amortization and included in the fair value of the net assets acquired are as follows:

(in thousands)	**Fair value**
Technology	€21,139
Customer relationships	1,786
Total amortizable intangible assets acquired	**€22,925**

Pro forma results of operations reflecting this acquisition are not presented because the results of operations of the acquired company are immaterial to the Company's results of operations.

Enginuity

On March 21, 2011, the Company acquired 100% of Enginuity PLM LLC for cash consideration of approximately €7.1 million. Enginuity PLM LLC provides lifecycle management of formula-based products. This transaction resulted in €3.5 million of goodwill assigned to the PLM segment.

3DPLM Software Solutions Limited ("3DPLM Ltd")

Effective July 1, 2011, the Company obtained the regulatory approvals required for the merger of the activities of its Indian subsidiary Delmia Solutions Private Limited into 3DPLM Ltd, an important contributor to the Company's global research and development platform since 2002. As a result the Company increased its share in 3DPLM Ltd from 30% to 42% and fully consolidates identifiable assets and liabilities of 3DPLM Ltd.

As a consequence of this transaction, a gain of €1.7 million on the previously held interest was recorded in other financial income and expense, net. The allocation of the purchase price resulted in €5.5 million of goodwill assigned to the PLM segment.

Elsys, Simulayt and RiWebb

In 2011 the Company completed the acquisitions of Elsys, Simulayt and RiWebb for total cash consideration of approximately €10.4 million resulting in €3.5 million of goodwill assigned to the PLM and the SOLIDWORKS segments for €1.8 and €1.7 million, respectively.

Note 17. Intangible Assets

Intangible assets consist of the following:

(in thousands)	Year ended December 31, 2012 Gross	Accumulated amortization	Net	Year ended December 31, 2011 Gross	Accumulated amortization	Net
Software	€557,861	€(276,135)	€281,726	€440,414	€(244,190)	€196,224
Customer relationships	612,958	(228,571)	384,387	574,294	(181,750)	392,544
Other intangible assets	21,376	(16,388)	4,988	20,969	(15,871)	5,098
Total intangible assets	**€1,192,195**	**€(521,094)**	**€671,101**	**€1,035,677**	**€(441,811)**	**€593,866**

The change in the carrying amount of intangible assets as of December 31, 2012 is as follows:

(in thousands)	Software	Customer relationships	Other intangible assets	Total intangible assets
Net intangible assets as of January 1, 2012	**€196,224**	**€392,544**	**€5,098**	**€593,866**
Gemcom acquisition	103,738	64,996	1,121	169,855
Other business combinations	21,304	–	892	22,196
Other additions	5,757	–	–	5,757
Amortization for the period	(40,447)	(56,952)	(1,998)	(99,397)
Exchange differences	(4,850)	(16,201)	(125)	(21,176)
Net intangible assets as of December 31, 2012	**€281,726**	**€384,387**	**€4,988**	**€671,101**

The change in the carrying amount of intangible assets as of December 31, 2011 is as follows:

(in thousands)	Software	Customer relationships	Other intangible assets	Total intangible assets
Net intangible assets as of January 1, 2011	**€181,217**	**€427,898**	**€7,582**	**€616,697**
Business combinations	31,632	3,520	–	35,152
Other additions	13,884	–	151	14,035
Amortization for the period	(33,025)	(51,566)	(2,665)	(87,256)
Exchange differences	2,516	12,692	30	15,238
Net intangible assets as of December 31, 2011	**€196,224**	**€392,544**	**€5,098**	**€593,866**

Total intangible amortization expense was €99.4 and €87.3 million for the years ended December 31, 2012, and 2011, respectively. The future amortization expense relating to all intangible assets that are currently recorded on the consolidated balance sheet at December 31, 2012 is estimated to be the following:

(in thousands)	Estimated intangible assets' amortization expense
2013	€(102,464)
2014	(98,671)
2015	(95,197)
2016	(84,025)
2017 and thereafter	€(290,744)

Note 18. Goodwill

The change in the carrying amount of goodwill as of December 31, 2012 and 2011 is as follows:

(in thousands)	2012	2011
Goodwill as of January 1,	**€647,990**	**€616,619**
Gemcom acquisition	138,561	–
Other acquisitions	19,037	19,048
Exchange differences	(17,153)	12,323
Goodwill as of December 31,	**€788,435**	**€647,990**

The Company performed annual impairment tests in the fourth quarter of 2012 and 2011; no impairment of goodwill was identified as a result of these tests.

For the purpose of the impairment test, the Company identified 9 cash-generating units ("CGUs") or groups of CGUs as of December 31, 2012, generally corresponding to the Company's main software products. Each CGU represents the lowest level within the Company at which goodwill is monitored for internal management purposes. Goodwill tested for impairment purposes was allocated to each CGU, or groups of CGUs that were expected to benefit from the synergies of the combination. The CGUs are allocated to the Company's two operating segments, the PLM segment and the SOLIDWORKS segment.

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

	2011	Gemcom acquisition	Other acquisitions	Exchange differences	2012
PLM	***€619,268***	***€138,561***	***€19,037***	***€(16,599)***	***€760,267***
CATIA	195,526	–	420	(3,765)	192,181
SIMULIA	173,263	–	–	(3,349)	169,914
ENOVIA	139,922	–	–	(2,644)	137,278
GEOVIA	–	138,561	–	(6,793)	131,768
Other	110,557	–	18,617	(48)	129,126
SOLIDWORKS	***28,722***	***–***	***–***	***(554)***	***28,168***
Total Goodwill	**€647,990**	**€138,561**	**€19,037**	**€(17,153)**	**€788,435**

The recoverable amount of each CGU or groups of CGUs has been determined based on a value in use calculation. This calculation uses cash flow projections based on financial budgets covering a five- to ten-year period. The ten-year period projections are used for activities that have longer development cycles. Key assumptions used to determine the value in use of assets are derived from management objectives for revenue growth and operating margin of each CGU or groups of CGUs. The discount rates before taxes are between 12.8% and 14.7%. Cash flows beyond that five- to ten-year period have been extrapolated using a steady growth rate comprised between 2% and 3%, reflecting long-term growth rates in the software industry.

At December 31, 2012, based on management estimates, the Company concluded that the value in use of each CGU or groups of CGUs significantly exceeded its carrying value. Management believes that any reasonable possible change in key assumptions listed above on which recoverable amount is based would not cause each CGU or groups of CGUs' carrying amount to significantly exceed its recoverable amount. In particular, an increase of 200 basis points in the pre-tax discount rate or a decrease of 200 basis points in the long-term growth rates would not cause each CGU or groups of CGUs' carrying amount to significantly exceed its recoverable amount.

Note 19. Other Liabilities

Other liabilities are comprised of the following:

(in thousands)	Year ended December 31, 2012	2011
Value added tax and other taxes	€61,930	€61,884
Derivatives, current(1)	3,963	19,865
Provisions, current(2)	1,656	9,490
Other current liabilities	13,358	22,687
Total other current liabilities	**€80,907**	**€113,926**
Provisions, non-current(2)	€56,112	€50,992
Post-employment benefits(3)	43,212	37,902
Accrual for deferred lease incentives	40,265	27,019
Employee profit sharing, non-current	31,469	33,055
Other non-current liabilities	8,178	14,287
Total other non-current liabilities	**€179,236**	**€163,255**

(1) See Note 20. Derivatives and Currency and Interest Rate Risk Management.
(2) See reconciliation of provisions below.
(3) See Note 22. Post-employment Benefits.

The change in the carrying value of provisions as of December 31, 2012 is as follows:

(in thousands)	Tax risks	Claims, litigation and other	Restructuring	Total Provisions
Provisions as of January 1, 2012	**€44,824**	**€6,205**	**€9,453**	**€60,482**
Additions	5,047	8,148	2,334	15,529
Utilization	–	(947)	(9,529)	(10,476)
Reversal of unused amounts	(3,824)	(3,023)	(401)	(7,248)
Exchange differences and other changes	(307)	(11)	(201)	(519)
Provisions as of December 31, 2012	**€45,740**	**€10,372**	**€1,656**	**€57,768**

Note 20. Derivatives and Currency and Interest Rate Risk Management

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

All financial instruments related to the foreign currency hedging strategy of the Company have maturity dates of less than 27 months when the maturity of interest rate swap instruments is less than two years and a half. Management believes counter-party risk on financial instruments is minimal since the Company deals with major banks and financial institutions.

A description of market risks the Company is exposed to is provided in paragraph 1.6.2 “Market Risks”.

Foreign currency risk

The Company transacts in various foreign currencies, primarily U.S. dollars and Japanese yen.

In 2012, revenue denominated in U.S. dollars represented approximately 35% of total revenue, compared with 37% in 2011. The Company's operating expenses denominated in U.S. dollars represented 35% of total operating expenses in 2012, compared with 36% in 2011.

As a result, the Company's net operating exposure to U.S. dollars amounted to €171.3 million in 2012 (8% of the Company's total revenue). The average value of the U.S. dollar increased by approximately 8% against the euro in 2012 following a decrease of 5% in 2011, resulting in a positive impact on the Company's revenue and operating income in 2012.

In 2012, revenue denominated in Japanese yen represented approximately 16% of total revenue (16% in 2011). The Company's operating expenses denominated in Japanese yen represented 6% of total operating expenses in 2012 (7% in 2011).

The Company's net operating exposure to Japanese yen amounted to €219.6 million in 2012 (11% of the Company's total revenue), and this exposure was in part hedged through market instruments at a level of €125.3 million, as further described below. In 2012, the average value of the Japanese yen increased by approximately 8% against the euro, after an increase in value of approximately 5% in 2011, resulting in a positive impact on the Company's revenue and operating income in 2012 and 2011.

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

The table below sets forth, for the year ended December 31, 2012, the euro value of the Company's revenue, operating expenses and net position, before and after hedging, denominated in U.S. dollars, Japanese yen and other currencies, principally the euro.

	Year ended December 31, 2012		
(in thousands)	**U.S. dollars**	**Japanese yen**	**Euro and other currencies**
Revenue	€701,017	€318,149	€1,009,176
Operating expenses	(529,730)	(98,515)	(899,136)
Net position	**171,287**	**219,634**	**110,040**
Hedge	–	125,347	–
Net position after hedge	**€171,287**	**€94,287**	**€110,040**

With all other variables held constant, movements in euro/USD exchange rates by +10% or −10% would have had an impact of €(15.6) and €19.0 million on operating income, respectively. In addition, with all other variables held constant, movements in euro/JPY exchange rates by +10% or −10% would have had an impact of €(20.0) and €24.4 million on operating income, respectively.

To manage currency exposure, the Company generally uses foreign exchange forward contracts, currency options and collars. Except as indicated in the table below, the derivative instruments held by the Company are designated as accounting hedges, have high correlation with the underlying exposure and are highly effective in offsetting underlying price movements.

The effectiveness of forward contracts and currency options is measured using forward rates and the forward value of the underlying hedged transaction. During 2012, the portion of gains or losses from hedging instruments excluded from the assessment of effectiveness and the ineffective portions of hedges was nil (2011: €1.4 million recorded in other financial income and expense, net in the consolidated statement of income).

At December 31, 2012 and 2011, the fair value of instruments used to manage the currency exposure was as follows:

	Year ended December 31,			
	2012		2011	
(in thousands)	Nominal amount	Fair value	Nominal amount	Fair value
Forward exchange contract Japanese yen/euros – sale(1)	€107,835	€11,366	€212,141	€(18,105)
Forward exchange contract U.S. dollars/Indian rupees – sale(1)	64,750	(4,676)	3,626	(439)
Forward exchange contract Japanese yen/U.S. dollars – sale(1)	24,721	1,124	16,099	(909)
Forward exchange contract Japanese yen/euros – purchase(1)	5,802	(78)	–	–
Collars Japanese yen/euros(1)	–	–	14,909	(1,293)
Forward exchange contract Australian dollars/euros – sale(2)	121,591	1,190	–	–
Forward exchange contract Canadian dollars/euros – sale(2)	65,236	232	–	–
Other instruments(2)	38,751	1	15,321	197

(1) Instruments entered into by the Company to hedge the foreign currency exchange risk of forecasted sales.
(2) Derivatives not designated as hedging instruments. Changes in the derivatives' fair value were recorded in other financial income and expense, net in the consolidated statement of income. In 2012, these instruments mainly relate to the acquisition of Gemcom.

Interest rate risk

Except for their impact on the general economic environment, which is difficult to quantify, the Company believes that changes in interest rates in 2012 did not materially affect its revenue and earnings before financial income. Similarly, interest rates are not expected to affect its business or future operating income. Therefore, the Company's interest rate risk is primarily a risk related to a reduction of financial revenue.

In December 2005, the Company entered into a €200 million multicurrency revolving loan facility which bore interest at variable rates and which was extended for two additional years (see Note 21. Borrowings). In June 2009 and in July 2009, the Company entered into interest rate swap agreements for a nominal amount of €100 and €100 million, respectively that fixed the underlying interest payable at 3.18% and 2.98% starting September 15, 2010 and continuing through December 3, 2012. In April 2010, the Company entered into interest rate basis swap agreements for a nominal amount of €200 million converting variable rates at Euribor 3 months into Euribor 1 month. This facility was completely repaid in 2012 and the related interest rate swaps instruments also matured.

In June 2010, the Company entered into interest rate swap agreements for a total amount of JPY14,500 million that have the economic effect of modifying forecasted interest obligations relating to the term loan facility in Japan (see Note 21. Borrowings) so that the interest payable effectively becomes fixed at 0.41% until June 9, 2015.

Financial revenue, which is composed of interest income from cash, cash equivalents and short-term investments, is sensitive to fluctuations in interest rates. As of December 31, 2012, cash and cash equivalents and short-term investments totaled €1,319.1 million, including €477.0 million sensitive to fluctuations in interest rates mostly in Europe. With all other variables held constant, an increase in interest rates of 100 basis points would have had a positive impact in 2012 of €3.9 million on financial income and a decrease in interest rates of 100 basis points would have had a negative impact of €3.0 million. As of December 31, 2011 cash and cash equivalents and short-term investments totaled €1,423.0 million, including €1,052.0 million sensitive to fluctuations in interest rates mostly in Europe. With all other variables held constant, an increase in interest rates of 100 basis points would have had a positive impact in 2011 of €10.1 million on financial income, and a decrease in interest rates of 100 basis points would have had a negative impact of €8.7 million.

At December 31, 2012 and 2011, the fair value of instruments used to manage the interest rate risk was as follows:

	Year ended December 31,			
	2012		2011	
(in thousands)	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps in Japanese yen	€63,815	€(289)	€101,297	€(446)
Interest rate swaps in euros	–	–	200,000	(3,405)
Interest rate basis swaps in euros	–	–	200,000	(188)

Note 21. Borrowings

In December 2005, the Company entered into a €200 million multicurrency revolving loan facility (the "Loan Facility"). This agreement provided for revolving credit for a period of five years, which could be extended twice by one additional year at the Company's option. Borrowings under the Loan Facility bore interest at Euribor plus 0.18% per annum. In March 2006, the Company drew down €200 million under the Loan Facility. In 2006 and in 2007, the Company exercised its options to extend the revolving loan facility for the two additional years. In April 2010, the Company used its option under the Loan Facility agreement to pay interest at Euribor 1 month instead of Euribor 3 months. In November 2012, the Company fully repaid the Loan Facility.

In April 2010, the Company entered into a term loan facility in Japan for JPY14,500 million (the equivalent of €115.0 million as of the draw date) in order to finance a portion of the IBM PLM acquisition. The facility bears interest at Japanese yen Libor plus 0.60% per annum, and is scheduled to be repaid by the Company in ten equal semi-annual installments, with the last payment being due in June of 2015.

The table below provides a breakdown of total borrowings by contractual maturity date as of December 31, 2012:

		Payments due by period			
(in thousands)	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Term loan facility in Japanese yen	€63,815	€25,526	€38,289	–	–
Total	**63,815**	**25,526**	**38,289**	**–**	**–**

Note 22. Post-employment Benefits

Contributions made to defined contribution plans were €13.2 million and €10.6 million in 2012 and 2011 respectively.

The Company provides defined benefit retirement indemnities to the employees of its French operations, and sponsors defined benefit pension plans for certain employees in the United States of America. The Company also has certain defined benefit plans in other countries, mainly in Germany and in Japan.

In France, defined employee benefits include certain gratifications paid upon anniversary of employment and retirement indemnities that are based upon an individual's years of credited service and annualized salary at retirement. Retirement indemnity benefits vest and are settled as a lump sum paid to the employee upon the employee's retirement.

In the United States, pension benefits are based upon years of credited service and the employee's average final earnings. Retirement benefits are funded by the Company's contributions to segregated pension plan assets, in an amount that is sufficient to meet or exceed the minimum annual funding requirements of the Employee Retirement Income Security Act. In 2011, the Company decided to freeze the American defined-benefit pension plan.

The projected benefit obligation was determined using the prospective method, based on the following assumptions:

Assumptions

Assumptions used to determine the benefit obligation:

	Year ended December 31, 2012			Year ended December 31, 2011		
	Europe	**U.S.**	**Asia**	**Europe**	**U.S.**	**Asia**
Discount rate	3.50%	3.80%	1.25%	5.25%	4.60%	1.40%
Expected return on plan assets	4.00% – 5.25%	8.00%	–	4.00% – 5.25%	8.00%	–
Average rate of compensation increase	2.50% – 3.00%	N/A	2.50%	2.50% – 3.00%	3.00%	2.50%

Assumptions used to determine the net periodic benefit cost:

	Year ended December 31, 2012			Year ended December 31, 2011		
	Europe	U.S.	Asia	Europe	U.S.	Asia
Discount rate	5.25%	4.60%	1.40%	5.25%	5.50%	1.60%
Expected return on plan assets	4.00% – 5.25%	8.00%	–	4.00% – 5.25%	8.00%	–
Average rate of compensation increase	2.50% – 3.00%	3.00%	2.50%	2.00% – 3.00%	3.00%	2.50%

To develop the expected long-term rate of return on pension plan assets assumption, the Company considers the current and expected asset allocations, as well as historical and expected returns on each category of plan assets.

Components of net periodic costs

The components of net periodic benefit cost were as follows:

	Year ended December 31,	
(in thousands)	2012	2011
Current service cost	€(4,665)	€(5,774)
Interest cost	(5,001)	(4,604)
Expected return on plan assets	3,329	2,981
Curtailments and settlements	–	2,077
Net amortization and deferral	(1,789)	(269)
Net periodic benefit cost	**€(8,126)**	**€(5,589)**

Obligations and funded status

Changes in benefit obligations and plan assets as of December 31, 2012 and 2011 are as follows:

	Year ended December 31,	
(in thousands)	2012	2011
Benefit obligations at beginning of year	€106,222	€93,449
Current service cost	4,665	5,774
Interest cost	5,001	4,604
Net actuarial loss	26,657	7,304
Curtailments and settlements	–	(4,147)
Benefits paid	(1,893)	(2,794)
Exchange rate differences	(1,650)	2,032
Benefit obligations at end of year	**€139,002**	**€106,222**
Fair value of plan assets at beginning of year	53,872	50,371
Employer contribution	4,133	2,073
Actual return on plan assets	2,986	1,101
Benefits paid	(883)	(659)
Exchange rate differences	(609)	986
Fair value of plan assets at end of year	**€59,499**	**€53,872**
Funded status	(79,503)	(52,350)
Unrecognized actuarial losses	38,934	13,755
Unrecognized past service cost	2,463	2,607
Accrued benefit cost[(1)]	**€(38,106)**	**€(35,988)**

(1) Composed in 2012 and 2011 of an accrued benefit cost in the amount of €(43.2) and €(37.9) million respectively, and a prepaid benefit cost of €5.1 and €1.9 million respectively.

The benefit obligation by geographical location is as follows:

	Year ended December 31,	
	2012	**2011**
Europe	63%	57%
United States of America	29%	34%
Asia Pacific	8%	9%
Total benefit obligations	**100%**	**100%**

The fair value of plan assets by geographical location is as follows:

	Year ended December 31,	
	2012	**2011**
Europe	54%	59%
United States of America	46%	41%
Total fair value of plan assets	**100%**	**100%**

Plan assets

The weighted average asset allocations are as follows:

	Year ended December 31,	
	2012	**2011**
Debt instruments	75%	70%
Equity instruments	25%	30%
Total	**100%**	**100%**

Cash flows

The Company does not expect to make any additional contributions to its pension plans in 2013.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

(in thousands)	**Total**
2013	€(2,333)
2014	(2,862)
2015	(3,253)
2016	(3,509)
2017	(4,488)
2018-2022	€(33,317)

Note 23. Shareholders' Equity

Shareholders' equity activity

As of December 31, 2012, Dassault Systèmes SA had 125,096,778 common shares issued with a nominal value of €1 per share.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and for the purpose of increasing the profitability of shareholders' equity and earnings per share. The Company manages its capital structure and adjusts it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2012 and 2011.

Shareholders' equity includes foreign currency translation adjustment of €(84.8) and €(56.7) million as of December 31, 2012 and 2011, respectively.

Dividend rights

Dassault Systèmes SA is required to maintain a legal reserve equal to 10% of the aggregate nominal value of its issued share capital. The legal reserve balance was €12.3 and €12.1 million as of December 31, 2012 and 2011, respectively, and represents a component of retained earnings in the consolidated balance sheet. The legal reserve is distributable only upon the liquidation of the Company.

Distributable profit, consisting of net income of the year increased by retained earnings from prior years and after deduction for legal reserve when required, is available for distribution to shareholders of the Company as dividends. Allocation of this profit is subject to approval by the General Meeting of Shareholders following recommendations by the Board of Directors.

A dividend on ordinary shares relating to the periods ended December 31, 2011 and December 31, 2010 was paid in the immediately subsequent year, amounting to €86.3 and €65.6 million, respectively.

Dividends per share were €0.70 and €0.54 as of December 31, 2011 and December 31, 2010, respectively.

A dividend of €1.5 and €0.2 million was paid to non-controlling interest in 2012 and 2011 respectively.

Stock repurchase programs

The General Meeting of Shareholders authorized the Board to implement a share repurchase program limited to 10% of the Company's share capital. Under this authorization, the Company may not buy shares at a price exceeding €85 per share or above a maximum annual aggregate amount of €500 million. Under the Company's share repurchase program, the Company repurchased 1,042,679 shares in 2012 for an aggregate amount of €75.1 million out of which 643,600 were canceled and repurchased 4,079,920 shares in 2011 for an aggregate amount of €226.7 million out of which 3,429,920 were canceled.

Components of other comprehensive income

	Year ended December 31,	
(in thousands)	**2012**	**2011**
Cash flow hedges:		
Gains/(Losses) arising during the year	€13,202	€(13,363)
Less: reclassification adjustments for losses included in the income statement	(17,473)	(5,629)
	€30,675	**€(7,734)**
Available-for-sale securities:		
(Losses)/Gains arising during the year	€(165)	€35
Less: reclassification adjustments for gains or losses included in the income statement	–	–
	€(165)	**€35**

Note 24. Consolidated Statements of Cash Flows

Adjustments for non-cash items consist of the following:

(in thousands)	Notes	Year ended December 31, 2012	2011
Depreciation of property and equipment	14	€32,722	€25,055
Amortization of intangible assets	17	99,397	87,256
Non-cash share-based payment expense	6	25,049	17,290
Other		9,056	32,254
Adjustments for non-cash items		**€166,224**	**€161,855**

Changes in operating assets and liabilities consist of the following:

(in thousands)	Year ended December 31, 2012	2011
Decrease (Increase) in trade accounts receivable	€34,822	€(71,372)
Increase in accounts payable	4,116	3,340
Increase in accrued compensation	17,277	496
Increase (Decrease) in income tax payable	23,508	(28,470)
Increase in unearned revenue	14,939	85,555
Changes in other assets and liabilities	(33,417)	8,958
Changes in operating assets and liabilities	**€61,245**	**€(1,493)**

Note 25. Commitments and Contingencies

Leases

The Company leases computer equipment, premises and office equipment under operating leases. Rent expense under operating leases was €52.4 million and €48.4 million for the years ended December 31, 2012, and 2011, respectively.

At December 31, 2012, future minimum annual rental commitments under non-cancelable lease obligations were as follows:

(in thousands)	Operating leases
2013	€51,673
2014	46,645
2015	44,396
2016	42,705
2017	40,663
2018 and thereafter	131,641
Total future minimum lease payments	**€357,723**

3DS Paris Campus (Headquarters facilities in Vélizy-Villacoublay)

The Company leases approximately 60,000 square meters of office space for its headquarters facilities located in Vélizy-Villacoublay, outside Paris, France, over a non-cancelable initial term of 12 years, with options to renew for additional periods. Future minimum rental payments over the initial term, which began on June 30, 2008, amount to approximately €150.7 million in the aggregate and have been included in the table presented above.

In December 2012, the Company agreed to sign a built-to-suit lease agreement for an additional building in its headquarters facilities and to extend the initial term for a further five years. Under this agreement signed in February 2013, the Company has committed to lease an additional 13,000 square meters of office space and to enter into a new lease for its headquarters facilities for a non-cancelable initial term of 10 years which will take effect starting November 2015 when construction is expected to be completed. Future minimum rental payments over the extended term amount to approximately €138 million in the aggregate and have not been included in the table presented above.

3DS Boston Campus

In 2010, the Company entered into a lease for office, technology lab and data center space in Waltham, outside Boston, Massachusetts, United States, forming the DS Boston Campus and regrouping the primary operating facilities of the Company's main American activities. Under this agreement, the Company committed to lease approximately 20,000 square meters of office space for a non-cancelable initial term of 12 years, with options to renew for additional periods. The total rented space will progressively increase, reaching 30,000 square meters after six years. Future minimum rental payments over the initial term, which began on June 1, 2011, amount to approximately €100 million in the aggregate and have been included in the table presented above.

Litigation and other proceedings

The Company is involved in litigation and other proceedings, such as civil, commercial and tax proceedings, incidental to normal operations. It is not possible to determine the ultimate liability, if any, in these matters. In the opinion of management, after consultation with legal counsel, the resolution of such litigation and proceedings will not have a material effect on the consolidated financial statements of the Company.

Note 26. Related-Party Transactions

Compensation of key management personnel

The table below summarizes compensation granted to key management personnel composed of respectively 10 and 12 executive officers as of December 31, 2012 and 2011:

	Year ended December 31,	
(in thousands)	**2012**	**2011**
Short-term benefits[(1)]	€8,336	€8,349
Share-based compensation[(2)]	12,932	10,455
Compensation of key management personnel	**€21,268**	**€18,804**

(1) Including gross salaries, bonus, incentives, profit-sharing, directors' fees and fringe benefits.

(2) Expense recorded in the income statement for share-based payments (stock options and performance shares).

The Group Chief Executive Officer is entitled to an indemnity payment upon the termination of his functions as Chief Executive Officer. The amount of the indemnity due would be equivalent to a maximum of two years of compensation as Chief Executive Officer and would depend on satisfying the performance conditions established for calculating his variable compensation.

Other transactions with related parties

The Company licenses its products for internal use to Dassault Aviation, a sister company to the Company. The Chairman of Dassault Systèmes SA was also the Chief Executive Officer of Dassault Aviation until January 2013. Dassault Aviation licenses the Company's products on commercial terms consistent with those granted to the Company's other customers of similar size. These licenses generated €15.7 and €12.9 million of software revenue for the years ended December 31, 2012 and 2011, respectively.

The Company also provides service and support to Dassault Aviation. Such activity generated service revenues of €11.3 and €15.2 million in the years ended December 31, 2012 and 2011, respectively. The balances of trade accounts receivable with Dassault Aviation were €13.3 million, and €8.6 million at December 31, 2012 and 2011, respectively.

Most of the Company's development organizations subcontract software development work to 3DPLM Ltd, a company located in India. On July 1, 2011, the Company increased its share in 3DPLM Ltd from 30% to 42% (see Note 16. Business Combinations). Prior to this transaction, 3DPLM Ltd was a related party to the Company. 3DPLM Ltd is now fully consolidated in the Company's financial statements. Services purchased from 3DPLM Ltd for the period from January 1 through June 30, 2011 amounted to €13.6 million.

In July 2012, the Company issued 23,412 new shares to compensate the contribution of 5% of the share capital of Dassault Data Services subsidiary from the Chairman of the Company to the Group, for a total value of €1.7 million. As a result of this transaction, the Company increased its share in Dassault Data Services from 95% to 100%.

Note 27. Principal Dassault Systèmes Companies

The principal Dassault Systèmes SA subsidiaries included in the scope of consolidation as at December 31, 2012 are as follows:

Country	**Consolidated companies**	**% of Interest**
France	Dassault Data Services SAS	100%
France	Dassault Systèmes Provence SAS	100%
France	Exalead SA	100%
Germany	Dassault Systèmes Deutschland GmbH	100%
Italy	Dassault Systèmes Italia Srl	100%
Sweden	Dassault Systèmes AB	100%
United Kingdom	Dassault Systèmes United Kingdom Ltd	100%
Canada	Dassault Systèmes Canada Inc.	100%
Canada	Gemcom Software International Inc.	100%
United States	Dassault Systèmes Americas Corp.	100%
United States	Dassault Systèmes Corp.	100%
United States	Dassault Systèmes Delmia Corp.	100%
United States	Dassault Systèmes Enovia Corp.	100%
United States	Dassault Systèmes Simulia Corp.	100%
United States	Dassault Systèmes Services, LLC	100%
United States	Dassault Systèmes SolidWorks Corp.	100%
United States	Spatial Corp.	100%
United States	Inceptra LLC	100%
Australia	Gemcom Software Australia Pty., Ltd	100%
China	Dassault Systèmes (Shanghai) Information Technology Co., Ltd	100%
India	3DPLM Software Solutions Ltd	42%
India	Dassault Systèmes India Private Ltd	100%
South Korea	Dassault Systèmes Korea Corp.	100%
Japan	Dassault Systèmes KK	100%
Japan	SolidWorks Japan KK	100%

Note 28. Events After the Reporting Period

In February 2013, the Company entered into a built-to-suit lease agreement for a new building in its 3DS Paris Campus and extended the lease term for a further five years ending November 2025 (see Note 25. Commitments and Contingencies).

4.1.2 Report of the Statutory Auditors on the Consolidated Financial Statements

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders

In compliance with the assignment entrusted to us by your General meetings, we hereby report to you, for the year ended 31 December 2012, on:

- the audit of the accompanying consolidated financial statements of Dassault Systèmes,
- the justification of our assessments,
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I – Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2012 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II – Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- Note 2 to the consolidated financial statements sets out the accounting principles and methods used to account for revenue including firstly new software licenses along with related maintenance, and secondly services and other revenue.
- Notes 2, 16 and 17 to the consolidated financial statements set out the accounting principles and methods used to determine the value of the assets and liabilities acquired through business combinations, which are based on significant assumptions and estimates made by management.

- Notes 2 and 6 to the consolidated financial statements set out the accounting principles and methods used to determine the fair value of the share-based payment awards granted to the Directors, Senior Management and employees, which is based on significant assumptions and estimates made by management.

As part of our work, we verified the above-mentioned accounting principles and methods, examined the assumptions used and their application, and verified that the information provided in the notes above was appropriate.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III – Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly Sur Seine and Paris-La Défense, on 28 March 2013
The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT

French original signed by:

Pierre Marty

ERNST & YOUNG ET AUTRES

French original signed by:

Jean-François Ginies

4.2 Parent Company Financial Statements

The financial statements presented below are the individual parent company financial statements of Dassault Systèmes SA.

Presentation of the parent company financial statements and the valuation methods used

The financial statements for the year ended December 31, 2012 have been prepared in accordance with the French General Chart of Accounts (*Plan Comptable Général*), the French Commercial Code and French regulatory requirements. They are presented in the same manner and prepared using the same valuation methods as the preceding year.

Results of operations of Dassault Systèmes SA

In 2012, operating revenue increased 15.8% to €997.6 million from €861.1 million in 2011. Software revenue amounted to €839.9 million in 2012, compared to €716.3 million in 2011, an increase of 17.2%, primarily due to good performance by all of the Dassault Systèmes SA's brands, particularly CATIA, and to the favorable effect of the exchange rates on the Japanese yen and the US dollar on the royalties paid to Dassault Systèmes SA regarding the brands for which it holds the intellectual property.

The portion of revenue earned from export sales increased to €813.0 million, or 82.1% of net sales.

Operating expenses increased 17.4% to €769.7 million in 2012 from €655.6 million in 2011. The main drivers of this increase are:

- salary costs increased +19.9%, due to:
    - the effect of the new tax laws implemented last summer which increased the social contributions on the granted performance shares from 14% to 30%, and the social contributions on the employee profit sharing from 8% to 20%;
    - the full year effect of the merged companies Geensoft SAS, Dassault Systèmes Simulia France SAS and Intercim SAS and the hiring realized in 2012, particularly to strengthen the industry organization.
- other purchases and external expenses (+15.1%), driven by an increase in:
    - marketing and communication expenses for the promotion and the development of the fame of Dassault Systèmes;
    - IT and R&D subcontracting expenses.
- other expenses, and specifically intercompany licensing fees increased 22.5% to €183.7 million in 2012 mainly due to the good level of performance demonstrated by all products distributed by Dassault Systèmes SA.
- depreciation and amortization expenses and reserves for risk increased 5.8% due to an increase of the depreciation of the intangible assets resulting from the purchase of intellectual properties and of the financial software that went live this year.

Operating income increased 10.9% to €227.9 million.

Financial revenue for 2012 amounted to €137.7 million compared to €143.4 million for the preceding year, a decrease of 4.0%. This change was principally due to the net reversal of provisions for a decline in value of long term investments of €26.3 million in 2011, partially offset by an increase in dividends received (€124.5 million in 2012 compared to €111.8 million in 2011) and an increase in the net revenue from disposals of investment securities (€20.5 million in 2012 compared to €8.1 million in 2011).

Net income amounted to €254.8 million in 2012 compared to €264.8 million in 2011.

At December 31, 2012, cash and short-term investments amounted to €1,133.9 million compared to €1,224.0 million at December 31, 2011. This decrease is due to the acquisition of Gemcom and to the reimbursement of the loan of €200.0 million offset by the benefit brought by the roll out of the centralized cash management arrangement, particularly the US subsidiaries, and to cash from operations.

4.2.1 Balance Sheets

		Year ended December 31,			
				2012	2011
(in thousands)	Notes	Gross	Amortization or provision for depreciation	Net	Net
ASSETS					
FIXED ASSETS	3, 4	**€2,386,873**	**€(228,649)**	**€2,158,224**	**€1,841,578**
Intangible assets		**222,111**	**(57,824)**	**164,287**	**143,927**
Goodwill		123,426	(2,280)	121,146	111,871
Concessions, patents, licenses, trademarks		97,905	(55,544)	42,361	20,459
Assets in progress, advances and on-account payments		780	–	780	11,597
Property, plant & equipment		**99,752**	**(61,388)**	**38,364**	**37,225**
Machinery & equipment		61,024	(44,849)	16,175	12,358
Other property, plant & equipment		38,469	(16,539)	21,930	23,657
Property, plant & equipment in progress		259	–	259	1,210
Financial assets		**2,065,010**	**(109,437)**	**1,955,573**	**1,660,426**
Investments in subsidiaries		1,786,483	(109,437)	1,677,046	1,551,890
Loans and advances to subsidiaries		277,737	–	277,737	107,481
Loans		450	–	450	685
Deposits and guarantees		340	–	340	370
CURRENT ASSETS		**€1,393,097**	**€(15,031)**	**€1,378,066**	**€1,527,348**
Advances and on-account payments		**218**	–	**218**	**61**
Receivables		**201,572**	**(15,031)**	**186,541**	**266,756**
Trade receivables	5	141,242	(15,031)	126,211	183,040
Other operating receivables	6	60,330	–	60,330	83,716
Marketable securities	7.1	**1,130,185**	**–**	**1,130,185**	**1,212,102**
Treasury shares	7.2	**57,400**	**–**	**57,400**	**36,524**
Cash and cash equivalents		**3,722**	**–**	**3,722**	**11,905**
Prepaid expenses	8	**13,919**	**–**	**13,919**	**8,226**
Unrealized exchange losses		**5,075**	**–**	**5,075**	**854**
TOTAL ASSETS		**€3,798,964**	**€(243,680)**	**€3,555,284**	**€3,378,006**

(in thousands)	Notes	Years ended December 31, 2012 Before AGM's resolutions	2011 Before AGM's resolutions
LIABILITIES			
SHAREHOLDERS' EQUITY	9	**€2,389,190**	**€2,168,738**
Common stock		125,097	123,093
Share premium		314,402	263,875
Contribution premiums		271,591	269,978
Legal reserve		12,309	12,133
Retained earnings		1,395,566	1,217,238
Earnings for the financial year		254,847	264,795
Regulated provisions		14,450	16,836
Accelerated depreciation		928	790
Provisions for contingencies and losses	10	**44,762**	**30,383**
LIABILITIES		**€1,077,189**	**€1,122,460**
Financial liabilities	11	**22,487**	**221,380**
Bank loans and borrowings		308	200,710
Miscellaneous loans and borrowings		22,179	20,670
Payables	13	**1,054,702**	**901,080**
Trade payables		64,101	110,760
Tax and social security payables		111,812	101,282
Other payables		878,789	689,038
Unearned revenue	14	**42,734**	**53,696**
Unrealized exchange gains		**1,409**	**2,729**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**€3,555,284**	**€3,378,006**

4.2.2 Statements of Income

(in thousands)	Notes	Years ended December 31, 2012	2011
Operating revenue (I)		**€997,550**	**€861,105**
Sales of equipment		–	–
Royalties and services		990,706	850,023
Net sales	16	**990,706**	**850,023**
Of which exports		*812,952*	*679,705*
Capitalized production		2,165	7,206
Reversals of provisions, amortization and transfers of expenses		4,625	3,564
Other revenue		54	312
Operating expenses (II)		**(769,692)**	**(655,579)**
Purchases of materials		–	(227)
Other purchases and external expenses		(288,191)	(250,443)
Taxes, duties and similar payments		(13,460)	(14,301)
Salaries and wages		(164,251)	(140,056)
Social security contributions		(88,240)	(70,506)
Depreciation and amortization of fixed assets		(21,406)	(16,661)
Appropriations to provisions for depreciation of current assets		(5,378)	(9,036)
Appropriations to provisions for contingencies and liabilities		(5,055)	(4,396)
Other expenses		(183,711)	(149,953)
OPERATING INCOME (III = I + II)		**227,858**	**205,526**
Financial income (IV)		**176,141**	**205,471**
Other interest and similar revenue		128,012	122,178
Reversals of provisions and transfers of expenses		1,088	61,142
Exchange gains		26,644	14,088
Net revenue from disposals of investment securities		20,477	8,063
Financial expenses (V)		**(38,483)**	**(62,064)**
Appropriations to provisions		(5,075)	(32,960)
Interest and similar expenses		(8,130)	(11,332)
Exchange losses		(25,278)	(17,624)
Net loss from disposals of investment securities		–	(148)
FINANCIAL INCOME/LOSS (VI = IV + V)	19	**137,658**	**143,407**
CURRENT INCOME (III + VI)		**365,516**	**348,933**
Extraordinary revenue (VII)		**24,092**	**36,606**
From management transactions		2	366
From capital transactions		10,718	26,818
Reversals of provisions and transfers of expenses		13,372	9,422
Extraordinary expenses (VIII)		**(52,434)**	**(46,573)**
On management transactions		(160)	(8)
On capital transactions		(39,780)	(32,803)
Appropriations to amortization and provisions		(12,494)	(13,762)
EXTRAORDINARY INCOME (IX = VII + VIII)		**(28,342)**	**(9,967)**
Regulated and optional employee profit-sharing (X)		**(29,869)**	**(27,358)**
Optional employee profit-sharing		(16,404)	(14,165)
Regulated employee profit-sharing		(13,465)	(13,193)
Corporate income tax (XI)	20	**(52,458)**	**(46,813)**
NET INCOME (III + VI + IX + X + XI)		**€254,847**	**€264,795**

4.2.3 Notes to the Parent Company Financial Statements

Note 1. Description of Business and Key Events of the Year

Description of business

Dassault Systèmes SA is the parent company of the Dassault Systèmes Group, world leader of Product Lifecycle Management ("PLM") software solutions powered by three-dimensional (3D) representation.

Dassault Systèmes SA provides software solutions and consulting services which enable its customers to innovate in the design and quality of products and services, reduce design-cycle time to accelerate time-to-market, collaborate with partners and suppliers in product development, reduce the development, manufacturing, and maintain products more cost effectively, obtain and capture and leverage information intelligence, whether from internal sources and/or from the Internet, and simulate their end-customers' experiences. Dassault Systèmes SA also provides consulting and training services to its customers.

Significant operations on long term financial investment

On June 29, 2012, Dassault Systèmes SA sold 100% of its subsidiary Transcat PLM GmbH to the company Transcat GmbH.

Following to a decision of the Board taken on July 25, 2012, Dassault Systèmes SA proceeded to a capital increase of 23,412 new shares in remuneration of Mr. Charles Edelstenne's ownership of 5% of the capital of Dassault Data Services SAS for an amount of €1.7 million.

On August 2, 2012, Dassault Systèmes SA acquired for €19.1 million the company Netvibes France from Netvibes Ltd. The Netvibes group developed an Internet platform offering dashboard intelligence technologies.

On October 24, 2012, Dassault Systèmes SA subscribed to the capital increase of its subsidiary Dassault Systèmes International SAS for a total amount of €100.3 million as well as to the capital increase of its subsidiary Dassault Systèmes India Pvt Ltd for a total amount of $5.0 million on November 27, 2012.

In addition, during December 2012, Dassault Systèmes SA proceeded to the capital increase of Exalead SA for an amount of €20,2 million.

Respectively on January 3, 2012 and October 2, 2012, the French companies Intercim SAS and Nsided SAS were merged into Dassault Systèmes SA.

Dividend payment

The Combined General Meeting of Shareholders held on June 7, 2012, approved a dividend of €86.7 million, based on the existing shares as at February 29, 2012. The effective dividend paid to the shareholders amounted to €86.3 million of which €1.2 million representing the dividend on treasury shares and €0.8 million resulting from the difference between existing number of shares as at February 29, 2012 and actual number of shares as at June 7, 2012.

Performance shares

The General Meeting of Shareholders of May 27, 2010, authorized the Board of Directors that decided on September 29, 2012 to grant Dassault Systèmes SA performance shares to the extent that, the maximum number of performance shares cannot exceed more than 1.5% of Dassault Systèmes SA's capital at the date of the General Meeting of Shareholders.

Pursuant to this authorization, during the year ended December 31, 2012, the Board of Directors allocated 150,000 performance shares to the Dassault Systèmes SA's Chief Executive Officer ("CEO") (called "Actions 2010-05"), and 539,230 performance shares to employees and executive officers ("*mandataires sociaux*") of Dassault Systèmes SA and the Group (called "Actions 2010-04") of which 14,000 were granted to the CEO.

Such shares shall become vested pursuant to the following conditions:

- By the Chief Executive Officer at the end of an acquisition period of two years for the 150,000 "Actions 2010-05", subject to the condition that the CEO be an executive officer of Dassault Systèmes SA at the acquisition date, and subject to the fulfillment of performance conditions established by the Board of Directors. In addition, the CEO is required to hold the vested shares until the end of a two-year lock-up period; the CEO will have to keep at least 15% of the “Actions 2010-05” until he has left his current functions;

- By the employees and the executive officers under the Performance Share Plan “Actions 2010-04” at the end of an acquisition period of three years, subject to the condition that they are still with Dassault Systèmes SA or one of its subsidiaries at the acquisition date, and subject to the fulfillment of performance condition established by the Board of Directors. In addition, they are required to hold the vested shares until the end of a two-year lock-up period;
- By the employees and the executive officers of the Group for the International Performance Share Plan “Actions 2010-04” at the end of an acquisition period of four years, subject to the condition that the they are still part of the Group at the acquisition date, and subject to the fulfillment of performance conditions established by the Board of Directors. The recharge of these expenses to the Group’s subsidiaries will be done at the acquisition date on the basis of the effective attribution of the shares. During the vesting period, Dassault Systèmes SA accrues only for the costs related to the performance shares attributed to its own employees.

Stock repurchase program

The General Meeting of Shareholders of May 26, 2011 and June 7, 2012 authorized the Board of Directors to implement a share repurchase program not to exceed 10% of Dassault Systèmes SA’s share capital. In addition, these programs specify that Dassault Systèmes SA may not purchase shares at a price exceeding €85 per share and that the aggregate amount may not exceed €500 million.

During 2012, 1,042,679 shares were repurchased for a total amount of €75.1 million.

Shareholder base

On December 31, the share capital of Dassault Systèmes SA was held by:

(In %)	2012	2011
Public	50.6	49.9
Groupe Industriel Marcel Dassault	41.5	42.2
Charles Edelstenne and assignees[1]	6.2	6.2
Bernard Charlès	0.8	1.0
SW Securities LLC	0.2	0.2
Treasury shares	0.7	0.5
Other directors and executive officers	–	–
Total	**100.0**	**100.0**

On December 31, the voting rights in Dassault Systèmes SA were held by:

(In % of exercisable voting rights)[1]	2012	2011
Groupe Industriel Marcel Dassault	51.9	51.7
Public	38.0	37.9
Charles Edelstenne and assignees[2]	9.2	9.4
Bernard Charlès	0.9	1.0
Other directors and executive officers	–	–
Total	**100.0**	**100.0**

(1) The total number of exercisable voting rights in the table above is the “net” number of voting rights (which does not include shares for which voting rights are suspended), or the number of votes which may be exercised in a Meeting of Shareholders.

(2) At December 31, 2012, Mr. Edelstenne held 1,942,459 shares with all ownership rights and 1,542 shares through two family companies which he manages, representing in the aggregate 1.57% of the outstanding capital and 2.30% of the exercisable voting rights, as well as 5,763,600 shares with “usage” rights (*usufruit*). For the usage rights with respect to these 5,763,600 shares, representing 6.87% of the voting rights; Mr. Edelstenne can only exercise the right to vote on decisions of the General Meeting of Shareholders concerning the allocation of profit; the holders of the bare property rights (*nue-propriété*) exercise the right to vote for other resolutions in compliance with Article 11 of the by-laws.

Event after the reporting period

In February 2013, Dassault Systèmes SA entered into a built-to-suit lease agreement for a new building in its headquarters facilities in Vélizy-Villacoublay, outside Paris, France, and extended the lease term for a further five years ending November 2025 (see Note 15.3 Other Commitments).

Note 2. Summary of Significant Accounting Policies

The financial year lasts for 12 months from January 1 through December 31.

The annual financial statements for the year ending December 31, 2012, have been prepared and are presented in accordance with CRC Regulation 99-03. General accounting conventions have been applied in keeping with the principle of prudence, the principle of continuity of accounting methods from one year to the next, the independence of financial years, and the assumption that the business is a going concern. Assets and liabilities are initially recorded at historical cost.

Dassault Systèmes SA applies accounting rules on the definition, valuation, amortization and depreciation of assets defined, in particular, in Regulation 2002-10 of December 12, 2002 and 2004-6 of November 23, 2004, by the *Comité de la Règlementation Comptable* (French Accounting Regulation Committee).

Significant accounting polices applied are as follows:

2.1 Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are recognized at their acquisition cost when they are purchased, at their production cost when they are produced internally, and at their integration value when they are transferred.

Technical deficits resulting from merger operations are recorded as goodwill. Dassault Systèmes SA reviews the net realizable value of such assets periodically to ensure that the net realizable value is not less than the carrying value.

Acquisition cost includes the purchase price and any additional expenses directly relating to the acquisition. The amortizable amount depends on the acquisition costs less any market value net of disposal costs at the end of their term of use.

Intangible assets are amortized using the straight-line method over their expected useful life (three to five years for software and seven to eight years for intellectual property).

The useful life and amortization methods applied to property, plant and equipment are presented below:

1) Declining balance method:

New IT equipment	3 to 7 years
New office equipment	3 to 7 years

2) Straight-line method:

Secondhand IT equipment	3 years
Laptop computers	2 years
Transportation equipment	4 years
Office equipment	7 years
Fixtures and fittings	over the term of the lease
Office furniture	over the term of the lease

2.2 Financial assets

Investments in subsidiaries are initially valued at their historical acquisition cost. Since 2007, expenses directly related to the acquisition of equity securities have been included in the acquisition cost of these securities and depreciated, for tax and accounting purposes, over five years. Loans and advances to subsidiaries are valued at their net realizable value.

Periodically and at least at the annual closing period, Dassault Systèmes SA reviews the net realizable value of its investments and loans and advances to subsidiaries. In particular, the net realizable value of securities takes into account the amount of shareholders' equity, long-term profitability and strategic factors. An impairment is recognized if the net realizable value is less than the acquired book value when the reduced value is at long term.

2.3 Marketable securities

Marketable securities are recorded at their acquisition price and are depreciated, when applicable, by referring to their stock market value at the end of the year. Marketable securities acquired in foreign currencies are converted at the closing exchange rate.

2.4 Receivables and payables

Trade receivables and payables are carried at their nominal value. A provision for depreciation is recorded when the net realizable value is lower than the historical value taking into account, in particular, their age and their probability of collectability.

2.5 Foreign currency transactions

Transactions in foreign currencies are recorded in Euros in the income statement at the monthly average exchange rate. Receivables, debts and cash in foreign currencies are converted in Euros in the balance sheet at the closing exchange rate or at the hedged rate when they are subject to exchange rate hedging. The conversion differences are recorded on the balance sheet in "Unrealized Exchange Losses/Gains". In the event of unrealized losses, a provision for contingencies (exchange loss) is recorded. However, the reevaluation at closing rate of the current accounts used for the Group cash pooling and the cash and cash equivalent excepted marketable securities is considered as realized exchange gains or losses and is presented in net flows in the financial result.

2.6 Net sales

Dassault Systèmes SA derives revenue from the following sources: (i) new software licenses and periodic licenses; (ii) maintenance which includes software license updates and technical support; (iii) development of additional functionalities of standard products requested by clients and (iv) royalties coming from distribution agreements mainly signed with Dassault Systèmes Group subsidiaries.

Software license revenue represents fees earned from granting customers licenses to use the Dassault Systèmes SA's software. Software license revenue consists of perpetual and periodic license sales of software products and is recognized when: an agreement with the customer exists, the delivery and the acceptation of the software has occurred, the software license fee and associated costs are fixed or determinable; and it is probable that the economic benefits associated with the transaction will flow to Dassault Systèmes SA. In instances when any of the four criteria are not met, the revenue recognition of software license is deferred until all criteria are met. Revenue related to the licensing of software through value-added resellers (VARs) is generally recognized when evidence of a sale to an end-user customer is provided to Dassault Systèmes SA, assuming all other revenue recognition criteria have been met.

Periodic licenses generally have a one-year term and the corresponding fee is recognized ratably over the term of the license.

Maintenance revenue represents periodic fees associated with the sale of unspecified product updates on a when-and-if-available basis and technical support. Maintenance agreements are entered into in connection with the initial software license purchase. The maintenance support may be renewed at the conclusion of each term. Revenue from maintenance is recognized on a straight-line basis over the term of the maintenance agreement.

Product development revenue relates to the development of additional functionalities of standard products requested by clients and is recognized as the development work is performed.

Revenue under multiple-element arrangements, which typically include new software licenses and maintenance agreements sold together, is allocated to each element in the arrangement primarily using the residual method based upon the fair value of the undelivered elements. Discounts, if any, are applied to the delivered elements, usually software licenses, under the residual method. For maintenance, fair value is determined based upon an expected renewal rate.

Services and other revenue consist primarily of fees from consulting services and training. Services generally do not require significant modification or customization of software products and are accounted for separately to the extent they are not essential to the functionality of software products. Service revenues derived from time and material contracts are recognized as time is incurred.

Service revenues derived from fixed price contracts are generally recognized using a percentage of completion basis. For customer support contracts, when no performance pattern is discernible, revenue is recognized ratably over the term of the contract, generally one year, on a straight-line basis.

2.7 Research & Development ("R&D") expenses

Research costs are expensed as incurred. Since it is difficult to demonstrate technological feasibility before a working prototype has been completed, such costs are expensed. Technological feasibility is generally demonstrated shortly before the commercial release of software products. As a consequence, costs incurred after technological feasibility is established that could potentially be capitalized are not material.

2.8 Provisions for contingencies and losses

Dassault Systèmes SA applies accounting rules on liabilities, in Regulation 2002-06 by the *Comité de la Règlementation Comptable* (French Accounting Regulation Committee) which means that the Dassault Systèmes SA has to accrue for provisions for contingencies and losses in order to face probable decrease of resources toward third parties without any counterpart for Dassault Systèmes SA. These provisions are estimated taking in account the most probable hypothesis at the closing date.

2.9 Derivatives

Dassault Systèmes SA generally mitigates foreign currency exposure to revenue and cost generated by its ongoing and predictable activity. Dassault Systèmes SA can also mitigate a given foreign currency exposure linked to operations realized, for instance, when it undertakes an acquisition in foreign currency. Dassault Systèmes SA, in order to mitigate foreign currency exposure, uses only foreign exchange contracts or financial instruments for which total maximum losses are known from the outset.

Interest rate derivatives

The financial income and expense resulting from the use of derivatives is recorded in the income statement in the same manner as income and expense from the covered transactions when the derivatives are considered to be hedging transactions from an accounting perspective. If the instruments do not qualify as hedging, they are evaluated as follows:

- unrealized losses on negotiated financial instruments are fully reserved;
- net gains on negotiated financial instruments are recognized in the income statement upon settlement.

Exchange rate derivatives

Exchange rate derivatives are included in Dassault Systèmes Group's currency position. Unrealized losses on these derivatives are taken into account in determining the provision for unrealized exchange losses.

Notes to the Balance Sheet

Note 3. Changes in Fixed Assets

(in thousands)	Gross 12/31/2011	Contributions merged companies	Additions 2012	Disposals 2012	Gross 12/31/2012
Intangible assets	**€191,851**	**€90**	**€42,761**	**€(12,591)**	**€222,111**
Goodwill	111,871	–	11,555	–	123,426
Patents, licenses and trademarks	68,383	90	30,426	(994)	97,905
Intangible assets in progress	11,597	–	780	(11,597)	780
Tangible assets	**92,004**	–	**16,343**	**(8,595)**	**99,752**
Machinery and equipment	50,831	–	13,828	(3,635)	61,024
Other property, plant & equipment	39,963	–	2,256	(3,750)	38,469
Fixtures and fittings	25,483	–	1,431	(3,257)	23,657
Vehicles	269	–	–	(55)	214
Office furniture	7,538	–	818	(22)	8,334
Office equipment	6,673	–	7	(416)	6,264
PP&E in progress	1,210	–	259	(1,210)	259
Financial assets	**1,769,912**	**–**	**679,126**	**(384,028)**	**2,065,010**
Investments in subsidiaries	1,661,327	–	159,376	(34,220)	1,786,483
Loans and advances to subsidiaries	107,530	–	519,700	(349,493)	277,737
Loans	685	–	15	(250)	450
Deposits and guarantees	370	–	35	(65)	340
Total gross fixed assets	**€2,053,767**	**€90**	**€738,230**	**€(405,214)**	**€2,386,873**

Fixed assets in progress and advances and on-account payments on fixed assets are recorded under the fixed asset item to which they relate.

The increase in intangible assets in 2012 was mainly due to the acquisition of intellectual properties for €18.9 million, to the inclusion of goodwill related to the mergers completed during the year for €10.4 million and to the capitalization of the upgrade of the finance information system of Dassault Systèmes SA (in assets in progress).

The increase in the tangible assets is mainly explained by the recurring investments of office IT equipment and servers for €13.8 million of which €6.9 million are linked to the implementation of the new Data Center.

Financial assets are mainly composed of investments in subsidiaries and loans and advances to subsidiaries, details of which are presented in the information concerning subsidiaries and shareholdings (see Note 25. Information Relating to Subsidiaries and Shareholdings), as well as loans and advances granted to employee and deposits and guarantees.

The main variations on investments in subsidiaries are explained in Note 1. Description of Business and Key Events of the Year.

The variation of loans and advances to subsidiaries is explained by the new loans granted to the subsidiaries which are driven by the acquisition plan of the Group.

Note 4. Changes in Amortization, Depreciation and Impairment

(in thousands)	Amortization and impairment at 12/31/2011	Contributions merged companies	Additions in 2012	Reversals and transfers 2012	Amortization and impairment at 12/31/2012
Intangible assets	**€47,924**	**–**	**€9,944**	**€(44)**	**€57,824**
Patents, licenses and trademarks	47,924	–	7,664	(44)	55,544
Other intangible assets	–	–	2,280	–	2,280
Tangible assets	**54,779**	–	**13,742**	**(7,133)**	**61,388**
Machinery and equipment	38,475	–	9,804	(3,430)	44,849
Other property, plant & equipment	16,304	–	3,938	(3,703)	16,539
Fixtures and fittings	7,795	–	2,911	(3,208)	7,498
Vehicles	257	–	12	(55)	214
Office furniture	1,884	–	769	(24)	2,629
Office equipment	6,368	–	246	(416)	6,198
Financial assets	**109,486**	**–**	**–**	**(49)**	**109,437**
Investments in subsidiaries	109,437	–	–	–	109,437
Loans and advances to subsidiaries	49	–	–	(49)	–
Loans	–	–	–	–	–
Deposits and guarantees	–	–	–	–	–
Total amortization and impairment	**€212,189**	**–**	**€23,686**	**€(7,226)**	**€228,649**

Depreciation of the intangible assets is principally explained by depreciation of a part of a goodwill recorded by Dassault Systèmes SA.

The decrease of tangible assets depreciations is mainly linked to the renewal of the IT equipments and to the disposal of the former data center, as mentioned above in Note 3. Changes in Fixed Assets.

Note 5. Trade Receivables

Trade receivables are broken down as follows:

(In thousands)	12/31/12	12/31/11
Trade accounts receivable	€127,643	€158,395
Accrued revenue	13,599	36,468
Allowance for trade accounts receivable	(15,031)	(11,823)
Total trade receivables	**€126,211**	**€183,040**

The due date of all trade receivables and related items is less than one year.

The increase in bad debt reserve amounting to €3.2 million is principally explained by the additional provision for a reseller receivable in Southern Europe.

Note 6. Other Receivables

Other receivables consist of the following elements:

(In thousands)	12/31/12	12/31/11
Income tax receivable	€15,857	€21,637
Value added tax	17,053	15,755
Current accounts receivable	15,470	33,179
Accrued credit notes	3,906	9,524
Derivatives	1,441	184
Receivable related to the exercise of stock options	2,537	2,863
Other	4,066	574
Total other receivables	**€60,330**	**€83,716**

The due date of other receivables is less than one year for €58.3 million. The part over one year is equal to €2.0 million and is related to the portion of sale price of the company Transcat PLM GmbH sold in 2012 and remaining to be collected.

The change in current accounts receivable is principally due to the recapitalization of Exalead SA compensated with their current account for €20.2 million, offset by an increase in receivables from certain European subsidiaries.

Note 7. Cash and Cash Equivalents

7.1 Marketable Securities

(In thousands)	12/31/12	12/31/11
Marketable securities	**€1,130,185**	**€1,212,102**

On December 31, 2012, marketable securities were denominated in euros.

The decrease of marketable securities is mainly due to the operations of external growth of the Group, in particular the Gemcom Group acquisition, as well as the reimbursement of the loan of €200.0 million in November 2012. In addition, the Group cash pooling and Dassault Systèmes SA current activity continued to generate additional cash.

€1,122.5 million of marketable securities are held in monetary investments and €7.7 million are held in diversified investment structures.

7.2 Treasury Shares

	Number of shares	Average price *(in Euros)*	Total shares *(in thousands)*
Treasury shares as of January 1, 2012	**650,000**	**€56.19**	**€36,524**
Transfer of shares	(150,000)	55.91	(8,386)
Repurchase of treasury shares	1,042,679	72.06	75,136
Cancelation of treasury shares	(643,600)	71.28	(45,874)
Treasury shares as of December 31, 2012	**899,079**	**€63.84**	**€57,400**

Note 8. Prepaid Expenses

Prepaid expenses are comprised of the following:

(In thousands)	12/31/12	12/31/11
IT maintenance	€5,781	€4,289
Other	8,138	3,937
Total prepaid expenses	**€13,919**	**€8,226**

The increase of other prepaid expenses is mainly explained by 2013 expenses received at end of 2012.

Note 9. Shareholders' Equity

9.1 Share Capital

Movements in share capital during the year ended December 31, 2012 were as follows:

	Number of shares	Par value *(in Euros)*	Capital *(in Euros)*
Shares as of January 1, 2012	**123,092,729**	**€1**	**€123,092,729**
Shares issued pursuant to stock option plans (refer to Note 9.2)	2,624,237	1	2,624,237
Capital reduction by canceling shares	(643,600)	1	(643,600)
Capital increase (refer to Note 1.)	23,412	1	23,412
Shares as of December 31, 2012	**125,096,778**	**€1**	**€125,096,778**

9.2 Stock Option Plans

The table below summarizes the options exercised since each plan was introduced:

	Plan May 28, 2002		Plan January 20, 2003		Plan March 29, 2005		Plan October 9, 2006	SUB TOTAL CARRY-FORWARD
	2002-01	2002-02	2002-03	2002-04	2002-05	2002-06	2006-1	
Number of options allocated	1,363,563	355,300	3,325,000	675,000	967,150	232,850	1,405,700	8,324,563
Option exercise price (in euros)	45.50	45.50	23.00	23.00	39.50	39.50	47.00	–
Exercise dates	From 05/28/03 to 05/27/12	From 05/28/03 to 05/27/12	From 01/20/04 to 01/19/13	From 12/31/04 to 01/19/13	From 03/30/07 to 03/28/12	From 03/30/06 to 03/28/12	From 10/10/09 to 10/08/13	
Number of options exercised through 2006	–	66,305	71,725	385,120	5,700	4,300	–	533,150
Number of options exercised in 2007	440	96,481	504,841	107,245	–	61,600	–	770,607
Number of options exercised in 2008	–	37,609	205,592	17,900	2,800	28,550	–	292,451
Number of options exercised in 2009	–	6,113	158,798	11,930	950	14,700	–	192,491
Number of options exercised in 2010	217,400	21,933	856,569	19,655	326,135	16,150	98,768	1,556,610
Number of options exercised in 2011	743,790	20,563	641,931	12,300	436,694	27,800	219,242	2,102,320
Number of options exercised in 2012	312,863	40,760	772,252	64,735	61,369	37,000	607,784	1,896,763
Number of options canceled	89,070	65,536	20,225	50,600	133,502	42,750	223,400	625,083
Number of options in circulation on December 31, 2012	–	–	93,067	5,515	–	–	256,506	355,088

	SUB TOTAL CARRY-FORWARD	Plan June 6, 2007 2006-02	Plan Sept 25, 2008 2008-01(2)	Plan Nov 27, 2009 2008-02	Plan May 27, 2010 2010-01	TOTAL
Number of options allocated	8,324,563	1,325,900	1,436,600	1,851,500	1,240,000	14,178,563
Option exercise price (in euros)		47.50	38.15	39.00	47.00	–
Exercise dates		From 06/07/10 to 06/05/14	From 09/25/09 to 09/24/15	From 11/27/13 to 11/26/17	From 05/27/14 to 05/26/18	
Number of options exercised through 2006	533,150	–	–	–	–	533,150
Number of options exercised in 2007	770,607	–	–	–	–	770,607
Number of options exercised in 2008	292,451	–	–	–	–	292,451
Number of options exercised in 2009	192,491	–	–	–	–	192,491
Number of options exercised in 2010	1,556,610	28,721	25,275	1,300(1)	900(1)	1,612,806
Number of options exercised in 2011	2,102,320	192,640	61,398	–	–	2,356,358
Number of options exercised in 2012	1,896,763	392,265	335,209	–	–	2,624,237
Number of options canceled	625,083	150,079	137,582	131,300	64,000	1,108,044
Number of options in circulation on December 31, 2012	355,088	562,195	877,136	1,718,900	1,175,100	4,688,419

(1) Options exercised under specific provisions.

(2) 33% per annum exercisable beginning September 25, 2009, 2010 and 2011 respectively.

9.3 Movements in Shareholders' Equity

Movements in shareholders' equity for the year ended December 31, 2012 were as follows:

(in thousands)	2011 Before AGM's resolutions	Appropriation of 2011 earnings by AGM	Effect of exercising options and canceling shares	Net income for 2012 fiscal year	Other(1)	2012 Before AGM's resolutions
Common stock	**€123,093**	–	€1,981	–	€23	**€125,097**
Share premium	**263,875**	–	50,527	–	–	**314,402**
Contribution premium	**269,978**	–	–	–	1,613	**271,591**
Legal reserve	**12,133**	176	–	–	–	**12,309**
Retained earnings	**1,217,238**	178,328	–	–	–	**1,395,566**
Income (loss) for the fiscal year	**264,795**	(264,795)	–	254,847	–	**254,847**
Regulated provisions(1)	**17,626**	–	–	–	(2,248)	**15,378**
Shareholders' equity	**€2,168,738**	**€(86,291)**	**€52,508**	**€254,847**	**€(612)**	**€2,389,190**

(1) The "Other" variations of shareholders' equity corresponds to the emission of 23,412 shares as remuneration of the contribution of 1,500 shares Dassault Data Services SAS, as well as a reversal of regulated provisions mainly generated from the regulated company profit sharing scheme set up for the benefit of Dassault Systèmes SA employees. From 2012, there is no longer such a regulated provision as a consequence of the disappearance of the tax benefit voted by the French Parliament.

Note 10. Provisions for Contingencies and Losses

Movements of provisions for contingencies and losses were as follows:

(in thousands)	Opening balance on 01/01/12	Additions for 2012 fiscal year	Reversals for 2012 fiscal year	Closing balance on 12/31/12
Provisions for post-employment benefits	€10,550	€1,814	–	€12,364
Provisions for jubilee awards	2,746	931	(14)	3,663
Provisions for exchange losses	855	5,075	(855)	5,075
Other provisions for contingencies and losses	16,232	21,000	(13,572)	23,660
Total provisions	**€30,383**	**€28,820**	**€(14,441)**	**€44,762**

Dassault Systèmes SA's commitment in terms of retirement payments was evaluated using the future rights pro-rata method.

This method, which is based on an actuarial valuation of rights, takes into account rights acquired by employees on the date of their retirement, computed on the basis of the employees' seniority and annual salary at the time of retirement. These rights are acquired and paid to the employee when he/she retires as a fixed amount. Provisions are made for rights to retirement payments acquired by employees during their career on the basis of actuarial assumptions and calculations.

Retirement commitments on December 31, 2012 were computed using the prospective method using the following assumptions: retirement between 60 and 65 years of age, discount rate of 3.50%, average increase in salaries of 3% and a 4% expected return on plan. In 1998, Dassault Systèmes SA took out an insurance policy with Sogecap, a life insurance company affiliated with the Société Générale, intended to cover the retirement payment commitments. Pursuant to this policy, Dassault Systèmes SA has invested a total of €8.3 million.

Change in other provisions for contingencies and liabilities between December 31, 2011 and December 31, 2012 corresponds primarily to:

- a provision for an obligation for €16.4 million as a result of the attribution of performance shares in 2012;
- a reversal of a provision of €8.4 million following the delivery of performance shares in May 2012.

Dassault Systèmes SA is involved in litigation and other proceedings, such as civil, commercial, social and tax proceedings, incidental to normal operations. Dassault Systèmes SA estimates that the resolution of such litigation and proceedings will not have a material effect on its financial statements.

Note 11. Financial Liabilities

At December 31, 2012, financial liabilities were as follows:

(In thousands)	**Gross**	**Due dates less than one year**	**Due dates over one year**
Regulated employee profit-sharing scheme	€21,444	€3,734	€17,710
Bank loans and borrowings	38	–	38
Other debts, reimbursable advances	736	14	722
Banks	269	269	–
Total financial liabilities	**€22,487**	**€4,017**	**€18,470**

As at December 31, 2011, the financial liabilities included a €200 million multi-currency credit facility. This credit facility was entirely reimbursed in November 2012.

As at December 31, 2012, the financial liabilities are principally explained by a debt related to the regulated employee profit sharing which is blocked on a dedicated current account for five years which generated interest based on 110% private bound average rate ("*TMOP*").

Note 12. Elements Concerning Related Companies

(In thousands)	**12/31/12**	**12/31/11**
Loans granted (balance at year end)	€276,987	€106,639
Loans contracted (balance at year end)	–	–
Interest received or accrued during the year on loans granted	3,119	4,114
Cash advances granted	–	1,000
Dividends received during the year	124,529	111,768
Current accounts with debit balances (at year end)	15,489	33,179
Interest received or accrued during the year on current accounts	281	384
Current accounts with credit balances (at the year-end cut-off date)	871,565	681,962
Interest paid or accrued during the year-end on current accounts obtained	1,542	1,627
Trade accounts receivable and related items	40,474	75,364
Accounts payable and related items	€2,633	€38,124

Loans granted to subsidiaries and intercompany current accounts are paid according to market conditions.

The increase in loans is principally driven by the financing of the acquisition of Gemcom group in 2012 done by the Group.

The increase in creditor current accounts is due to the continuing roll out of the Dassault Systèmes Group's centralized treasury management (cash pooling) to all the Group worldwide level, mainly to the US subsidiaries.

The decrease in debtor current accounts is due to the recapitalization of Exalead SA through incorporation of a portion of their current account.

The decrease of trade accounts receivable and accounts payable and related items is the result of the reduction of the payment terms policy which results in earlier settlement of Group payables and receivables.

€124.5 million in dividends were received during the 2012 fiscal year.

Note 13. Trade Payables

Trade payables were as follows:

(in thousands)	12/31/12	12/31/11
Suppliers	€12,486	€46,080
Invoices not received	51,615	64,680
Total trade payables	**€64,101**	**€110,760**

All trade payables are due in less than one year.

In accordance with Articles L. 441-6-1 and D. 441-4 of the French Commercial Code related to information regarding payment due dates, at December 31, 2012, the balance of Dassault Systèmes SA's trade payables to its suppliers amounted to €12,486,222.0 (2011: €46,080,013.0). Due dates are as follows:

- 37.6% payable within 30 days (2011: 37.3%);
- 62.4% payable within 60 days (2011: 62.7%).

90% of the trade payables as at December 2012 are related to external suppliers.

The decrease of trade payables of €46.7 million between 2011 and 2012 is principally explained by an acceleration of the intercompany payment terms.

Tax and social security payables were as follows:

(in thousands)	12/31/12	12/31/11
Value added tax	€9,901	€12,839
Other taxes and duties	1,617	1,983
Regulated and optional profit-sharing	23,610	22,198
Accrued vacation	32,543	29,224
Other employee expenses	44,141	35,038
Total tax and social security payables	**€111,812**	**€101,282**

Other payables were as follows:

(in thousands)	12/31/12	12/31/11
Current accounts with credit balances	€871,565	€681,962
Discounts to be granted and credit notes to be established	1,015	1,789
Other	6,209	5,287
Total other payables	**€878,789**	**€689,038**

The increase in current accounts with credit balances is explained by the roll out of the centralized Group cash management program by Dassault Systèmes SA at the worldwide level.

Note 14. Unearned Revenue

Unearned revenue is comprised of the following elements:

(in thousands)	12/31/12	12/31/11
Software royalties	€42,733	€53,083
Other revenue	1	613
Total unearned revenue	**€42,734**	**€53,696**

Unearned revenues are mainly related to deferred revenues of software, maintenance and support for periods subsequent to this year end. The decrease versus last year is driven by the reversal, during 2012, of non recurring revenues, in application of the revenue recognition rules, particularly on software revenues that are recognized when the service is delivered.

Note 15. Financial Commitments

15.1 Financial Instruments

At December 31, 2012 and 2011, the fair value of instruments used to manage currency exposure was as follows:

	Year ended December 31,			
	2012		2011	
(in thousands)	Nominal amount	Fair value	Nominal amount	Fair value
Interest rate swaps in euros[1]	–	–	€200,000	€(3,405)
Interest rate basis swaps in euros[1]	–	–	200,000	(188)
Forward exchange contract Japanese yen/euros – sale[2]	107,835	11,366	212,141	(18,105)
Forward exchange contract Japanese yen/euros – purchase[2]	5,802	(78)	–	–
Collars Japanese yen/euros[2]	–	–	14,909	(1,293)
Forward exchange contract Japanese yen/euros – sale[2]	–	–	9,383	166
Interest rate swaps in Japanese yen[3]	63,815	(289)	101,297	(446)
Interest rate swaps in Japanese yen[3]	63,815	289	101,297	446
Forward exchange contract Japanese yen/U.S. dollars – sale[3]	24,721	(1,124)	16,099	(909)
Forward exchange contract U.S. dollars/Japanese yen – purchase[3]	24,721	1,124	16,099	909
Forward exchange contract Australian dollars/euros – sale[4]	121,591	1,190	–	–
Forward exchange contract Canadian dollars/euros – sale[4]	65,236	232	–	–
Forward exchange contract Australian dollars/euros – purchase[4]	9,938	(40)	–	–
Other instruments[5]	€28,813	€(41)	€5,673	€18

(1) Dassault Systèmes SA has reimbursed in November 2012 the multi-currency credit facility (see Note 11. Financial Liabilities).
(2) Financial instruments designated to cover the exchange rate risk on the future budgeted sales in Japanese yen.
(3) Dassault Systèmes SA has signed hedging contracts for its subsidiaries. These operations do not have any impact on the result of Dassault Systèmes SA.
(4) Within the framework of the loans granted to the subsidiaries for the financing of acquisitions (see Note 12. Elements Concerning Related Companies), Dassault Systèmes SA has signed hedging contracts; instruments qualifying the hedging accounting.
(5) Derivatives not designated as hedging instruments.

The fair value of derivatives has been calculated by financial institutions on the basis of the market price and option valuation models.

All these instruments have been concluded within the framework of Dassault Systèmes SA's hedging strategy and mature in less than 12 months for the exchange rate hedging instruments and in approximately two years and half for the interest rate swaps. Dassault Systèmes SA's management believes that the counterparty risk relating to these instruments is minimal as counterparties are first ranked financial institutions.

15.2 Increases and Reductions in Future Income Tax Payable

Increases and reductions in future income tax payable have been evaluated on the basis of the standard corporate tax rate, plus extraordinary contributions when applicable. They originate from time lags between the tax regime and the accounting recognition of revenue and expenses.

(in thousands)	12/31/12	12/31/11
Nature of temporary differences		
Short term (36.10% tax rate)	**€37,484**	**€32,862**
Provision for regulated profit-sharing	16,092	13,174
Unrealized exchange gains	1,409	2,729
Depreciation of receivables	15,031	11,822
Other	4,952	5,137
Long term (34.43% tax rate)	**13,530**	**11,715**
Provision for post-employment benefits	12,364	10,549
Provision for contingencies	1,166	1,166
Total temporary differences	**€51,014**	**€44,577**
Net reduction of the future corporate tax debt		
(36.10% tax rate)	13,532	11,863
(34.43% tax rate)	€4,658	€4,033

15.3 Other Commitments

On December 31, 2012, commitments stood at €173.3 million for real estate and equipment rentals including: (i) €150.7 million relating to the lease for the headquarters in Vélizy-Villacoublay, effective as from June 30, 2008 for 12 years (compared to €165.1 million on December 31, 2011); (ii) €14.7 million related to the lease of a new building close to the headquarters, effective as from July 2011.

In December 2012, Dassault Systèmes SA agreed to sign a built-to-suit lease agreement for an additional building in its headquarters facilities and to extend the initial term for a further five years. Under this agreement signed in February 2013, Dassault Systèmes SA has committed to lease an additional 13,000 square meters of office space and to enter into a new lease for its headquarters facilities for a non-cancelable initial term of ten years which will take effect starting November 2015 when construction is expected to be completed. Future minimum rental payments over the extended term amount to approximately €138 million in the aggregate and have not been included in the above paragraph.

At the Board meeting of April 25, 2012, Dassault Systèmes SA guaranteed all the commitments taken by Dassault Systèmes Acquisition Corp. regarding the payment of the purchasing price of Gemcom International Software Inc. for a global maximum amount of CAD350.0 million, as well as the a compensation that could be claimed by the vendors in case of non compliance with the statements and warranties for that kind of transactions.

15.4 Individual Training Rights

French law provides permanent employees in French entities with the right to receive individual training of at least twenty hours per year (“Individual Training Rights”). Individual Training Rights can be accumulated over six years and the related costs are expensed as incurred.

As of December 31, 2012, accumulated Individual Training Rights amounted to 214,031 hours out of which 211,101 hours have not yet been requested by the employees.

Notes on the Income Statement

Note 16. Breakdown of Net Sales

(in thousands)	12/31/12	12/31/11
Software (royalties and other product developments)	€839,860	€716,331
Services and others	28,205	16,190
Other revenue	122,641	117,502
Total net sales	**€990,706**	**€850,023**

The breakdown of net software sales by geographic zone is as follows:

(in thousands)	12/31/12	12/31/11
Europe	€480,511	€402,958
Asia	236,304	185,794
Americas	120,895	126,192
Other	2,150	1,387
Total net software sales	**€839,860**	**€716,331**

Note 17. Statutory Auditors' Fees

The amount of Statutory Auditors' fees appearing in the income statement for the year is as follows:

(in thousands)	12/31/12	12/31/11
Certification of the individual and consolidated financial statements	€1,254	€1,245
Other services	573	115
Total Statutory Auditors' fees	**€1,827**	**€1,360**

Note 18. Research and Development Expenses

In 2012, Dassault Systèmes SA recorded a total of €168.8 million of research and development expenses.

Note 19. Financial Income/Loss

Financial income for the year 2012 was €137.7 million compared to €143.4 million for the year 2011.

The main reasons for this decrease were:

- dividends received in 2012 were €124.5 million compared to €111.8 million in 2011 (see Note 12. Elements Concerning Related Companies);
- net gains of €20.5 million in 2012 compared to net gains of €8.1 million in 2011 on marketable securities disposals;
- a net provision for risk of €4.1 million concerning the receivable mainly related to the increase of the provision for exchange losses, compared to a net reversal of €1.9 million in 2011;
- a net reversal of €26.3 million of the impairment of investments in subsidiaries booked in 2011 whereas no movement on impairment was booked in 2012.

Note 20. Extraordinary Income/Loss

Extraordinary loss for the year 2012 was €28.3 million compared to €10.0 million for the year 2011.

This increase of extraordinary loss was mainly due to a net loss of €18.0 million on subsidiaries shares sold in 2012.

Note 21. Breakdown of Income Tax

The breakdown of income tax between current income and extraordinary income for the year ended December 31, 2012, is as follows:

(in thousands)	Income before tax	Tax (expense) profit	Income after tax
Current income	€365,516	€(66,521)	€298,995
Extraordinary income[1]	(58,211)	14,063	(44,148)
Breakdown of income tax	**€307,305**	**€(52,458)**	**€254,847**

(1) Including regulated and supplemental employee profit-sharing.

The effective income tax rate for the year ended December 31, 2012 was 17.07% (2011: 15.02%). The increase in the effective tax rate was mainly due to the utilization of the losses carry forwards of the subsidiaries merged in 2011 and to a decrease in the research and development tax credit in 2012.

The tax group consisted of 6 entities at the end of December 2012.

Under the tax integration agreement, it is agreed that the tax charge of the tax-integrated company will be the same as it would have been if such subsidiary had not been a member of the group.

Without the tax integration agreements, Dassault Systèmes SA’s tax charge would have been €53.8 million in 2012.

Additional Information

Note 22. Compensation of Managing Directors

The total gross compensation paid in euros by Dassault Systèmes SA during 2012 was as follows:

Salaries	€3,643,877
Benefits in kind	16,314
Directors' fees(1)	78,000(1)
Total	**€3,738,191**

(1) 2011 directors' fees paid in 2012. 2012 directors' fees to be paid in 2013 will represent €79,800.

Following the authorizations granted to the Board of Directors by the General Meeting of Shareholders, the Board granted to the CEO 150,000 shares on May 27, 2010, 164,000 shares (150,000 "AGA 2010-03" and 14,000 "AGA 2010-02") on September 29, 2011 and 164,000 shares (150,000 "AGA 2010-05" and 14,000 "AGA 2010-04") on September 7, 2012. Such shares shall be vested at the end of an acquisition period of two years subject to the condition that the CEO be a managing director of Dassault Systèmes SA at the acquisition date. The share vesting is dependant of a performance condition.

At the end of the acquisition period, the CEO must hold the shares acquired for a period of two years. In addition, the CEO must maintain in registered form at least 15% of the total amount of shares he acquires until he has left his current functions at Dassault Systèmes SA.

Note 23. Average Headcount and Breakdown by Category

Employees by category	12/31/12	12/31/11
Managers	2,106	1,908
Supervisors and technicians	78	72
Employees	188	161
Total average headcount (in full time equivalents)	**2,372**	**2,141**

Note 24. Identity of the Consolidating Company

Dassault Systèmes SA's business is included in the consolidated financial statements of Groupe Industriel Marcel Dassault SAS, whose registered office is located at 9 Rond-point des Champs-Elysées – Marcel Dassault, 75008 Paris.

Note 25. Information Relating to Subsidiaries and Shareholdings

(in thousands of euros)	Gross book value of shares	Net book value of shares	% of interest	Share capital and share premiums	Reserves and retained earnings	Net profit or (loss) for last fiscal year	Revenue	Dividends collected	Loans and advances	Guarantees and sureties(5)
Dassault Systèmes Corp.(1)	643,059	643,059	100	1,249,277	90,997	79,856	–	80,051	–	–
Dassault Systèmes Americas Corp.	278,106	278,106	10	383,532	(3,117)	51,450	358,787	19,142	–	–
Dassault Systèmes Simulia Corp.	242,977	242,977	10	142	182,001	28,345	137,841	14,219	–	–
Exalead SA	152,099	152,099	97.44	31,669	(30,651)	(7,551)	14,127	–		
Dassault Systèmes Deutschland GmbH	76,354	63,801	100	39,282	(855)	21,766	175,449	–	45,025	–
Dassault Systèmes Israel Ltd	64,883	–	100	35,110	(45,284)	9,022	32,793	–	–	–
Dassault Systèmes International SAS	163,023	131,023	100	108,924	(1,671)	526	–	–	–	–
Dassault Systèmes KK	43,742	43,742	100	48,342	32,507	37,254	361,864	–	–	(3)
Dassault Systèmes Provence SAS	32,248	32,248	100	32,394	45,775	16,013	36,323	–	–	–
Dassault Systèmes Canada Inc.	20,892	20,892	100	22,300	10,630	(1,836)	38,611	–	12,179	–
Netvibes France SAS	19,139	19,139	100	577	(1,777)	(3,878)	776	–	4,437	
SquareClock SAS	13,350	13,350	100	873	546	(751)	2,099	–	–	–
Dassault Systèmes UK Ltd	12,012	12,012	100	12,403	9,643	7,726	40,251	–	38,835	–
Dassault Systèmes AB	9,540	9,540	100	2,540	6,607	(2,399)	35,490	–	4,661	–
Dassault Systèmes India Pvt Ltd	8,823	8,823	100	8,239	3,254	(731)	33,608	–	–	–
Dassault Data Services SAS	2,576	2,576	100	3,000	13,871	4,371	57,516	3,990	–	–
Allegorithmic(2)	1,250	1,250	17.70	3,699	(2,666)	(608)	1,116	–	–	–
Dassault Systèmes Italia Srl	1,139	1,139	100	1,181	904	(4,106)	25,939	–	810	–
Dassault Systèmes Belgium SA	392	392	99.99	392	193	741	4,976	–	213	–
3DPLM Software Solutions Ltd	90	90	25	214	18,012	6,255	–	426	–	–
Dassault Systèmes (Switzerland) Ltd	68	68	100	83	5,157	(4,645)	8,702	–	–	–
Dassault Systèmes Centrale Numérique SAS	37	37	100	37	(19)	(3)	–	–	–	–
Dassault Systèmes Espana SL	3	3	100	3	799	(393)	9,172	–	1,574	–
	1,785,802	***1,676,366***						***117,828***	***107,734***	

(1) U.S. holding company owning 100% of Dassault Systèmes SolidWorks Corp., 100% of Dassault Systèmes Russia Corp. and Dassault Systèmes Holding LLC, the latter itself holding 90% of Dassault Systèmes Americas Corp. and Dassault Systèmes Simulia Corp. and 100% of Dassault Systèmes Delmia Corp. and Spatial Corp.

(2) Equity interests.

(3) As regards the Japanese subsidiary Dassault Systèmes KK, Dassault Systèmes SA is the guarantor for up to 14.5 billion Japanese yen through July 31, 2015 for the benefit of the Bank of Tokyo-Mitsubishi and the Société Générale, for the credit line granted by these banks. Dassault Systèmes SA has not granted any other significant guarantees or endorsements to its subsidiaries. The loans granted to subsidiaries are detailed in Note 12. Elements Concerning Related Companies. The 2012 earnings of foreign subsidiaries have been converted using the average annual exchange rates for the relevant currencies. The shareholders' equity of foreign subsidiaries have been converted using the closing rates in effect at year-end.

4.2.4 Selected financial and other information for Dassault Systèmes SA over the last five years

(in euros except headcount)	2008	2009	2010	2011	2012
Share capital					
Share capital	118,862,326	118,367,641	121,332,605	123,092,729	125,096,778
Number of shares authorized and issued	118,862,326	118,367,641	121,332,605	123,092,729	125,096,778
Statement of income data					
Revenue	554,651,006	547,060,093	742,259,080	850,023,294	990,705,543
Result before income tax, profit sharing, amortization and provisions	210,541,064	228,213,442	365,948,323	415,780,289	386,581,931
Result before income tax, profit sharing, amortization and provisions and reversals of provisions	202,315,635	198,578,445	339,981,856	341,652,678	367,577,134
Income tax	12,489,386	6,492,806	33,005,838	46,812,886	52,457,635
Regulated employee profit-sharing	9,202,886	10,683,300	11,058,164	13,192,985	13,464,860
Optional employee profit-sharing	8,140,149	7,208,561	10,501,560	14,165,501	16,403,788
Net income	115,307,017	108,874,103	219,126,831	264,795,422	254,846,867
Data per share					
Result after income tax and profit sharing and before amortization and provisions	1.45	1.47	2.35	2.17	2.28
Basic net income per share	0.97	0.92	1.81	2.15	2.04
Dividend per share	0.46	0.46	0.54	0.70	0.80[1]
Personnel					
Average headcount	1,794	1,887	2,022	2,141	2,372
Personnel costs paid during the year	102,594,289	106,372,002	120,640,263	140,056,445	164,250,610
Social security contributions paid during the year	53,986,160	58,556,427	69,681,295	70,506,943	88,239,898

(1) To be proposed for approval at the General Meeting of Shareholders scheduled for May 30, 2013.

4.2.5 Report of the Statutory Auditors on the Parent Company Financial Statements

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your shareholders' meetings, we hereby report to you, for the year ended 31 December 2012, on:

- the audit of the accompanying financial statements of Dassault Systèmes SA;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2012 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Note 2.1 to the financial statements summarizes the methods of recognition and valuation of intangible assets. We verified that the values in use of the business assets ("*fonds de commerce*") were consistent with their carrying value.
- Note 2.2 to the financial statements summarizes the methods of recognition and valuation of financial fixed assets. We verified that the values in use of the long-term equity interests were consistent with their carrying values.
- Note 2.6 to the financial statements sets out the accounting principles and methods used to account for revenue including firstly new software licenses along with related maintenance, and secondly services and other revenue. We verified the appropriateness of the accounting principles adopted, their implementation and related information provided in the notes.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests, the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly Sur Seine and Paris-La Défense, 28 March 2013
The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT	ERNST & YOUNG ET AUTRES
French original signed by:	*French original signed by:*
Pierre Marty	Jean-François Ginies

4.2.6 Special report of the Statutory Auditors on Regulated Agreements and Commitments

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

To the Shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*) concerning the implementation, during the last financial year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and commitments submitted for approval by the General Meeting of Shareholders

We hereby inform you that we have been advised of the following agreements or commitments authorized in the course of the year to be submitted to the General Meeting of Shareholders for approval in accordance with Article L. 225-40 of the French Commercial code (*Code de Commerce*).

1. With Dassault Systèmes Acquisition Corp., subsidiary of your company

Related director

Mr Thibault de Tersant, Director of your company and President of Dassault Systèmes Acquisition Corp.

Nature and purpose

Acquisition contract of Gemcom Software International and any document relative to this acquisition

Conditions

Dassault Systèmes Acquisition Corp., created for the acquisition of Gemcom Software International has for president Thibault de Tersant. The acquisition of Gemcom Software International Inc. required, at request of the seller, the support of your company on the transaction to guarantee the commitments taken by Dassault Systèmes Acquisition Corp. Mr Thibault de Tersant, as president of Dassault Systèmes Acquisition Corp. and board member of your company, signed the contract of acquisition for both entities of the group.

2. With Mr Charles Edelstenne, Board Director

Nature and purpose

Contract of contribution in kind of 1,500 securities of Dassault Data Services for the benefits of your company.

Conditions

In its meeting on 7 June 2012, the Board of Directors authorized the contract of contribution in kind of 1,500 securities of Dassault Data Services from Mr Charles Edelstenne for the benefits of your company, on July 25, 2012. A report on this contribution was done by a "*commissaire aux apports*". In exchange for this contribution, Mr Charles Edelstenne obtained 23,412 shares of your company.

Agreements and commitments already approved by the General Meeting of Shareholders

Agreements and commitments approved in prior years

a) the implementation of which continued during the year

In accordance with Article R. 225-30 of the French Commercial Code (*Code de commerce*), we have been advised that the implementation of the following agreements and commitments, which were approved in prior years, continued during the year.

With Dassault Systemes Americas Corp. (formerly Enovia Corp.), subsidiary of your company

Nature and purpose

Agreement on brand license granted free of charge.

Conditions

A non-exclusive, free-of-charge license for the Enovia brand has been granted to Enovia Corp. This agreement was authorized by the Board of Directors at its meeting on 11 March 1998. It was entered into on 28 December 1998 for an indefinite period, it being specified that Enovia Corp. changed its name on 1 January 2006 to become Dassault Systemes Americas Corp.

b) which were not implemented during the year

In addition, we have been advised that the implementation of the following agreements and commitments, which were approved in prior years, did not continue during the year.

1. With Mr Bernard Charlès, *directeur général*

Nature and purpose

Indemnity in the event of the removal of Mr Bernard Charlès from corporate office

Conditions

At its meeting on 27 May 2010, on the occasion of the renewal of Mr Bernard Charlès' term of office as *directeur général*, the Board of Directors authorized, upon the proposal of the Remuneration and Selection Committee, the renewal of the agreement granting Mr Bernard Charlès a compensation in case of the termination of his functions as *directeur général* according to the terms adopted by the Board of Directors at its meetings on 28 March 2008 and 27 March 2009.

At its meeting on 27 May 2010, the Board of Directors decided to make no change to the conditions, as defined by the Board of Directors at its meetings on 28 March 2008 and on 27 March 2009, in which this compensation would be due in view of the recommendations of the Remuneration and Selection Committee and in accordance with the recommendations integrated into the AFEP/MEDEF Consolidated Corporate Governance Code (*Code de gouvernement d'entreprise consolidé*) of December 2008.

The amount of the indemnity due would be equivalent to a maximum of two years of remuneration of the *directeur général* and would depend on meeting performance targets established for the calculation of his variable remuneration.

The amount paid would be calculated as a prorated percentage of the variable remuneration paid during the three years prior to the departure in relation to the target variable remuneration for these same years.

Thus, the amount due would be calculated according to the following formula:

- total gross remuneration (including variable remuneration but excluding benefits in kind and directors' fees) due in respect of his corporate office for the two fiscal years ended prior to the date of departure,
- multiplied by the figure resulting from the division i) of the amount of the variable remuneration paid to the *directeur général* during the three fiscal years ended prior to the date of the departure (numerator), by ii) the amount of the target variable remuneration decided for each of these same years by the Board of Directors according to the achievement of the targets fixed for the company (denominator).

The indemnity may only be paid in the event of a change of control or strategy duly established by the Board of Directors that results in a forced departure within the following twelve months. It could also be paid in a scenario of a forced departure without being related to poor results of the company or to mismanagement by the *directeur général*; the Board of Directors can then decide to grant all or part of the termination compensation.

The indemnity will not be due in a situation where the *directeur général* leaves the company on his own initiative to take up a new position, or changes position within the group, or if he is able to claim a pension within a short time period.

Besides, in the event of exceptional events that could seriously damage the company's image or income and have a significant negative impact on the stock market share price of your company, according to the assessment of the Board of Directors, or in the event of misconduct independent of his functions and incompatible with the normal performance of his office as *directeur général*, the Board of Directors may establish that the indemnity will not be due.

2. With the Board Members of the company, in connection with the insurance policy "Civil liability of the directors and the corporate officers "signed with the company CHARTIS Insurance (A.I.G)

a. Nature and purpose

Advance to the Board Members of their expenses of possible legal defense instituted against them in the exercise of their mandate

Conditions

In its meeting on 24 July 1996, the Board of Directors authorized the decision to have your company advance their expenses to a legal and compensations that the Board Members might have if their personal civil liability would be questioned, in case the insurance policy signed with the company CHARTIS Insurance (A.I.G), would not cover these advances and financial consequences.

b. Nature and purpose

Payment of the possible legal defense expenses of Board Members taking place in the United States.

Conditions

In its meeting on 23 September 2003, the Board of Directors authorized the decision to have your company pay the fees and travel expenses that Board Members of the company and of its subsidiaries might have to meet to prepare their personal defense before a civil, criminal or administrative jurisdiction of the United States if this defense were to be exercised within the scope of an inquiry or investigations being carried out against your company.

Payment of these expenses is ensured on the three-part condition that the Board Members and senior executives concerned are assisted by lawyers selected by the company, that the company remains in control of its strategic choices in terms of procedure and methods of defense and that the expenses incurred be reasonable.

Neuilly-sur-Seine and Paris-La Défense, March 28, 2013
The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT	ERNST & YOUNG ET AUTRES
French original signed by:	*French original signed by:*
Pierre Marty	Jean-François Ginies

4.3 Legal and Arbitration Proceedings

From time to time in the ordinary course of business, the Company is involved in litigation, tax audits or regulatory inquiries. To the Company's knowledge, there is no outstanding, suspended or threatened government proceeding, litigation or arbitration, which has had during the last twelve months preceding the publication of this 2012 Annual Report, or is likely to have, a significant impact on the Company's financial condition or results of operations.

For information purposes only, the Company notes that MatrixOne Inc., a U.S. company that the Company acquired in May 2006 (subsequently renamed Dassault Systèmes Enovia Corp.), was one of more than 300 companies named as defendants in coordinated class action lawsuits filed in federal court in New York beginning in late 2000. The consolidated amended complaint in the coordinated action filed in April 2002 alleged, among other matters, that MatrixOne Inc., and the other defendants violated U.S. securities laws by misrepresenting how their shares would be allocated to investors by banks underwriting initial public offerings of the issuer defendants' shares. On October 6, 2009, the federal court issued an order approving a global settlement of these coordinated cases. Multiple appeals were filed objecting to the approval of the settlement. In January 2012, the final outstanding appeal was dismissed with prejudice, as a result of which the settlement became final. All settlement proceeds have been disbursed. The Company had no financial liability in connection with the settlement.

CHAPTER 5 – CORPORATE GOVERNANCE

5.1 Report of the Chairman on Corporate Governance and Internal Control

Report of the Chairman of the Board of Directors to the Combined Meeting of Shareholders of May 30, 2013

To the Shareholders of Dassault Systèmes,

The purpose of this report is to describe the composition of the Board of Directors of Dassault Systèmes SA, the application thereto of the principle of balanced representation of men and women, and the conditions under which the work of its Board of Directors is prepared and organized, as well as the internal control and risk management procedures established by the Company during the fiscal year ended December 31, 2012. It is presented to you in addition to the Management Report included in the Annual Report (*Document de référence*) of the Company for 2012.

This report has been prepared pursuant to Article L. 225-37 of the French Commercial Code and the recommendations of the AMF ("*Autorité des marchés financiers*") contained in particular in its Report on corporate governance and executive compensation in listed companies of October 11, 2012. The Chairman of the Board of Directors has entrusted the diligence related to the preparation of this report to the finance, legal and internal audit departments; the report was then reviewed by the Audit Committee and approved by the Board of Directors during its meeting held on March 27, 2013.

Dassault Systèmes SA is a French company listed on NYSE Euronext Paris – *Compartiment A* since 1996. With respect to corporate governance, Dassault Systèmes SA refers to the recommendations of the AFEP-MEDEF Code (available on the MEDEF website www.medef.fr). As recommended by the AMF, the principles of this Code with which Dassault Systèmes SA does not strictly comply, and the related explanations, are noted on the summary table in paragraph 5.1.5 of this report.

5.1.1 Composition and Practices of the Board of Directors

5.1.1.1 Composition of the Board of Directors

The Board of Directors of Dassault Systèmes SA is composed of ten members: Charles Edelstenne, Bernard Charlès, Jean-Pierre Chahid-Nouraï, Nicole Dassault, Serge Dassault, Arnoud De Meyer, Bernard Dufau, André Kudelski, Toshiko Mori and Thibault de Tersant.

The directors' term of office is four years.

Half of the members of the Board are independent directors, as this term is defined by the criteria set forth by the AFEP-MEDEF Code and applied by the Board of Directors. These criteria are based on the general rule according to which an independent director should not be in a position which may compromise the independence of his judgment or create an actual or potential conflict of interest. According to the terms of the Company's internal regulation, a director is independent when he has no relationship whatsoever with the Group, the Company or its management which might compromise his free judgment.

The five independent Directors of the Company are Ms. Mori and Messrs. Chahid-Nouraï, De Meyer, Dufau and Kudelski. The independence of the directors is subject to an annual review by the Board, which was conducted this year on March 27, 2013, on the basis of a questionnaire completed by the directors concerned.

The terms as Directors of Messrs. Dufau and Kudelski expire at the General Meeting of Shareholders of May 30, 2013. It is proposed to the General Meeting of Shareholders to appoint a new Director, Mrs. Odile Desforges (information regarding this nominee is set forth in paragraph 7.1 "Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting of Shareholders on May 30, 2013"). The proportion of women on the Board of Directors of Dassault Systèmes SA complies with the requirements for 2013 as set forth in the AFEP-MEDEF Code and the law. The proportion of independent directors also complies with the recommendations of the AFEP-MEDEF Code).

The Board of Directors of Dassault Systèmes does not include any director named by the employees of Dassault Systèmes. The three foreign Directors representing 30% of the Board, are Belgian, Japanese and Swiss. The average age of the Directors is 67 at the date of this Annual Report.

The terms and responsibilities of the directors (*mandataires sociaux*) of Dassault Systèmes in 2012 are set forth in the table below.

Charles Edelstenne – Chairman of the Board

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

Age: 75

Nationality: French

Professional address: Groupe Industriel Marcel Dassault – 9 Rond-point des Champs Elysées – Marcel Dassault, 75008 Paris – France

Main position: **Chairman and Chief Executive Officer** (*Président-Directeur Général*) of Dassault Aviation (a listed company) (until January 8, 2013) and Chief Executive Officer of Groupe Industriel Marcel Dassault SAS (GIMD)(*) since January 9, 2013 and Member of the Supervisory Board (*Conseil de surveillance*) of GIMD

(*) GIMD is the main shareholder of Dassault Systèmes SA. See paragraph 6.3.2 "Controlling Shareholder"

End of current term: General Meeting of Shareholders called to approve the financial statements for the financial year ending December 31, 2013

Date of first appointment: 04/08/1993

Dassault Systèmes shares owned at December 31, 2012: 7,707,601 shares (including 5,763,600 beneficial ownership shares).

Other current positions and Directorships:

In France: Director of Sogitec Industries SA, Director of Dassault Aviation, Thales and Carrefour (listed companies), Manager (*Gérant*) of sociétés civiles Arie, Arie 2, Nili and Nili 2

Outside France: Director of SABCA, Chairman of Dassault Falcon Jet Corporation, President of Dassault International, Inc.

Other positions expired during the last five years:

Director of Thales Systèmes Aéroportés

Bernard Charlès – President and Chief Executive Officer

Biography: Bernard Charlès has been Chief Executive Officer (*Directeur Général*) of Dassault Systèmes since 2002 when Mr. Edelstenne became solely the Chairman of the Company's Board. Since 1995, Mr. Charlès has had executive functions which he shared with Mr. Edelstenne. Prior to holding this position, Mr. Charlès served as Director of the New Technology, Research and Development and Strategy department from 1986 to 1988 and as President of Strategy, Research & Development from 1988 to 1995.

Age: 56

Nationality: French

Professional address: Dassault Systèmes – 10 rue Marcel Dassault, 78140 Vélizy-Villacoublay – France

Principal responsibility: President and Chief Executive Officer of Dassault Systèmes SA

End of current term: General Meeting of Shareholders called to approve the financial statements for the financial year ending December 31, 2013

Date of first appointment: 04/08/1993

Dassault Systèmes shares owned at December 31, 2012: 1,024,243

Other current positions and Directorships:

Outside France: Chairman of the Board of Directors of Dassault Systemes SolidWorks Corp., Dassault Systemes Simulia Corp., Dassault Systemes Delmia Corp., Dassault Systemes Enovia Corp., Dassault Systemes Corp. and Dassault Systemes Geovia Inc.

Other positions expired during the last five years:

Director of Business Objects

Thibault de Tersant – Senior Executive Vice President and Chief Financial Officer	
Biography: Thibault de Tersant has been Senior Executive Vice President and Chief Financial Officer of Dassault Systèmes since 2003. He joined Dassault Systèmes in 1988 as Executive Vice President and Chief Financial Officer. Prior to joining Dassault Systèmes, Mr. de Tersant served as a finance executive at Dassault International. Mr. de Tersant is also a member of the Board of Directors of the DFCG (the French National Association of Chief Financial Officers and Financial Controllers).	**Age:** 55 **Nationality:** French **Professional address**: Dassault Systèmes – 10 rue Marcel Dassault, 78140 Vélizy-Villacoublay – France **Principal responsibility:** Senior Executive Vice President and Chief Financial Officer
End of current term: General Meeting of Shareholders called to approve the financial statements for the financial year ending December 31, 2013 **Date of first appointment:** 04/08/1993 **Dassault Systèmes shares owned at December 31, 2012:** 17,315	**Other current positions and Directorships:** In France: President of Dassault Systèmes International SAS Outside France: Manager (*Gérant*) of Elsys SPRL, Chairman of the Board of Directors of Spatial Corp., Director of Dassault Systemes SolidWorks Corp., Dassault Systemes Delmia Corp., Dassault Systemes Corp., Dassault Systemes Simulia Corp., Dassault Systemes Enovia Corp. and Temenos (a listed company) **Other positions expired during the last five years:** Director of Icem Ltd

Jean-Pierre Chahid-Nouraï – Independent Director	
Member of the Audit Committee **Biography:** Jean-Pierre Chahid-Nouraï is an independent consultant. He was a managing Director (*Administrateur Délégué*) of Finanval Conseil from 1992 to 2007. A former member of the Executive Team (*Gérance*) and Chief Financial Officer of Michelin, Mr. Chahid-Nouraï has also worked as an investment banker for MM. Lazard Frères et Cie, Banque Vve Morin-Pons, Financière Indosuez and S.G. Warburg and as a consultant with McKinsey & Co. He has also contemporaneously taught finance at ESSEC, the *Centre de Formation à l'Analyse Financière,* INSEAD and CEDEP (*Centre Européen d'Education Permanente*).	**Age:** 74 **Nationality:** French **Professional address**: 56 rue de Boulainvilliers, 75016 Paris – France
End of current term: General Meeting of Shareholders called to approve the financial statements for the financial year ending December 31, 2014 **Date of first appointment:** 04/15/2005 **Dassault Systèmes shares owned at December 31, 2012:** 1,010	**Other current positions and Directorships:** In France: Director of the Fondation Stanislas pour l'Education **Other positions expired during the last five years:** Director of Stanislas SA and of the *Fondation Notre Dame de Garaison*, Managing Director (*Administrateur Délégué*) of Finanval Conseil

Nicole Dassault – Director	
Age: 81 **Nationality:** French	**Professional address:** Groupe Industriel Marcel Dassault, 9 Rond-Point des Champs Elysées – Marcel Dassault, 75008 Paris – France **Main position:** Member of the Supervisory Board (*Conseil de surveillance*) of GIMD
End of current term: General Meeting of Shareholders called to approve the financial statements for the financial year ending December 31, 2014 **Date of first appointment:** 05/26/2011 **Dassault Systèmes shares owned at December 31, 2012:** 0	**Other current positions and Directorships:** In France:Vice-Chairman of the Supervisory Board (*Conseil de surveillance*) of Immobilière Dassault SA, Chief Executive Officer (*Directeur Général Délégué*) of Rond-Point Immobilier SAS, Director of Dassault Aviation (a listed company), Dassault Medias SA, Société des Amis du Louvre, Société des Amis d'Orsay, Groupe Figaro SAS, and Artcurial SA

Serge Dassault – Director	
Age: 87 **Nationality:** French	**Professional address**: Groupe Industriel Marcel Dassault – 9 Rond-Point des Champs Elysées – Marcel Dassault, 75008 Paris – France **Main position**: President and member of the Supervisory Board (*Conseil de surveillance*) of GIMD
End of current term: General Meeting of Shareholders called to approve the financial statements for the financial year ending December 31, 2015 **Date of first appointment:** 06/07/2012 **Dassault Systèmes shares owned at December 31, 2012:** 96	**Other current positions and Directorships:** In France: Honorary Chairman (*Président d'honneur*) and Director (*Administrateur*) of Dassault Aviation (a listed company), President of GIFAS (*Groupement des Industries Françaises Aéronautiques et Spatiales*), Chairman of the Board and Chief Executive Officer (*Président Directeur Général*) of Dassault Media SA, President of Groupe Figaro SAS, Société du Figaro SAS, Rond-Point Immobilier SAS, Rond-Point Holding SAS, Chief Executive Officer (*Directeur Général*) of Château Dassault SAS, Member of the Strategic Committee of Dassault Développement SAS, Manager (*Gérant*) of Société Civile Immobilière de Maison Rouge, Rond-Point Investissement SARL and SCI des Hautes Bruyères Outside France: Director (*Administrateur*) of Dassault Falcon Jet Corporation, Dassault International Inc., Dow Kokam LLC and Chairman of Dassault Belgique

Bernard Dufau – Independent Director	
Chairman of the Audit Committee *Member of the Compensation and Nomination Committee* **Biography:** Bernard Dufau first joined the IBM group as a commercial engineer and then served in various management positions notably as Sales Director of IBM France and as Executive Director of Distribution for IBM Europe. He was Chairman and Chief Executive Officer of IBM France from 1995 to 2001.	**Age:** 71 **Nationality:** French **Professional address**: 165 avenue de Wagram, 75017 Paris – France
End of current term: General Meeting of Shareholders called to approve the financial statements for the financial year ending December 31, 2012 **Date of first appointment:** 05/31/2001 **Dassault Systèmes shares owned at December 31, 2012:** 1,000	**Other current positions and Directorships:** In France: Director and Chairman of the Audit Committee of France Telecom SA (a listed company) Outside France: Director and Member of the Audit Committee of Kesa Electricals plc **Other positions expired during the last five years:** Director of Neo Sécurité

André Kudelski – Independent Director	
Chairman of the Compensation and Nomination Committee *Member of the Audit Committee* **Biography:** André Kudelski is President and Chief Executive Officer (*Président et Administrateur Délégué*) of Kudelski SA and of Nagra Plus SA, a joint-venture of Kudelski SA and Canal+. Mr. Kudelski started as a research and development engineer and then was Product Manager for pay-TV products at Kudelski SA from 1989 to 1990 and Managing Director of Nagravision, the pay-TV division of the group.	**Age:** 52 **Nationality:** Swiss **Professional address**: Kudelski SA – Route de Genève 22, Case Postale 134 - 1033 Cheseaux- sur-Lausanne – Switzerland **Main position**: President and Chief Executive Officer (*Président et Administrateur Délégué*) of Kudelski SA (a listed company)
End of current term: General Meeting of Shareholders called to approve the financial statements for the financial year ending December 31, 2012 **Date of first appointment:** 05/31/2001 **Dassault Systèmes shares owned at December 31, 2012:** 10	**Other current positions and Directorships:** Outside France: Chairman and Director (*Président et Administrateur Délégué*) of Nagra Plus SA, Director (*Administrateur Délégué*) of Nagravision, Co-Chairman of NagraStar LLC, Member of the Supervisory Board of SkiData AG,Vice-Chairman of Aéroport International of Geneva, Director and Chairman of the Audit Committee of Edipresse SA, Director of HSBC Private Banking Holdings SA, Director and Member of the Audit Committee of Nestlé SA (a listed company), Member of the Comité d'Economie Suisse and Vice-Chairman of the Swiss-American Chamber of Commerce **Other positions expired during the last five years:** Chairman of the Board of Directors of Open TV

Arnoud De Meyer – Independent Director	
Member of the Scientific Committee **Biography:** Arnoud De Meyer is President of the Singapore Management University. Mr. De Meyer is a specialist in the management of innovation and has published numerous articles and books on this subject. He was previously Director of Judge Business School (University of Cambridge, U.K.) and Professor of Technology Management at INSEAD and Deputy Dean of INSEAD in France in charge of Administration and External Relations. He has also taught at Waseda University and Keio Business School in Japan and created the INSEAD Campus in Singapore.	**Age:** 58 **Nationality:** Belgian **Professional address**: Singapore Management University – 81 Victoria Street, Singapore 188065 – Singapore **Main position:** President of the Singapore Management University
End of current term: General Meeting of Shareholders called to approve the financial statements for the financial year ending December 31, 2014 **Date of first appointment:** 04/15/2005 **Dassault Systèmes shares owned at December 31, 2012:** 250	**Other current positions and Directorships:** Outside France: Director of Kylian Technology Management Pte. Ltd, Temasex Management Services Pte. Ltd, Singapore International Chamber of Commerce, SMU Ventures Pte. Ltd, Member of the Board of Directors of Singapore National Research Foundation **Other positions expired during the last five years:** Director of SR&DM, INSEAD (Singapore) and INSEAD EAC Pte. Ltd, Director of Option International NV Professor and Director of the Judge Business School at the University of Cambridge, United Kingdom

Toshiko Mori – Independent Director	
Member of the Scientific Committee **Biography:** Toshiko Mori is the Robert P. Hubbard Professor in the Practice of Architecture at Harvard University's Graduate School of Design and was the chairman of the Department of Architecture from 2002 to 2008. She is principal of Toshiko Mori Architect, and founder of VisionArc, a think-tank promoting global dialog for a sustainable future. Her firm's recent work includes performance spaces for the Brooklyn Children's Museum and for ART/New York, as well as the School of Environmental Science for Brown University, a Master Plan for New York University, and a laboratory facility for Novartis' Cambridge Campus. She is also a Member of the World Economic Forum Global Agenda Council on Design & Innovation, Member of the G1 Summit (Japan) and Master Jury Member of the Aga Khan Prize.	**Age:** 60 **Nationality:** Japanese **Professional address**: Toshiko Mori Architect, 199 Lafayette Street, New York NY 10012 – USA **Main Position**: Member of Toshiko Mori Architect PLLC
End of current term: General Meeting of Shareholders called to approve the financial statements for the financial year ending December 31, 2014 **Date of first appointment:** 05/26/2011 **Dassault Systèmes shares owned at December 31, 2012:** 300	**Other current positions and Directorships:** Outside France: Robert P. Hubbard Professor in Harvard Graduate School of Design, Member of the American Institute of Architects College of Fellows, Member of the World Economic Forum Global Agenda Council on Design & Innovation, Member of the Board of Architecture for Humanity, Member of the Supervisory Board (*Conseil de surveillance*) of A + U Magazine and of Sarasota Architectural Foundation, Member of the G1 Summit (Japan) and Master Jury Member in Aga Kahn Prize **Other positions expired during the last five years:** President of World Economic Forum Global Agenda Council on Design

5.1.1.2 Practices of the Board of Directors

Organization

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

The Chief Executive Officer, Mr. Bernard Charlès, is legally vested with the widest powers to act in any circumstances in the name of the Company, subject to the limitations set forth in paragraph 5.1.1.4 "Powers of the Chief Executive Officer" below, and represents the Company in its relations with third parties.

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

Internal Regulation

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

The internal regulation specifies that the Board proceed with an annual review of its practices, and formal assessments shall be made every three years. The last formal review took place in 2012 on the basis of an internal questionnaire addressed to each director. The members of the Board expressed their satisfaction regarding the constant progress made over more than five years in the Board's practices, particularly as regards the review of strategy, the collaboration between the Board and its Chairman, and the practices of the Audit Committee.

The internal regulation reminds directors of their legal confidentiality obligation. The directors must also comply with the insider trading rules established by Dassault Systèmes SA, which prohibit them from trading in any securities issued by Dassault Systèmes SA if they are aware of any insider information and during the trading blackout periods established by Dassault Systèmes SA. In addition to these two restrictions, trading by directors in Dassault Systèmes' securities is not permitted without the prior approval of the Insiders Committee.

Finally, in compliance with the internal regulation, the external directors (i.e., directors who are neither executives nor employees of Dassault Systèmes SA) meet at least once a year without the presence of the other directors to perform a general review of how the Board is operating and to discuss any other matters, as they may wish. In 2012, the external directors thus reviewed the risks facing Dassault Systèmes SA.

The Board of Directors Activities in 2012

The Board of Directors met eight times in 2012, with an attendance rate of 91%.

In addition to the deliberations and resolutions on its agenda pursuant to the laws and regulations in France (including the notice of General Meeting of Shareholders and the approval of the annual Management Report), the Board also discussed principally the following issues:

- the Company's strategy (definition and review of strategic directions, review of partnership and acquisition transactions);
- the accounts and the budget (approval of the 2011 parent company and consolidated accounts, the consolidated accounts for the first half of 2012, review of quarterly results). The Board is kept informed as to the Company's financial condition by reports from the Audit Committee and presentations made at each meeting by the Senior Executive Vice President and Chief Financial Officer;
- the compensation of directors (*mandataires sociaux*);
- the granting of performance shares;
- the granting of shares to the Chief Executive Officer in connection with the plan, adopted several years ago, to progressively associate the Chief Executive Officer with the Company's capital;
- internal control (review of the assessment of the internal control procedures); and
- the compliance of Dassault Systèmes SA with French and European rules and recommendations on financial communication and corporate governance.

5.1.1.3 Composition, Practices and Activities of the Board Committees

Audit Committee

In 2012, the Audit Committee was composed of three Directors, each of whom is independent: Bernard Dufau, Chairman, André Kudelski, and Jean-Pierre Chahid-Nouraï. Bernard Dufau and André Kudelski are or have been company managers. Jean-Pierre Chahid-Nouraï, who held responsible positions in finance in companies and commercial banks, offers specific skills in finance or accounting.

In compliance with the applicable regulations and its charter, the Audit Committee's mission is to monitor matters related to the preparation and the monitoring of accounting and financial information. Without limiting the powers of the Board of Directors, this Committee is, in particular, responsible for overseeing the preparation process of the financial information, the effectiveness of the internal control and risk management systems, the audit by the Statutory Auditors of the annual parent company and consolidated accounts and the independence of the Statutory Auditors. The Audit Committee is responsible for examining these various matters and reporting its recommendations to the Board of Directors.

The Audit Committee oversees the relationship between the Company and its Statutory Auditors and participates in their appointment or the renewal of their mandate. The Audit Committee also approves the annual plan for the internal audit. The Director of the Internal Audit reports to the Committee regarding his conclusions based on the audit.

In the performance of its mission, the Audit Committee met seven times in 2012, including three physical meetings. The Senior Executive Vice President and Chief Financial Officer of Dassault Systèmes, the Company Finance Vice President, the Consolidation Director, the Internal Audit Director, the General Counsel and the Statutory Auditors of the Company attended these meetings. In order to review the quarterly earnings announcements and other occasional issues, the members of the Audit Committee held four conference calls with the same persons present, except for the Internal Audit Director. The attendance rate for these meetings and calls was 100% in 2012.

In 2012, the Audit Committee also proceeded with a review of the Group's insurance policies and their relevance in light of the risks faced.

Compensation and Nomination Committee

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

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

In 2012, this Committee met five times, once physically and four times by conference call, with an attendance rate of 100%. It confirmed the independence of the Board's "independent directors", on the basis of responses to the questionnaire sent to each director concerned. It formulated recommendations to the Board of Directors about the allocation of directors' fees, the compensation of the Chairman and the Chief Executive Officer, and the granting of shares of Dassault Systèmes SA to the Chief Executive Officer and the related lock-up commitment in connection with the plan, adopted several years ago, to progressively associate the Chief Executive Officer with the Company's capital. The Committee also made recommendations regarding the granting of performance shares to certain executives and employees of the Company and the related performance conditions and reviewed the allocation process of performance shares in general. The Committee also discussed the evolution in 2012 of the composition of the Executive Committee as well as the structure and level of remuneration of executive officers who are not members of the Board.

Finally, this Committee was consulted on the composition of the Scientific Committee and on the appointment as Director of Mr. Serge Dassault proposed to the General Meeting of Shareholders held on June 7, 2012. The Compensation and Nomination Committee examined as a general matter Dassault Systèmes SA's compliance with the law and the recommendations of the AFEP-MEDEF Code relating to the composition of the Board of Directors.

Scientific Committee

The Scientific Committee is composed of two independent Directors, Mr. Arnoud De Meyer and Mrs. Toshiko Mori, Mr. Bernard Charlès and Mr. Dominique Florack, the Company's Senior Executive Vice President, Products, Strategy – Research & Development, were also members of the Committee until April 25, 2012. The Scientific Committee meets at least once a year. The Committee reviews the main directions of research and development, examines the Company's technological achievements and makes recommendations on these matters. The persons with principal responsibility for these matters within Dassault Systèmes are invited to the Committee's meetings.

The Scientific Committee met twice in 2012 with an attendance rate of 67% and considered a number of topics central to Dassault Systèmes' strategy, thus confirming the Company's strategic orientation. With respect to the **3D**EXPERIENCE strategy, the Committee considered in particular the business and orientation of the Company's "Design Studio" Department. In fact, the technological ideas, considerations and break-throughs of the design communities bring substantial changes and unique possibilities for all of the Group's targeted customers (industry, education, research, society). In addition, with respect to the Group's diversification policy, the Scientific Committee discussed the creation of the GEOVIA brand. This brand results from the acquisition of Gemcom Software International Inc. (in July 2012) which enables the Company to be present in the Natural Resources industrial sector, as part of its support for sustainable development. Finally, the creation of a single navigation tool for all digital content, whether on the Internet or within a company, was also examined.

5.1.1.4 Powers of the Chief Executive Officer

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

In addition, pursuant to the Board's internal regulation, certain decisions of the Chief Executive Officer must be submitted to the prior authorization of the Board. Thus, the completion of a significant transaction outside the scope of the Company's strategy presented to the Board of Directors requires the prior approval of the Board. Such prior approval is also required in case of any acquisition or disposal of any entity or minority interests, any organic growth investment, any internal restructuring and any external financing (through bank debt or accessing the capital markets), in the event where these transactions exceed a threshold which is determined at the beginning of the year by the Board of Directors when meeting to establish the accounts for the preceding fiscal year. The Board of Directors meeting on March 27, 2013, thus raised the threshold from €400 million to €500 million, above which amount the prior approval of the Board is required for the operations mentioned above.

Finally, on March 27, 2013, the Board renewed its authorization to the Chief Executive Officer to grant guarantees in the name of Dassault Systèmes SA up to an aggregate amount of €500 million.

5.1.2 Senior Management

The Company's senior management in 2012, who are all members of the Executive Committee except Mr. Charles Edelstenne, is set forth below.

Charles Edelstenne(*)	**Chairman of the Board**
Bernard Charlès(*)	**President and Chief Executive Officer**
Thibault de Tersant(*)	**Senior Executive Vice President and Chief Financial Officer**
Laurence Barthès	**Executive Vice President, Chief People & Information Officer** Laurence Barthès has been Executive Vice President, Chief People & Information Officer, since 2009. She began her career at Dassault Systèmes in 1987 in R&D and served in various management positions in quality, business process and product industrialization. In 2002 she was appointed Vice President, Customer Support & Satisfaction and in 2008 Chief Information Officer.
Pascal Daloz	**Executive Vice President, Corporate Strategy & Market Development** Pascal Daloz has been Executive Vice President Strategy & Market Development since 2003. Before joining the Company in 2001, he served five years at Arthur D. Little, where he was a consultant and member of Arthur D. Little's Technology Innovation Management team, and then four years at Credit Suisse First Boston Technology Group, where he served as a senior technology analyst.
Dominique Florack	**Senior Executive Vice President, Products & Strategy – R&D** Dominique Florack has been Senior Executive Vice President, Products & Strategy – R&D since 2007. Mr. Florack served as Executive Vice President, Strategy – R&D of Dassault Systèmes from 2004 to 2006, Executive Vice President – Strategy, Applications, R&D from 1995 to 1999, Director of Mechanical CAD from 1995 to 1995, Director of Strategy and Research from 1990 to 1993 and manager for database solutions from 1986 to 1989.
Philippe Forestier	**Executive Vice President, Global Affairs & Communities** Philippe Forestier has been Executive Vice President, Global Affairs & Communities of Dassault Systèmes since 2009. He joined Dassault Systèmes in 1981 and was responsible for marketing and technical support, then for sales and marketing for the Americas from 1995 to 2001, Executive Vice President, Alliances, Marketing and Communications until 2006, and Executive Vice President, Network Selling through 2008.
Bruno Latchague	**Executive Vice President, Global Sales Strategy & Operations, 3DS Value Solutions** **Executive Vice President, "Managing Director" for North America,** Bruno Latchague has been Executive Vice President, Global Sales Strategy & Operations, 3DS Value Solutions since April 2011. He is also "Managing Director" of Dassault Systèmes for North America. At Dassault Systèmes, Mr. Latchague was responsible for PLM Business Transformation (large accounts) from 2007 to 2011, director of research and development and director of infrastructure. Prior to joining the Company in 1987, Mr. Latchague served as Manager of CAD/CAM Product Support at Renault.
Sylvain Laurent	**Executive Vice President, 3DS Business Transformation** Sylvain Laurent has been Executive Vice President, 3DS Business Transformation since 2011. He joined Dassault Systèmes in 2008 as head of BT Sales in Europe. Mr. Laurent previously worked at Siemens PLM Software and IBM PLM.
Monica Menghini	**Executive Vice President, Industry, Marketing & Corporate Communications** Monica Menghini has been Executive Vice President, Industry, Marketing & Corporate Communications since January 1, 2012, after becoming part of the Executive Committee in July 2011, when she was promoted to Executive Vice President, Industry. Ms. Menghini joined Dassault Systèmes in 2009 to serve as Vice President, Industry for the consumer goods, consumer packaged goods, and retail sectors. Between 2007 and 2009 she worked in partnership with Dassault Systèmes. Ms. Menghini previously held various management positions at Saatchi & Saatchi and Procter & Gamble.

Jeff Ray	**Executive Vice President, Geographic Operations until May 31, 2012** Jeff Ray was Executive Vice President, Geographic Operations until May 31, 2012, when he left the Company. From 2007 to 2010, he was Chief Executive Officer of SolidWorks and of the Professional channel. Mr. Ray joined SolidWorks in 2003 as Chief Operating Officer. He started his career at IBM before becoming Vice President Global Solutions at Compuware Corp. and Vice President Worldwide Field Operations at Progress Software Corp.

(*) Biographical information for Charles Edelstenne, Bernard Charlès and Thibault de Tersant is set forth in paragraph 5.1.1.1 “Composition of the Board of Directors” above.

5.1.3 Declarations Regarding the Administrative Bodies and Senior Management

To Dassault Systèmes SA’s knowledge:

- there is no family relationship between the Company’s directors, or between the Company’s directors and its executive officers listed in paragraph 5.1.2 “Senior Management” with the exception of Mr. Serge Dassault and his wife Mrs. Nicole Dassault;
- in the past five years, none of the directors or officers has been convicted of fraud, been declared bankrupt or their property impounded or liquidated, been subject to an official accusation and/or penalty delivered by legal or regulatory authorities, or been prohibited by a court from becoming a member of an administrative, management or supervisory body of a company, or from being involved in the management or direction of the affairs of a company;
- there are no potential conflicts of interest between the duties to the Company of the members of the Board of Directors and their private interests and/or other duties, and no director or member of senior management has been named to the Board or to an administrative, management or supervisory body as a result of an agreement between the Company’s main shareholders, customers, suppliers or any other persons;
- no director or senior manager is party to a service contract with Dassault Systèmes SA, or one of its subsidiaries, which provides him with a personal benefit; and
- no loans or guaranties have been granted or established on behalf of the directors or members of senior management, and there are no assets used by the Company which belong directly or indirectly to the directors, members of senior management or their families.

Bernard Charlès and Charles Edelstenne have agreed to the lock-ups of their shares in Dassault Systèmes SA, described at the end of paragraph 5.1.4.3 “Performance Shares and Share Subscription Options” and in paragraph 6.3.3 “Shareholder Agreements”.

5.1.4 Principles and Rules Established by the Board of Directors of Dassault Systèmes SA to Determine the Compensation of the Executive Directors and Senior Management

Dassault Systèmes SA’s compensation policy is designed to attract, motivate and retain highly qualified individuals in order for Dassault Systèmes to reach success, which depends on the achievement of its objectives, in particular, strategic, business and financial objectives. In setting forth criteria for the determination of compensation, the balance between short-term and long-term financial objectives is sought, the creation of stockholder value is taken into account and individual performance is recognized.

5.1.4.1 Fixed and Variable Compensation

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

Beyond their fixed and variable compensation, the French executive officers, except for the Chairman of the Board and the Chief Executive Officer, are eligible for corporate profit-sharing in the same manner as other employees of the Company based on Company agreements.

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

In addition, the Chief Executive Officer receives benefits in-kind, as indicated in paragraph 5.3 “Compensation and Benefits”, which contains all the data with respect to compensation of the executive officers.

The Board of Directors, during its meeting held on March 27, 2013, decided to fix the amount of the variable compensation due to the Chief Executive Officer for 2012, paid in 2013, at €1,141,950, after review of the achievement of the performance criteria set in 2012, which included the diluted net profit per share on a non-IFRS consolidated basis (hereinafter referred to as the (“EPS”) for 2012 as announced by the Company, an evaluation of the Company’s efficiency processes as reflected by the non-IFRS operating margin, Dassault Systèmes’ competitive position as reflected by growth in total revenues compared to its competitors, the product portfolio and the implementation of the Company’s short, medium and long term strategy, contributing to its future growth.

At its meeting on March 27, 2013, the Board of Directors also fixed the performance criteria governing the payment of the variable compensation to the Chief Executive Officer for 2013, using the same criteria as in 2012, which are described in the preceding paragraph. In order to protect the Company’s competitive position, the Board of Directors considered that it was not appropriate to reveal more details about these performance criteria, which are subject to discussion by the Compensation and Nomination Committee and by the Board of Directors. These criteria are both internal and external and relate to the annual performance of the Group or to its multiannual (medium and long term) strategy. In addition, they include a strong dimension of “Social and Environmental Responsibility” in relation with the Group’s business, each of Dassault Systèmes’ brands containing a promise of sustainable development (see paragraphs 2.2.2.1 “Dassault Systèmes and Environmental Issues”, 2.1.8 “Business Ethics and Professional Equality” and 2.1.9 “Social Projects and Relations with the Social, Regional and Associative Environment”).

At its meeting on March 27, 2013, the Board of Directors decided to set the Chairman’s fixed compensation for 2013 at €951,500 and the annual target compensation with objectives achieved of the Chief Executive Officer for 2013 at €2,050,000, with €1,025,000 for fixed compensation and €1,025,000 for the target variable compensation.

As in preceding years, the Chairman and the Chief Executive Officer will receive director’s fees (see paragraph 5.3 “Compensation and Benefits”).

The Board meeting of March 27, 2013, also noted the achievement of the performance conditions regarding (i) the 2010-03 shares granted on September 29, 2011, to the Chief Executive Officer in connection with the plan, adopted several years ago, to progressively associate the Chief Executive Officer with the Company’s capital, and the final number of shares acquired as a result (150,000 shares), and (ii) the 2008-02 share subscription options granted to the Chief Executive Officer on November 29, 2009, which will be exercisable starting November 27, 2013 (50,000 options). As a result, the Chief Executive Officer will acquire the 2010-03 performance shares on September 29, 2013, and the right to exercise the 2008-02 options cited above on November 27, 2013, provided that he is still a director *(mandataire social)* at such date.

5.1.4.2 Indemnities Due in Case of the Imposed Departure (*Départ Contraint*) of the Chief Executive Officer

In accordance with the AFEP-MEDEF Code, the principle and the amount of the indemnity paid to the Chief Executive Officer upon the termination of his functions are subject to conditions, in particular performance conditions. Thus the indemnity would be due in case of a change in control or strategy of the Company duly acknowledged by the Board of Directors, which results in an imposed departure (*départ contraint*) in the subsequent 12 months. The indemnity may also be paid if the imposed departure is not linked to poor results of the Company or to mismanagement by the Chief Executive Officer, the Board of Directors being entitled to decide to pay all or part of the indemnity. The Board decided to provide for this indemnity payment, which is in addition to those recommended by the AFEP-MEDEF Code, given the shareholder structure of the Company and the length of service to the Company of the Chief Executive Officer.

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

Finally, the amount of the indemnity due to the Chief Executive Officer in the event of the termination of his functions will be equivalent to a maximum of two years of compensation as Chief Executive Officer and will depend on satisfying the performance conditions established for calculating his variable compensation. The amount paid would be calculated pro rata with respect to the percentage of variable compensation which was paid during the three years preceding his departure as compared to the targeted variable compensation for such years. The amount due would be calculated by applying the following formula:

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

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

5.1.4.3 Performance Shares and Share Subscription Options

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

In 2012, the Company's Chief Executive Officer was granted, as one of 939 beneficiaries, 14,000 performance shares under the "2010-04" plan (the "2010-04 Shares"). In conformity with the recommendation of the AFEP-MEDEF Code, the definitive acquisition of these shares is subject to the condition that the Chief Executive Officer remains with the Company, to the performance condition provided by the regulation of the 2010-04 Shares plan for all plan beneficiaries, the satisfaction of which is measured according to the EPS of Dassault Systèmes actually realized, compared to the high end of the range set for the EPS objective announced, respectively, for the years 2012, 2013 and 2014, and to a performance condition related to variable compensation actually paid to the Chief Executive Officer over several financial years.

Provided that the Chief Executive Officer complies with these three conditions, the 2010-04 Shares granted to the Chief Executive Officer will be definitively vested at the end of a 3-year vesting period starting on the grant date (i.e., September 2015).

In any event, the number of 2010-04 Shares actually acquired may not exceed the number of 2010-04 Shares granted by the Board on September 7, 2012.

To ensure transparency, it is noted that on September 7, 2012, the Board of Directors also decided, upon the recommendation of the Compensation and Nomination Committee, to grant to the Chief Executive Officer 150,000 shares (the "2010-05 Shares") as part of a plan relating to a different policy from the 2010-04 performance shares. In fact, the 150,000 shares were granted as part of a plan, adopted several years ago, of progressively associating the Chief Executive Officer with the Company's capital, with the goal of recognizing his entrepreneurial role during more than thirty years with the Company and to provide him an equity interest comparable to that of his peers in technology companies around the world. In conformity with the recommendation of the AFEP-MEDEF Code, the definitive acquisition of these shares is subject to the condition that the Chief Executive Officer remains with the Company and to a performance condition related to variable compensation actually paid to the Chief Executive Officer over several financial years.

The 2010-05 Shares granted to the Chief Executive Officer will not be definitively vested until the end of a two-year vesting period starting on the date of the Board meeting which granted them (i.e., September 2014), subject to the condition that the Chief Executive Officer is an executive director (*mandataire social*) at such acquisition date and the performance condition related to his variable compensation.

In any event, the number of 2010-05 Shares actually acquired may not exceed the number of 2010-05 Shares granted by the Board on September 7, 2012.

In accordance with the law, the Board of Directors decided at the time of each of the share and option grants since 2007, including those of September 7, 2012, upon the recommendation of the Compensation and Nomination Committee, that the Chairman of the Board and the Chief Executive Officer agree to a lock-up commitment with respect to shares which they may hold as a result of exercising stock options or the effective acquisition of shares. In light of the grants made, the Chief Executive Officer must maintain in registered form at least 15% of the total amount of shares he subscribes or acquires in connection with stock options or shares granted to him since 2007, until he has left his current functions at the Company. For shares granted in 2012, this percentage is calculated after deduction of the number of shares which it would be necessary to sell to pay taxes, social charges and expenses related to the sale of the total number of shares vested.

In addition, upon the recommendation of the Compensation and Nomination Committee, the Board of Directors set the number of shares which could be granted to the executive directors (*dirigeants mandataires sociaux*) at 35% of the global envelope approved at the General Meeting of Shareholders of May 27, 2010, or 624,473 shares. Thus, the 2010-04 Shares granted to the Chief Executive Officer on September 7, 2012, represent 0.8% of the global envelope decided by the General Meeting of Shareholders on May 27, 2010. Taking into account the 150,000 2010-05 Shares which were also granted to the Chief Executive Officer on September 7, 2012, as part of the plan, adopted several years ago, of progressively associating the Chief Executive Officer with the Company's capital, and which represent 8.4% of the same global envelope, all the performance shares which have been granted to him since 2010 represent 26.8% of this global envelope.

In accordance with the AFEP-MEDEF Code, the Chief Executive Officer may not engage in hedging transactions to ensure the gains which would result from the sale of the performance shares or the exercise of stock options until the end of the legally required lock-up period. Finally, the share grants noted above are in compliance with the law nº 2008-1258 of December 3, 2008, regarding remuneration from work.

Other information concerning share subscription options and performance shares are provided in paragraph 5.3 "Compensation and Benefits" of the Annual Report for 2012.

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

5.1.4.4 Directors' Fees

The maximum annual amount of directors' fees was set at €320,000 for the year 2012 and thereafter until otherwise decided by the shareholders. For the year ended December 31, 2012, directors' fees for Dassault Systèmes SA amounted to €260,947, of which €162,547 were for retainer fees and €98,400 were for attendance at meetings of the Board of Directors and its Committees.

The allocation of directors' fees in 2012 was based on the following principles decided by the Board of Directors on June 7, 2012: €15,000 for each director, and an additional €15,000 for the Chairman of the Board and an additional €4,000 for the Chairman of the Audit Committee (these amounts were paid on a *pro rata* basis for the effective period during the year when the positions were held); €1,200 per meeting of the Board attended in person; €2,400 per meeting of the Audit Committee attended in person; €1,200 per meeting attended in person of the Compensation and Nomination Committee or the Scientific Committee; and €600 for each meeting of the Board or its Committees attended by telephone or video-conference.

5.1.4.5 Employee Profit-sharing

Finally the Company has profit-sharing plans for all employees. The results of the financial year ended December 31, 2012, which are subject to the approval by the General Meeting of Shareholders on May 30, 2013, should thus enable the distribution of €16,786,107 in profit and to set aside a special profit-sharing reserve (*participation*) of €13,291,056.

More than 90% of the employees of the French Subsidiaries held directly by Dassault Systèmes SA also benefit from profit-sharing agreements. For more information on these agreements, see paragraph 2.1.5 "Compensation".

5.1.5 Application of the AFEP-MEDEF Code

Dassault Systèmes refers to the recommendations of the AFEP-MEDEF Code recommendations in connection with corporate governance. The Company strives each year to improve its good corporate governance practices. However, as summarized in the table below, certain provisions of the Code have required adaptation or interpretation in light of the Company's specific circumstances or to comply with other provisions of the AFEP-MEDEF Code.

RECOMMENDATIONS OF THE AFEP-MEDEF CODE WHICH HAVE BEEN ADAPTED OR INTERPRETED	EXPLANATION
Indemnity payment in the event of the departure of the Chief Executive Officer only in the case of an imposed departure or due to a change in control or of strategy (Article 20.2.4 of the AFEP-MEDEF Code)	Dassault Systèmes SA respects the exclusions of the AFEP-MEDEF Code in this area and will not pay an indemnity in the event of poor Company results or mismanagement by the officer. It nevertheless retains three cases for payment, one of which is not explicitly provided for by the AFEP-MEDEF Code, in light of the Company's shareholder base and the long term of service of Mr. Charlès in the Company. It applies in the event of an imposed departure (*départ contraint*) if the departure is not related to poor results of the Company or mismanagement on the part of the Chief Executive Officer. In such case, the Board could decide to pay all or a portion of the departure indemnity.
Similar calendar period for the granting of performance shares (Article 20.2.3 of the AFEP-MEDEF Code)	As for the prior grants of share subscription options, the Company seeks to grant performance shares during the same calendar periods.
Proportion of performance shares in executive officer compensation (Article 20.2.3 of the AFEP-MEDEF Code)	A significant portion of the shares granted to the Chief Executive Officer is done as part of the plan adopted several years ago to progressively associate with the Company's capital, with the goal of recognizing his entrepreneurial role during more than thirty years with the Company and to provide him an equity interest comparable to that of his peers in technology companies around the world, and not as part of the Company's senior management incentive and equity interest plan. The portion of performance shares (14,000 2010-04 Shares granted in 2012) represents 35% of his total remuneration.
Acquisition of shares by the executive officers (dirigeants mandataires sociaux) benefitting from grants of performance shares (Article 20.2.3 of the AFEP-MEDEF Code)	Dassault Systèmes believes that the lock-up of 15% of the shares which may be acquired by the Chief Executive Officer as a result of grants, until he terminates his functions, represents a mechanism with an effect equivalent to the recommendation in the AFEP-MEDEF Code to subject the performance shares granted to executive directors to the purchase of a fixed number of shares once such performance shares become available.

5.1.6 Internal Control Procedures and Risk Management

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

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

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

5.1.6.1 Internal Control Objectives

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

- improve the performance and efficiency of operations through optimized use of available resources (an objective inspired by the COSO framework);

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

5.1.6.2 Internal Control Participants and Organization

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

The Board of Directors, concerned with the issue of internal control, created in 1996 an Audit Committee, with the mission described above (see paragraph 5.1.1.3 "Composition, Practices and Activities of the Board Committees".

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

- An Insider Committee responsible for setting and communicating to employees, directors and consultants the dates of the periods during which buying or selling Dassault Systèmes SA shares is prohibited, in order to prevent insider trading. This Committee also requires be informed of transactions carried out by members of the management of the Company. The Company applies the rules and recommendations of the AMF regarding the prevention of insider trading;
- An internal audit department reporting to the Senior Executive Vice President and Chief Financial Officer and to the Audit Committee, whose mission is to evaluate the relevance of Dassault Systèmes' internal control processes, to alert the management and the Audit Committee regarding possible deficiencies or risks, and to propose measures that will limit the risks and improve the efficiency of operations. In 2012, the internal audit department was responsible for evaluating, on behalf of the management team, internal control mechanisms related to financial reporting. Together with the legal department and a specialized service provider, it also evaluated the coverage provided by the Company's insurance policies and their relevance in light of the risks faced. The findings of this evaluation were presented to the Audit Committee. Following this analysis, a presentation of risks was made at the annual meeting of the outside directors; and
- An Ethics & Compliance Department reporting to the Chief Executive Officer, responsible for ensuring the implementation and respect of the Code of Business Conduct, which defines the ethical behavior rules applicable within the Company, as well as the Company's specific policies, recommendations and procedures regarding ethics and compliance.

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

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

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

5.1.6.3 Internal Control and Risk Management Procedures

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

- *Control environment:* The professional ethics of the Company are set forth in the corporate governance procedures, and specifically in the Code of Business Conduct, which describes the manner in which Dassault Systèmes expects to conduct business and which may serve as a reference tool for each Group employee to help guide their behavior and their interactions in their professional work. The Code of Business Conduct, which applies to all employees of Dassault Systèmes and is available on the Company's internet and intranet sites, addresses, in particular (i) compliance with regulations applicable to the Company's business, (ii) individual interactions within the Company and with its ecosystem, and (iii) protecting the Company's assets (in particular, the Company's intellectual property and that of its clients and partners). The Code also includes rules governing conflicts of interest, insider trading and financial reporting;

- *Risk analysis:* The main risks which may impact the performance of the Company are identified, assessed and regularly reviewed by the management of the Company. These risks are described in paragraph 1.6.1 "Risk Related to the Company's Business" which indicates the measures taken by the Company to manage or limit the risks when possible. The external directors have reviewed measures to limit the main risks which could affect the Company.

Operational risks are managed mostly at the level of the subsidiaries, IP risks, ethical conduct and compliance risks and financial risks are handled by Dassault Systèmes SA.

- *Protection and monitoring activities :*

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

   The Company has also developed during recent years protection for its inventions through a reasonable and well-considered approach to filing patents in several jurisdictions. The Company's principal brands are also registered in a large number of countries. In addition, the Company has also set up a program to protect its products from pirating.

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

3) The internal control policies related to the main processes within the Company (information technology security, sales administration, human resources, protection of intellectual property, closing and publication of financial statements, treasury management, client credit risk management) are formalized and updated at the level of both Dassault Systèmes SA and its main subsidiaries or the related shared services centers;

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

5) Tests are performed annually on these key control points to evaluate their effectiveness; and

6) The operational entities implement action plans with the goal of continuous improvement.

- *Communication :* The Company has deployed processes to monitor, review and analyze on a regular basis its performance as well as the performance at the level of its main subsidiaries (budget review meetings, quarterly activity review, Board meetings), brands, distribution channels and geographical areas. In addition, quarterly communication meetings are also held to ensure a better dissemination of the Group's strategy to all managers and discussions facilitating its implementation.

- *Monitoring :* In 2012 the internal audit department carried out different missions within the Company's subsidiaries to verify compliance of the local internal control procedures with the Company objectives. These missions, authorized by the Audit Committee, result in the issuance of recommendations to the local management teams and the implementation of action plans when deemed necessary to reinforce the audited processes and organizations. The internal audit department carries out a review of the implementation of these plans.

5.1.6.4 Internal Control Procedures Relating to the Preparation and Treatment of Financial and Accounting Information

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

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

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

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

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

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

2) the use of reporting and consolidation tools that make data transmission and processing secure and allow the elimination of intragroup transactions;

3) the implementation of an annual process to monitor off-balance sheet commitments, related-party or regulated agreements (*conventions règlementées*);

4) a detailed review of the quarterly accounts of the subsidiaries and of the parent company by the Group's financial division; and

5) the detailed analysis by the Company's accounting department of all the software and services transactions with a significant impact on the financial statements in order to validate the accounting process.

- Systematize the processes by which the Audit Committee and the Board of Directors review financial information prior to publication; and
- Structure its financial communications to ensure simultaneous and equivalent publication of information on its principal markets of financial results or operations that could have an impact on the price of its shares.

5.1.6.5 Evaluation of Internal Control

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

The Company evaluates its internal control procedures applicable to its principal processes and subsidiaries in accordance with European regulations.

Thus, in 2012, detailed assessment work was performed, the management of the Company intending to maintain a high level of internal control within the Company. This work is in line with the continuing improvement process of internal control, and allows the implementation of action plans and specific audits. In this respect, the scope of Group entities subjected to an internal control evaluation continued to be expanded, via self-evaluation questionnaires, to entities that had previously been considered immaterial and newly acquired companies.

5.1.6.6 Limitations on Internal Control

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

5.1.7 Other Information Required Pursuant to Section L. 225-37 of the French Commercial Code

5.1.7.1 Specific Modalities Related to Shareholders' Participation in the Meeting of Shareholders

Shareholders participate in the Meetings of Shareholders of the Company according to provisions specified by law and by Articles 24 to 33 of the Company's by-laws. More specifically, every shareholder has the right to participate in Meetings of Shareholders and deliberations either personally or via a proxy, regardless of the number of shares held, according to conditions specified by Article 27 of the by-laws of Dassault Systèmes (see paragraph 6.1.2 "Memorandum and Specific By-Laws Provisions").

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

5.1.7.2 Publication of the Information as Required by Section L. 225-100-3 of the French Commercial Code.

Information required by section L. 225-100-3 of the French Commercial Code is set out in the 2012 Annual Report in Chapter 6.3 “Major Shareholders” (concerning control by GIMD), paragraph 6.2.4 “Summary of Pending Delegations to the Board of Directors” (concerning share issuances), paragraph 6.2.5 “Treasury Shares” (relating to the repurchase by the Company of its own shares), paragraph 6.1.2.2 “Meetings of Shareholders” (concerning conditions of voting rights) and paragraph 5.1.4.2”Indemnities due in case of the imposed departure (depart constraint) of the Chief Executive Officer” (concerning an indemnity for the Chief Executive Officer in the event of an imposed departure (*départ contraint*)), which also constitutes the annual Management Report of the Board of Directors.

The 2012 Annual Report *(“Document de référence”)* is available on the AMF website (www.amf-france.org) and on the Dassault Systèmes website (www.3ds.com). A press release is issued to announce when the Annual Report becomes available.

Charles Edelstenne
Chairman of the Board of Directors

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

For the year ended December 31, 2012

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

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

To the Shareholders,

In our capacity as Statutory Auditors of Dassault Systèmes SA, and in accordance with article L. 225-235 of the French Commercial Code *(Code de commerce)*, we hereby report to you on the report prepared by the Chairman of your company in accordance with article L. 225-37 of the French Commercial Code for the year ended December 31, 2012.

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

It is our responsibility:

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

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

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

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

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

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

Other information

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

Neuilly-sur-Seine and Paris-La Défense, on March 28, 2013

The statutory auditors

PRICEWATERHOUSECOOPERS AUDIT
French original signed by:
Pierre Marty

ERNST & YOUNG ET AUTRES
French original signed by:
Jean-François Ginies

5.3 Compensation and Benefits

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

Compensation and benefits paid to each executive director (*mandataire social*) of Dassault Systèmes SA are summarized in the table below, as recommended by the AMF and the AFEP-MEDEF Code (see also paragraphs 5.1.4 "Principles and Rules Established by the Board of Directors of Dassault Systèmes SA to Determine the Compensation of the Executive Directors and Senior Management" and 5.3.2.1. "Dassault Systèmes Subscription Options").

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

	2011	2012
Charles Edelstenne, Chairman of the Board of Directors		
Compensation due for the year (detailed in Table 2)	€935,000	€958,600
Value of the stock options awarded during the year (detailed in Table 4)	–	–
Value of the performance share grants awarded during the year (detailed in Table 6)	–	–
Bernard Charlès, President and Chief Executive Officer		
Compensation owed for the year (detailed in Table 2)	2,113,663	2,167,484
Value of the stock options awarded during the year (detailed in Table 4)	–	–
Value of the performance share awarded during the year (detailed in Table 6)(1)	€744,520	€1,079,680

(1) 14,000 2010-02 performance Shares were granted to the Chief Executive Officer in 2011 and 14,000 2010-04 performance Shares were granted to him in 2012 as part of the Company's senior management incentive and equity interest plan. The unit valuation of the shares granted in 2012 was €77.12 for the 2010-04 Shares and €53.18 for the 2010-02 Shares, based on the IFRS 2 method used for the consolidated financial statements.

Valuation of the shares granted during the year 2012 to the Chief Executive Officer as part of the plan to progressively associate him with the Company's capital

	Year 2011	Year 2012
Bernard Charlès, Chief Executive Officer		
Valuation of shares granted during the year as part of the plan to progressively associate the Chief Executive Officer with the Company's capital (see Table 6)(1)	€8,068,500	€11,686,500

(1) 150,000 2010-03 Shares were granted in 2011 and 150,000 2010-05 Shares were granted in 2012 as part of the plan, adopted several years ago, to progressively associate the Chief Executive Officer with the Company's capital, with the goal of recognizing his entrepreneurial role for more than thirty years with the Company and giving him an equity interest comparable to that of his peers in technology companies around the world. The 150,000 2010-03 Shares had a value of €53.79 each and the 150,000 2010-05 Shares had a value of €77.91,according to the IFRS 2 method used to prepare the consolidated financial statements.

The global gross compensation paid in 2012 by the Group to its senior management, made up of 11 executive officers as set forth above in paragraph 5.1.2 "Senior Management", amounted to €8,335,554, including profit-sharing.

Table 2 – Summary of the compensation of each executive director

Gross compensation before tax of the executive directors (*dirigeants mandataires sociaux*) is set forth in the table below.

	2011		2012	
	Amounts due for 2011	**Amounts paid in 2011**	**Amounts due for 2012**	**Amounts paid in 2012**
Charles Edelstenne Chairman of the Board				
Fixed compensation	€899,000	€899,000	€922,000	€922,000
Variable compensation	–	–	–	–
Extraordinary compensation	–	–	–	–
Directors' fees	36,000	37,200	36,600	36,000
Benefits	–	–	–	–
Total	**935,000**	**936,200**	**958,600**	**958,000**
Bernard Charlès, President and Chief Executive Officer				
Fixed compensation	968,000	968,000	993,000	993,000
Variable compensation(1)	1,113,200(4)	1,071,800(2)	1,141,950(3)	1,113,200(4)
Extraordinary compensation	–	–	–	–
Directors' fees	21,000	22,200	21,600	21,000
Benefits(5)	11,463	11,463	10,934	10,934
Total	**€2,113,663**	**€2,073,463**	**€2,167,484**	**€2,138,134**

(1) Rules governing the determination of variable compensation to the executive directors are described in the paragraph 5.1.4 "Principles and Rules Established by the Board of Directors of Dassault Systèmes SA to Determine the Remuneration of the Company's Executive Directors and Senior Management".

(2) Variable portion due for 2010 and paid in 2011.

(3) Variable portion due for 2012 and paid in 2013.

(4) Variable portion due for 2011 and paid in 2012.

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

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

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

	Director's fees paid in 2011 for the year 2010	Director's fees paid in 2012 for the year 2011
Charles Edelstenne(1)	€37,200	€36,000
Bernard Charlès	22,200	21,000
Thibault de Tersant(2)	22,200	21,000
Paul Brown(3)	24,000	16,200
Jean-Pierre Chahid-Nouraï	31,800	30,600
Nicole Dassault(4)(6)	–	18,600
Laurent Dassault(3)	20,400	16,200
Serge Dassault(5)	–	–
Bernard Dufau	38,200	37,600
André Kudelski	30,600	33,000
Arnoud De Meyer	22,200	23,400
Toshiko Mori(4)	–	19,800
Total	**€248,800**	**€273,400**

(1) GIMD paid to Charles Edelstenne €20,740 in directors' fees in 2011 in connection with his mandate as a member of the Supervisory Board of GIMD and €23,333 in 2012.

(2) Global compensation received by Thibault de Tersant in 2011 and 2012 is as set forth below.

	Compensation paid in 2011	Compensation paid in 2012
Thibault de Tersant, Director, Senior Executive Vice President and Chief Financial Officer		
Fixed compensation	€385,000	€400,000
Variable compensation	265,000(a)	215,000(b)
Extraordinary compensation	–	677
Directors' fees	22,200	21,000
Benefits(c)	6,874	5,380
Total	**€679,074**	**€642,057**

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

(b) Variable portion due for 2011. In 2012, Thibault de Tersant also received €32,845 under the Company's French profit sharing plans.

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

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

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

(5) Serge Dassault was appointed Directors by the General Meeting of Shareholders held on June 7, 2012, thus, he did not receive any directors' fees in 2012 for 2011, nor in 2011 for 2010.

(6) GIMD paid to Nicole Dassault €18,600 in directors' fees in 2011 and 2012, in connection with her mandate as a member of the Supervisory Board of GIMD.

Other elements relating to the compensation of the directors are described in paragraph 5.1.4.4 "Directors' Fees".

Table 4 – Subscription or purchase options awarded during 2012 to each executive director

	Number and date of plan	Type of option (purchase or subscription)	Valuation of the options	Number of options awarded in 2012	Exercise price	Exercise period
Charles Edelstenne				none		
Total						
Bernard Charlès				none		
Total						

Table 5 – Subscription or purchase options exercised during 2012 by each executive director

	Number and date of plan	Number of options exercised during 2012	Exercise price
Charles Edelstenne		none	
Total			
Bernard Charlès	2002-01, 05/28/2002	217,819	€45.50
	2002-03, 01/20/2003	518,411	€23.00
Total		736,230	

Mr. Bernard Charlès generally reinvests the gains realized through the exercise of subscription stock options in shares of Dassault Systèmes SA, after accounting for taxes, social charges and transaction fees.

Table 6 – Performance shares granted in 2012 to each director (mandataire social)

	Number and date of plan	Number of performance shares awarded during 2012	Valuation of the shares based on the method used for the consolidated financial statements(1)	Acquisition date	Availability date
Charles Edelstenne		none			
Bernard Charlès	2010-04(2), 09/07/2012	14,000	€1,079,680	9/07/2015	9/07/2017
	2010-05(2), 09/07/2012	150,000	€11,686,500	9/07/2014	9/07/2016
Thibault de Tersant	2010-04, 09/07/2012	17,000	€1,311,040	9/07/2015	9/07/2017
Jean-Pierre Chahid-Nouraï		none			
Nicole Dassault		none			
Serge Dassault		none			
Bernard Dufau		none			
André Kudelski		none			
Arnoud De Meyer		none			
Toshiko Mori		none			
Total		**181,000**	**€14,077,220**		

(1) The valuation retained for the performance shares granted is €77.12 for the 2010-04 Shares and €77.91 for the 2010-05 Shares based on the IFRS 2 method used for the consolidated financial statements.

(2) The condition of allocation of the 2010-04 Shares and 2010-05 Shares to the Chief Executive Officer are described in paragraph 5.1.4.3 "Performance Shares and Share Subscription Options". The 2010-05 Shares were granted as part of the plan, adopted several years ago, to progressively associate the Chief Executive Officer with the Company's capital, with the goal of recognizing his entrepreneurial role during more than thirty years with the Company and providing him with an equity interest comparable to that of his peers in technology companies around the world.

Table 7 – Shares that have become available during 2012 for each director (mandataire social)

	Number and date of plan	Number of shares that became available during 2012	Acquisition terms
Charles Edelstenne		none	
Bernard Charlès	09/25/2008	150,000(1)	
Thibault de Tersant		none	
Jean-Pierre Chahid-Nouraï		none	
Nicole Dassault		none	
Serge Dassault		none	
Bernard Dufau		none	
André Kudelski		none	
Arnoud De Meyer		none	
Toshiko Mori		none	
Total		**150,000**	

(1) The 150,000 shares which became available in 2012 were granted to the Chief Executive Officer as part of the plan, adopted several years ago, to progressively associate him with the Company's capital. It should be noted that, by law, a part of these shares is subject to a holding period (see paragraph 5.1.4.3 "Performance Shares and Share Subscription Options").

- *Shares subject to a holding period of two years*

  Shares acquired by Bernard Charlès in 2011 and in 2012 (150,000 shares each year) pursuant to former grants of shares made in 2009 and 2010, respectively, as part of the plan, adopted several years ago, to progressively associate him with the Company's capital, are subject to a two-year lock-up period.

- *Shares being acquired*

  In addition to the 2010-04 Shares and 2010-05 Shares granted to Bernard Charlès by the Board of Directors on September 7, 2012, 14,000 performance shares, granted in 2011 and 150,000 shares also granted in 2011 as part of the plan, adopted several years ago, to progressively associate him with the Company's capital, are being acquired. They should be acquired, subject to the performance conditions, in September 2013 and September 2014, respectively, and become available in September 2015 and September 2016, respectively, following a 2-year vesting period, provided that Bernard Charles is still an Executive Director at such date.

- *Authorization of the General Meeting of Shareholders*

  The authorization granted to the Company's Board of Directors by the shareholders on May 27, 2010 to grant performance shares to Company management and employees or certain categories of management and employees, representing up to 1.5% of the share capital, was still valid in 2012, since it was granted for a 38-month period. Taking into account the grants of shares decided by the Board in May 2010 and September 2011 and 2012, a further 146,473 performance shares may still be granted by the Board.

Table 8 – Grants of share subscription or purchase options

See paragraph 5.3.2.1 "Dassault Systèmes Subscription Options" below.

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

See paragraph 5.3.2.1 "Dassault Systèmes Subscription Options" below.

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

As indicated in the table below, Dassault Systèmes SA complies with the main recommendations of the AFEP-MEDEF regarding compensation and benefits granted to executive directors (*dirigeants mandataires sociaux*).

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

At the time of the renewal of the mandate of the Chief Executive Officer, the Board of Directors authorized on May 27, 2010, upon the proposal of the Compensation and Nomination Committee and in compliance with Article L. 225-42-1 of the French Commercial Code, the renewal of the agreement regarding the Company's undertakings to Bernard Charlès relating to indemnities which would be due upon the termination of his functions as Chief Executive Officer, according to the terms adopted by the Board of Directors at its meetings on March 28, 2008, and March 27, 2009. The conditions for payment and the amount of the indemnities owed are described in paragraph 5.1.4.2 "Indemnities Due in Case of the Imposed Departure (*départ contraint*) of the Chief Executive Officer".

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

5.3.2 Interests of Executive Management and Employees in the Company's Share Capital

5.3.2.1 Dassault Systèmes Subscription Options

As of December 31, 2012, there were seven active stock option subscription plans for the benefit of certain Company management and employees. Two stock option subscription plans expired during 2012.

The exercise price of stock options granted pursuant to all the plans was fixed without a discount in relation to the market value of the Dassault Systèmes shares on the date of grant of the stock options, with the exception of the 2008-01 plan, for which a discount of 3% was applied.

The General Meeting of Shareholders on May 27, 2010, authorized the Board of Directors to grant stock options to subscribe or to purchase Company shares for a period of 38 months, provided that the total of all outstanding stock options does not give a right to more than 15% of Dassault Systèmes SA's share capital. The Board of Directors did not use this authorization in 2012.

The new shares created by the exercise of options between the 1st of January and the date of the annual General Meeting of Shareholders deciding on the allocation of profit related to the most recently completed financial year are entitled to receive the dividend distributed with respect to that year. The new shares are quoted on the same line as the previously existing shares.

On the other hand, the new shares created as of the day after the General Meeting of Shareholders do not have a right to receive this dividend. Those shares are temporarily quoted on a second trading line until the date the shares trade ex-dividend (i.e., without the right to receive the dividend to be distributed on Dassault Systèmes shares).

The following table provides certain information on the Company's stock options plans in effect during 2012.

Grants of subscription or purchase options

(This table corresponds to Table 8 of the recommendation issued by the AMF on the compensation of directors (mandataires sociaux) on December 22, 2008.)

Stock option plan	2002-01	2002-02	2002-03	2002-04	2002-05	2002-06	2006-01	2006-02	2008-01	2008-02	2010-01	Total
Board of Directors	05/28/2002	05/28/2002	01/20/2003	01/20/2003	03/29/2005	03/29/2005	10/09/2006	06/06/2007	09/25/2008	11/27/2009	05/27/2010	
General Meeting	05/28/2002	05/28/2002	05/28/2002	05/28/2002	05/28/2002	05/28/2002	06/08/2005	06/08/2005	05/22/2008	05/22/2008	05/27/2010	
Number of options granted	1,363,563	355,300	3,325,000	675,000	967,150	232,850	1,405,700	1,325,900	1,436,600	1,851,500	1,240,000	**14,178,563**
– to *mandataires sociaux*	651,433	–	1,500,000	–	80,000	–	150,000	150,000	150,000	170,000	110,000	**2,961,433**
Charles Edelstenne	–	–	–	–	–	–	–	–	–	–	–	–
Bernard Charlès	526,433	–	1,200,000	–	–	–	50,000	50,000	50,000	50,000	50,000	**1,976,433**
Thibault de Tersant	125,000	–	300,000	–	80,000	–	100,000	100,000	100,000	120,000	60,000	**985,000**
– to the top 10 beneficiary employees (excluding mandataires sociaux)	454,000	139,000	1,060,000	219,000	405,000	104,000	410,000	407,000	440,000	490,000	313,000	**4,441,000**
Maximum number of shares	1,363,563	355,300	3,325,000	675,000	967,150	232,850	1,405,700	1,325,900	1,436,600	1,851,500	1,240,000	**14,178,563**
Number of beneficiaries	378	401	803	533	264	88	447	462	502	539	542	
Exercise price in euro	45,50	45,50	23,00	23,00	39,50	39,50	47,00	47,50	38,15	39,00	47,00	
Exercise period	From 05/28/03 to 05/27//12	From 05/28//03 to 05/27/12	From 01/20/04 to 01/19/13	From 12/31/04 to 01/19/13	From 03/30/07 to 03/28/12	From 03/30/06 to 03/28/12	From 10/10/09 to 10/08/13	From 06/07/10 to 06/05/14	From 09/25/09 to 09/24/15	From 11/27/2013 to 11/26/2017	From 05/27/2014 to 05/26/2018	
Number of options exercised in 2012	312,863	40,760	772,252	64,735	61,369	37,000	607,784	392,265	335,209	0	0	**2,624,237**
Number of options cancelled in 2012	320	660	1,200	200	2	0	2,500	600	2,114	51,100	31,500	**90,196**
Number of options outstanding as of 12/31/2012	0	0	93,067	5,515	0	0	256,506	562,195	877,136	1,718,900	1,175,100	**4,688,419**
Number of options exercised between 01/01/13 and 02/28/2013	0	0	92,767	4,415	0	0	15,495	97,625	82,186	0	0	**292,488**
Number of options cancelled between 01/01/13 and 02/28/2013	0	0	300	1,100	0	0	0	0	0	12,700	8,000	**22,100**
Number of options outstanding as of 02/28/2013(1)	0	0	0	0	0	0	241,011	464,570	794,950	1,706,200	1,167,100	**4,373,831**
Number of options exercised as of 02/28/2013	1,274,493	289,764	3,304,475	623,300	833,648	190,100	941,289	711,251	504,068	1,300	900	**8,674,588**
Number of options exercisable as of 02/28/2013	0	0	0	0	0	0	241,011	464,570	794,950	1,706,200	1,167,100	**4,373,831**

(1) For information regarding the dilutive effect of the exercise of stock options, see also paragraph 6.2.1 "Share Capital at February 28, 2013".

The Company's internal rules provide for periods during which it is recommended not to buy or sell Dassault Systèmes SA's shares, notably during periods preceding and following the announcement of quarterly, half-year or annual results.

At December 31, 2012, the only Company Directors (*mandataires sociaux*) owning such options were Bernard Charlès and Thibault de Tersant.

For information regarding the equity interests in Dassault Systèmes SA of the Directors (mandataires sociaux), see paragraphs 5.1.1 "Composition and Practices of the Board of Directors" and 6.3 "Information about the Shareholders" in this Annual Report.

Subscription and purchase options of the top ten employees who are not executive directors and options they exercised during 2012

(The table corresponds to Table 9 of the recommendation issued by the AMF on the compensation of directors (mandataires sociaux) on December 22, 2008).

The following table sets forth, on a global basis, the total number and weighted average exercise price of shares subscribed by the ten Company employees who exercised the largest number of Company stock-options during 2012 and who are not directors of the Company, it being recalled that no option to subscribe shares was granted in 2012.

	Total number of options	Weighted average exercise price	Plan nº 2002-01	Plan nº 2002-03	Plan nº 2006-01	Plan nº 2006-02	Plan nº 2008-01
Stock options granted in 2012 to the ten employees who received the largest number of stock options	None						
Stock options exercised in 2012 by the ten employees who exercised the largest number of stock options	668,360	€44.27	440	41,116	290,000	229,000	107,804

5.3.2.2 Performance Shares

The General Meeting of Shareholders of May 27, 2010, authorized the Board of Directors to grant Dassault Systèmes SA shares during a 38-month period, representing up to 1.5% of Dassault Systèmes SA's capital at the date of the General Meeting (i.e. up to 1,784,210 shares).

The Board of Directors used this authorization on September 7, 2012, to grant 539,230 performance shares to 939 beneficiaries under the "2010-04" plan ("2010-04 Shares").

The 2010-04 Shares will be fully vested within (i) three years, followed by a two-year lock-up period for residents of France and/or beneficiaries of the French social security system or (ii) four years without any lock-up period for beneficiaries not subject to this system.

The 2010-04 Shares will be fully vested at the end of the vesting period applicable to the beneficiary, provided the beneficiary remains with the Company and satisfaction of a performance condition, which is measured according to the non-IFRS diluted earnings per share actually realized compared to the high end of the range set for Dassault Systèmes' EPS objective as published for each of the 2012, 2013 and 2014 fiscal years.

In compliance with the AFEP-MEDEF Code, the definitive vesting of these performance shares granted to the Chief Executive Officer is subject to an additional performance condition in relation to his variable compensation actually received over three financial years (2012, 2013 and 2014) (see also paragraph 5.1.4.3 "Performance Shares and Share Subscription Options" concerning the grant of 150,000 2010-05 Shares as part of the plan, adopted several years ago, to progressively associate the Chief Executive Officer with the Company's capital, to recognize his entrepreneurial role during more than thirty years with the Company and to provide him with an equity interest comparable to that of his peers in technology companies around the world).

In light of the grants in May 2010, and September 2011 and 2012, 146,473 more performance shares may still be granted. Because this authorization expires on July 27, 2013, it will be proposed to the General Meeting of Shareholders on May 30, 2013 to renew the authorization (see paragraph 7.1 "Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting on May 30, 2013").

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

Pursuant to Article 223-26 of the AMF, the purchase, sale, subscription or exchange of any security issued by Dassault Systèmes SA made by directors or executive officers of the Company, or by persons related to them (according to Article R. 621-43-1 of the French Monetary and Financial Code), must be disclosed to the Company's shareholders. The tables below present those transactions as published by the AMF in 2012 ("SO Exercise" means "Stock-Option Exercise").

Date and place	Directors and Executive Officers	Nature of the transaction	Unit Price	Gross amount
02/13/2012 Euronext Paris	Thibault de Tersant	SO Exercise Sale	€45.5000 €62.5348	€1,592,500.00 €2,188,718.00
02/13/2012 Euronext Paris	Thibault de Tersant	SO Exercise Sale	€23.0000 €62.7165	€345,000.00 €940,747.50
02/13/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€45.5000 €63.5027	€102,102.00 €102,429.86
02/14/2012 Euronext Paris	Dominique Florack	SO Exercise Sale	€47.0000 €62.1885	€5,246,422.00 €6,941,853.50
02/15/2012 Euronext Paris	Dominique Florack	SO Exercise Sale	€47.0000 €62.3333	€1,803,578.00 €2,391,978.05
02/15/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€45.5000 €63.0000	€1,214,304.00 €1,217,979.00
02/16/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€45.5000 €63.0000	€40,904.50 €41,076.00
02/17/2012 Euronext Paris	Thibault de Tersant	SO Exercise Sale	€23.0000 €62.4594	€575,000.00 €1,561,485.00
02/17/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€45.5000 €63.0000	€251,478.50 €252,252.00
02/17/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€45.5000 €63.0000	€223,951.00 €224,658.00
02/23/2012 Euronext Paris	Laurence Barthès	SO Exercise Sale	€23.0000 €62.7300	€14,168.00 €38,641.68
02/24/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€45.5000 €63.0550	€1,820,000.00 €1,827,333.90
02/24/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€45.5000 €63.0000	€1,596,049.00 €1,601,082.00
02/24/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€45.5000 €63.0000	€313,313.00 €314,433.00
02/24/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€23.0000 €63.0000	€535,049.00 €1,465,569.00
02/24/2012 Euronext Paris	Laurence Barthès	SO Exercise Sale	€23.0000 €62.9800	€29,900.00 €81,874.00
02/24/2012 Euronext Paris	Philippe Forestier	SO Exercise Sale	€23.0000 €63.0000	€460,000.00 €1,260,000.00
02/28/2012 Euronext Paris	Bruno Latchague	SO Exercise Sale	€47.0000 €62.7500	€203,463.00 €271,644.75
02/28/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€23.0000 €62.5190	€920,000.00 €2,500,760.00
02/29/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€23.0000 €62.2537	€920,000.00 €923,844.91
02/29/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€23.0000 €62.2088	€920,000.00 €923,178.59
03/01/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€23.0000 €62.6000	€526,355.00 €527,968.40
03/01/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€45.5000 €62.6000	€1,316,178.50 €1,320,171.40
03/01/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€23.0000 €62.5000	€920,000.00 €923,125.00
03/01/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€45.5000 €62.4130	€1,820,000.00 €1,831,821.55
03/02/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€45.5000 €62.6000	€79,079.00 €79,376.80
03/02/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€23.0000 €62.6000	€115,322.00 €115,684.80
03/02/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€45.5000 €62.5062	€708,662.50 €711,008.03
03/02/2012 Euronext Paris	Jeff Ray	SO Exercise Sale	€47.5000 €62.3523	€475,000.00 €623,523.00
03/05/2012 Euronext Paris	Bruno Latchague	SO Exercise Sale	€47.0000 €62.8097	€2,146,537.00 €2,868,581.81
03/05/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€45.5000 €62.6000	€424,742.50 €426,493.80
03/05/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€23.0000 €62.6641	€920,000.00 €924,295.48
03/05/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€23.0000 €62.6000	€278,323.00 €279,696.80
03/09/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€23.0000 €63.1104	€442,520.00 €1,214,244.10
03/09/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€23.0000 €63.3318	€920,000.00 €2,533,272.00
03/09/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€23.0000 €63.2290	€920,000.00 €2,529,160.00
04/30/2012 Euronext Paris	Thibault de Tersant	SO Exercise Sale	€23.0000 €73.7004	€690,000.00 €2,211,012.00
04/30/2012 Euronext Paris	Thibault de Tersant	SO Exercise Sale	€47.0000 €74.7004	€940,000.00 €1,474,008.00
04/30/2012 Euronext Paris	Laurence Barthès	SO Exercise Sale	€23.0000 €74.2300	€27,600.00 €89,076.00
05/02/2012 Euronext Paris	Laurence Barthès	SO Exercise Sale	€23.0000 €74.4800	€1,150.00 €3,724.00
05/02/2012 Euronext Paris	Laurence Barthès	SO Exercise Sale	€23.0000 €74.4800	€29,900.00 €96,824.00
05/03/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€23.0000 €74.0038	€460,000.00 €1,480,076.00
05/07/2012 Euronext Paris	Dominique Florack	SO Exercise Sale	€47.5000 €73.0000	€15,722.50 €24,163.00
05/09/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€23.0000 €71.5479	€920,000.00 €923,683.39
05/10/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€23.0000 €72.6681	€595,884.00 €597,695.12
05/10/2012 Euronext Paris	Dominique Florack	SO Exercise Sale	€47.5000 €71.8148	€4,615,907.50 €6,978,746.82
05/11/2012 Euronext Paris	Dominique Florack	SO Exercise Sale	€47.5000 €71.9344	€2,493,370.00 €3,775,980.52
05/17/2012 Euronext Paris	Laurence Barthès	SO Exercise Sale	€23.0000 €71.4800	€35,650.00 €110,794.00
05/17/2012 Euronext Paris	Laurence Barthès	SO Exercise Sale	€23.0000 €71.2300	€31,050.00 €96,160.50
05/22/2012 Euronext Paris	Laurence Barthès	SO Exercise Sale	€23.0000 €71.9800	€50,600.00 €158,356.00
05/22/2012 Euronext Paris	Laurence Barthès	SO Exercise Sale	€23.0000 €73.7300	€47,150.00 €147,046.50
05/24/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€23.0000 €72.6800	€690,000.00 €694,065.60
05/24/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€23.0000 €74.5382	€690,000.00 €692,739.81
05/25/2012 Euronext Paris	Bernard Charlès	SO Exercise Sale	€23.0000 €74.0000	€230,000.00 €230,880.00
07/05/2012 Euronext Paris	Thibault de Tersant	SO Exercise	€23.0000	€345,000.00
07/31/2012 Euronext Paris	Thibault de Tersant	SO Exercise Sale	€47.0000 €80.0056	€1,410,000.00 €2,400,168.00
07/31/2012 Euronext Paris	personne liée à Thibault de Tersant	Sale	€80.0890	€440,444.00
07/31/2012 Euronext Paris	personne liée à Thibault de Tersant	Sale	€80.0890	€440,444.00
08/06/2012 Euronext Paris	Bruno Latchague	SO Exercise Sale	€47.5000 €81.1317	€1,187,500.00 €2,028,292.50
10/12/2012 Euronext Paris	Thibault de Tersant	SO Exercise	€23.0000	€103,500.00
10/29/2012 Euronext Paris	Laurence Barthès	SO Exercise Sale	€38.1500 €83.2900	€70,196.00 €153,253.60
10/29/2012 Euronext Paris	Laurence Barthès	SO Exercise Sale	€38.1500 €83.0800	€68,288.50 €148,713.20
10/29/2012 Euronext Paris	Laurence Barthès	SO Exercise Sale	€38.1500 €82.8800	€66,381.00 €144,211.20
10/29/2012 Euronext Paris	Laurence Barthès	SO Exercise Sale	€38.1500 €82.6800	€64,473.50 €139,729.20
10/29/2012 Euronext Paris	Laurence Barthès	SO Exercise Sale	€38.1500 €82.4800	€62,566.00 €135,267.20
10/29/2012 Euronext Paris	Laurence Barthès	SO Exercise Sale	€38.1500 €82.2874	€60,658.50 €130,837.07
10/29/2012 Euronext Paris	Laurence Barthès	SO Exercise Sale	€38.1500 €82.2342	€58,751.00 €126,640.75
10/29/2012 Euronext Paris	Laurence Barthès	SO Exercise Sale	€38.1500 €82.1800	€56,843.50 €122,448.20
10/29/2012 Euronext Paris	Laurence Barthès	SO Exercise Sale	€38.1500 €82.1455	€54,936.00 €118,289.55

Date and place	Directors and Executive Officers	Nature of the transaction	Unit Price	Gross amount
10/29/2012 Euronext Paris	Laurence Barthès	SO Exercise Sale	€38.1500 €82.0800	€53,028.50 €114,091.20
10/29/2012 Euronext Paris	Philippe Forestier	SO Exercise Sale	€47.0000 €83.1052	€940,000.00 €1,662,104.00
10/30/2012 Euronext Paris	Thibault de Tersant	SO Exercise Sale	€23.0000 €82.0500	€21,896.00 €78,111.60
10/30/2012 Euronext Paris	Thibault de Tersant	SO Exercise Sale	€47.0000 €81.8285	€2,350,000.00 €4,091,425.00
11/13/2012 Euronext Paris	Laurence Barthès	SO Exercise Sale	€38.1500 €81.9300	€32,427.50 €69,640.50
11/16/2012 Euronext Paris	Laurence Barthès	SO Exercise	€38.1500	€114,450.00
12/03/2012 Euronext Paris	Bernard Charlès	Sale	€87.0361	€3,636,368.26
12/04/2012 Euronext Paris	Bernard Charlès	Sale	€86.4207	€4,321,035.00
12/05/2012 Euronext Paris	Bernard Charlès	Sale	€85.0475	€4,951,465.45
12/06/2012 Euronext Paris	Bernard Charlès	Sale	€85.0426	€2,696,700.85
12/07/2012 Euronext Paris	Bernard Charlès	Sale	€85.3753	€5,128,494.27
12/12/2012	Bernard Charlès	Sale	€85.7866	€2,985,373.68
12/13/2012 Euronext Paris	Bernard Charlès	Sale	€85.5453	€2,003,470.93
12/14/2012 Euronext Paris	Bernard Charlès	Sale	€85.0845	€297,795.75
12/14/2012 Euronext Paris	Bernard Charlès	Sale	€85.0064	€42,503.20
12/14/2012 Euronext Paris	Bernard Charlès	Sale	€85.2448	€1,875,385.60
12/14/2012 Euronext Paris	Dominique Florack	SO Exercise Sale	€38.1500 €85.5883	€1,201,877.60 €2,696,373.80
12/14/2012 Euronext Paris	Dominique Florack	SO Exercise Sale	€38.1500 €85.0845	€125,895.00 €280,778.85

With respect to Mr. Bernard Charlès, it should be noted that he generally reinvests the gains realized through the exercise of subscription options in shares of Dassault Systèmes SA, after accounting for taxes, social charges and transaction fees. A press release was issued on December 21, 2012, regarding shares which he sold in December 2012.

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

Date and place	Nature of the transaction	Unit price	Gross amount
01/04/2012 Over the counter market	Sale of call options	€0.50	€11,974.31
01/04/2012 Over the counter market	Sale of call options	€0.50	€7,982.88
01/05/2012 Over the counter market	Sale of call options	€0.44	€13,226.40
01/05/2012 Over the counter market	Sale of call options	€0.44	€8,817.60
01/10/2012 Over the counter market	Sale of call options	€0.50	€33,831.00
01/10/2012 Over the counter market	Sale of call options	€0.50	€22,554.00
01/18/2012 Over the counter market	Sale of call options	€0.60	€27,211.50
01/18/2012 Over the counter market	Sale of call options	€0.60	€40,817.25
02/09/2012 Over the counter market	Sale of call options	€0.52	€23,580.00
02/09/2012 Over the counter market	Sale of call options	€0.52	€35,370.00
02/13/2012 Euronext Paris	Sale of call options	€0.85	€33,800.00
02/13/2012 Euronext Paris	Sale of put options	€0.69	€27,760.00
02/15/2012 Euronext Paris	Sale of put options	€0.93	€37,200.00
02/15/2012 Euronext Paris	Sale of call options	€0.62	€24,800.00
02/15/2012 Over the counter market	Sale of call options	€0.51	€34,182.00
02/15/2012 Over the counter market	Sale of call options	€0.51	€22,788.00
02/17/2012 Euronext Paris	Sale of call options	€0.72	€28,772.00
02/17/2012 Euronext Paris	Sale of put options	€0.90	€36,048.00
02/21/2012 Euronext Paris	Sale of call options	€0.59	€23,552.00
02/21/2012 Euronext Paris	Sale of put options	€0.87	€34,804.00
02/23/2012 Euronext Paris	Sale of call options	€0.63	€25,200.00
02/23/2012 Euronext Paris	Sale of put options	€0.79	€31,600.00
02/23/2012 Over the counter market	Sale of call options	€0.67	€30,222.00
02/23/2012 Over the counter market	Sale of call options	€0.67	€45,333.00
02/29/2012 Over the counter market	Sale of call options	€0.52	€23,400.00
02/29/2012 Euronext Paris	Sale of call options	€0.52	€15,600.00
02/29/2012 Euronext Paris	Sale of put options	€0.73	€29,248.00
03/05/2012 Euronext Paris	Sale of put options	€0.73	€29,280.00
03/06/2012 Euronext Paris	Sale of put options	€0.56	€22,228.00
03/08/2012 Over the counter market	Sale of call options	€0.52	€34,978.50
03/08/2012 Over the counter market	Sale of call options	€0.52	€23,319.00
03/08/2012 Euronext Paris	Sale of call options	€0.45	€18,020.00
04/20/2012 Over the counter market	Sale of call options	€2.05	€46,125.00
04/20/2012 Over the counter market	Sale of call options	€2.05	€69,187.50
04/20/2012 Over the counter market	Acquisition of call options	€1.71	€38,382.75
04/20/2012 Over the counter market	Acquisition of call options	€1.71	€57,574.13
04/23/2012 Over the counter market	Acquisition of call options	€1.08	€36,288.00
04/23/2012 Over the counter market	Sale of call options	€1.92	€43,200.00
04/23/2012 Over the counter market	Acquisition of call options	€1.08	€24,192.00
04/23/2012 Over the counter market	Sale of call options	€1.92	€64,800.00
04/26/2012 Over the counter market	Acquisition of call options	€5.69	€383,737.50
04/26/2012 Over the counter market	Sale of call options	€3.00	€135,000.00
04/26/2012 Over the counter market	Sale of call options	€3.00	€202,500.00
04/26/2012 Over the counter market	Sale of call options	€2.95	€132,750.00
04/26/2012 Over the counter market	Acquisition of call options	€5.69	€255,825.00
04/26/2012 Over the counter market	Sale of call options	€2.95	€199,125.00
05/02/2012 Euronext Paris	Acquisition of call options	€6.63	€265,200.00
05/02/2012 Euronext Paris	Sale of call options	€4.42	€176,800.00
05/02/2012 Euronext Paris	Sale of call options	€2.18	€87,000.00
05/03/2012 Euronext Paris	Sale of call options	€1.67	€66,944.00
05/04/2012 Over the counter market	Sale of call options	€3.30	€99,000.00
05/04/2012 Over the counter market	Sale of call options	€3.30	€148,500.00
05/04/2012 Over the counter market	Acquisition of call options	€5.05	€113,625.00
05/04/2012 Over the counter market	Acquisition of call options	€5.05	€170,437.50
05/08/2012 Over the counter market	Sale of call options	€2.44	€73,200.00
05/08/2012 Over the counter market	Sale of call options	€2.44	€109,800.00

Date and place	Nature of the transaction	Unit price	Gross amount
05/08/2012 Over the counter market	Acquisition of call options	€3.46	€116,775.00
05/08/2012 Euronext Paris	Acquisition of call options	€4.17	€166,700.00
05/09/2012 Euronext Paris	Sale of call options	€4.17	€166,700.00
05/10/2012 Euronext Paris	Sale of call options	€3.92	€156,712.00
05/10/2012 Euronext Paris	Acquisition of call options	€3.92	€156,712.00
05/15/2012 Euronext Paris	Acquisition of call options	€4.42	€176,800.00
05/16/2012 Euronext Paris	Sale of call options	€4.37	€174,800.00
05/16/2012 Euronext Paris	Acquisition of call options	€4.37	€174,800.00
05/17/2012 Over the counter market	Acquisition of call options	€4.08	€183,375.00
05/17/2012 Over the counter market	Acquisition of call options	€4.08	€122,250.00
05/17/2012 Over the counter market	Sale of call options	€2.75	€123,750.00
05/17/2012 Over the counter market	Sale of call options	€2.75	€185,625.00
05/22/2012 Over the counter market	Sale of call options	€2.02	€90,900.00
05/22/2012 Over the counter market	Sale of call options	€2.02	€60,600.00
05/22/2012 Over the counter market	Acquisition of call options	€2.55	€57,289.50
05/22/2012 Over the counter market	Acquisition of call options	€2.55	€85,934.25
05/22/2012 Over the counter market	Acquisition of call options	€2.55	€85,934.25
05/22/2012 Over the counter market	Sale of call options	€2.02	€60,600.00
05/22/2012 Over the counter market	Sale of call options	€2.02	€90,900.00
05/22/2012 Over the counter market	Acquisition of call options	€2.55	€57,289.50
05/22/2012 Over the counter market	Acquisition of call options	€3.27	€110,244.38
05/23/2012 Over the counter market	Sale of call options	€2.50	€75,000.00
05/23/2012 Over the counter market	Sale of call options	€2.50	€112,500.00
05/23/2012 Over the counter market	Acquisition of call options	€3.27	€73,496.25
05/23/2012 Over the counter market	Acquisition of call options	€3.27	€110,244.38
05/23/2012 Over the counter market	Sale of call options	€2.50	€75,000.00
05/23/2012 Over the counter market	Acquisition of call options	€3.27	€73,496.25
05/23/2012 Over the counter market	Sale of call options	€2.50	€112,500.00
05/23/2012 Euronext Paris	Acquisition of call options	€4.23	€169,268.00
05/23/2012 Euronext Paris	Sale of call options	€4.23	€169,268.00
05/25/2012 Euronext Paris	Sale of call options	€5.73	€229,248.00
05/25/2012 Euronext Paris	Acquisition of call options	€5.73	€229,248.00
07/19/2012 Over the counter market	Acquisition of call options	€5.03	€226,314.00
07/19/2012 Over the counter market	Sale of call options	€4.77	€214,650.00
07/30/2012 Euronext Paris	Acquisition of call options	€12.23	€489,200.00
07/30/2012 Euronext Paris	Sale of call options	€12.23	€489,200.00
07/31/2012 Euronext Paris	Acquisition of call options	€11.28	€451,200.00
07/31/2012 Euronext Paris	Sale of call options	€11.28	€451,200.00
07/31/2012 Euronext Paris	Acquisition of call options	€5.10	€204,000.00
07/31/2012 Euronext Paris	Sale of call options	€5.10	€204,000.00
08/01/2012 Euronext Paris	Sale of call options	€1.80	€65,754.75
08/02/2012 Euronext Paris	Sale of call options	€2.73	€109,076.00
08/09/2012 Over the counter market	Acquisition of call options	€6.02	€271,120.50
08/09/2012 Over the counter market	Acquisition of call options	€6.02	€180,747.00

Date and place	Nature of the transaction	Unit price	Gross amount
08/09/2012 Over the counter market	Sale of call options	€4.15	€124,500.00
08/09/2012 Over the counter market	Sale of call options	€4.15	€280,125.00
08/14/2012 Over the counter market	Acquisition of call options	€6.30	€212,760.00
08/14/2012 Over the counter market	Sale of call options	€4.66	€104,850.00
08/14/2012 Over the counter market	Acquisition of call options	€6.30	€141,840.00
08/14/2012 Over the counter market	Sale of call options	€4.66	€214,360.00
08/15/2012 Over the counter market	Acquisition of call options	€6.36	€214,683.75
08/15/2012 Over the counter market	Sale of call options	€4.92	€110,700.00
08/15/2012 Over the counter market	Acquisition of call options	€6.36	€143,122.50
08/15/2012 Over the counter market	Sale of call options	€4.92	€216,480.00
08/20/2012 Over the counter market	Acquisition of call options	€6.00	€270,000.00
08/20/2012 Over the counter market	Sale of call options	€4.00	€120,000.00
08/20/2012 Over the counter market	Acquisition of call options	€6.00	€180,000.00
08/20/2012 Over the counter market	Sale of call options	€4.00	€270,000.00
08/20/2012 Over the counter market	Acquisition of call options	€6.00	€270,000.00
08/20/2012 Over the counter market	Sale of call options	€4.00	€120,000.00
08/20/2012 Over the counter market	Acquisition of call options	€6.00	€180,000.00
08/20/2012 Over the counter market	Sale of call options	€4.00	€270,000.00
08/20/2012 Euronext Paris	Acquisition of call options	€9.59	€383,600.00
08/20/2012 Euronext Paris	Acquisition of call options	€9.50	€380,000.00
08/21/2012 Euronext Paris	Sale of call options	€9.50	€380,000.00
08/21/2012 Euronext Paris	Sale of call options	€0.92	€18,400.00
08/21/2012 Euronext Paris	Sale of put options	€1.12	€22,400.00
08/21/2012 Euronext Paris	Sale of call options	€9.59	€383,600.00
08/22/2012 Euronext Paris	Acquisition of call options	€8.73	€349,200.00
08/22/2012 Euronext Paris	Sale of call options	€8.73	€349,200.00
08/23/2012 Euronext Paris	Sale of call options	€4.23	€169,200.00
08/23/2012 Euronext Paris	Acquisition of call options	€4.23	€169,200.00
08/24/2012 Euronext Paris	Sale of call options	€8.10	€324,000.00
08/24/2012 Euronext Paris	Acquisition of call options	€8.10	€324,000.00
08/24/2012 Euronext Paris	Sale of put options	€1.08	€43,084.00
09/03/2012 Over the counter market	Acquisition of call options	€4.50	€202,500.00
09/03/2012 Over the counter market	Acquisition of call options	€4.50	€135,000.00
09/03/2012 Over the counter market	Sale of call options	€5.05	€151,500.00
09/03/2012 Over the counter market	Sale of call options	€5.05	€227,250.00
09/12/2012 Over the counter market	Sale of call options	€3.80	€114,000.00
09/12/2012 Over the counter market	Acquisition of call options	€3.86	€173,700.00
09/12/2012 Over the counter market	Acquisition of call options	€3.86	€115,800.00
09/12/2012 Over the counter market	Sale of call options	€3.80	€171,000.00
09/12/2012 Over the counter market	Sale of call options	€3.80	€114,000.00
09/12/2012 Over the counter market	Acquisition of call options	€3.86	€173,700.00
09/12/2012 Over the counter market	Acquisition of call options	€3.86	€115,800.00
09/12/2012 Over the counter market	Sale of call options	€3.80	€171,000.00
09/25/2012 Over the counter market	Sale of call options	€7.51	€338,098.50

Date and place	Nature of the transaction	Unit price	Gross amount
09/25/2012 Over the counter market	Sale of call options	€7.51	€507,147.75
09/25/2012 Over the counter market	Acquisition of call options	€7.62	€342,900.00
09/25/2012 Over the counter market	Acquisition of call options	€7.62	€514,350.00
10/09/2012 Over the counter market	Acquisition of call options	€6.58	€444,150.00
10/09/2012 Over the counter market	Acquisition of call options	€6.58	€296,100.00
10/09/2012 Over the counter market	Sale of call options	€6.35	€285,750.00
10/09/2012 Over the counter market	Sale of call options	€6.35	€428,625.00
10/29/2012 Euronext Paris	Acquisition of call options	€14.45	€578,000.00
10/29/2012 Euronext Paris	Sale of put options	€1.57	€62,720.00
10/29/2012 Euronext Paris	Sale of call options	€1.72	€68,800.00
10/20/2012 Euronext Paris	Sale of call options	€4.65	€186,000.00
10/30/2012 Euronext Paris	Acquisition of call options	€4.65	€186,000.00
10/30/2012 Euronext Paris	Sale of call options	€1.57	€62,916.00
10/30/2012 Euronext Paris	Sale of call options	€1.46	€58,272.00
10/30/2012 Euronext Paris	Acquisition of call options	€13.14	€525,600.00

Date and place	Nature of the transaction	Unit price	Gross amount
10/31/2012 Euronext Paris	Sale of put options	€1.77	€70,800.00
10/31/2012 Euronext Paris	Sale of call options	€1.34	€53,600.00
11/05/2012 Euronext Paris	Acquisition of call options	€1.50	€60,000.00
11/05/2012 Euronext Paris	Sale of call options	€1.70	€68,000.00
11/05/2012 Euronext Paris	Acquisition of call options	€10.80	€432,000.00
11/05/2012 Euronext Paris	Sale of call options	€10.60	€424,000.00
11/06/2012 Euronext Paris	Sale of call options	€1.34	€53,756.00
11/06/2012 Euronext Paris	Sale of put options	€1.02	€40,832.00
11/06/2012 Euronext Paris	Acquisition of call options	€13.05	€522,040.00
11/15/2012 Euronext Paris	Sale of call options	€1.31	€52,260.00
11/15/2012 Euronext Paris	Sale of put options	€1.22	€48,808.00
11/15/2012 Euronext Paris	Acquisition of call options	€5.16	€206,400.00
11/22/2012 Euronext Paris	Acquisition of call options	€14.99	€599,600.00
11/22/2012 Euronext Paris	Sale of call options	€1.73	€69,280.00
11/22/2012 Euronext Paris	Sale of put options	€1.37	54,760.00

5.5 Statutory Auditors

Principal Statutory Auditors

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

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

Deputy Statutory Auditors

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

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

Principal accountants fees and services

The following table presents the amount of fees paid to each of the Company's principal Statutory Auditors in 2012 and 2011:

	PricewaterhouseCoopers Audit				Ernst & Young et Autres			
	Amount		%		Amount		%	
(In thousands)	2012	2011	2012	2011	2012	2011	2012	2011
Audit								
Audit opinion, review of statutory and consolidated financial statements(1):								
– Issuer	€1,031	€1,027	43%	43%	€223	€218	21%	45%
– Other consolidated subsidiaries	1,333	1,342	55%	55%	204	113	19%	23%
Other audit-related services(2):								
– Issuer	–	–	–	–	573	115	54%	24%
– Other consolidated subsidiaries	–	–	–	–	–	–	–	–
Subtotal	***2,364***	***2,369***	***98%***	***98%***	***1,000***	***446***	***94%***	***92%***
Other services(3)								
Legal, tax, social	57	50	2%	2%	67	41	6%	8%
Subtotal	***57***	***50***	***2%***	***2%***	***67***	***41***	***6%***	***8%***
Total	**€2,421**	**€2,419**	**100%**	**100%**	**€1,067**	**€487**	**100%**	**100%**

(1) Audit fees consist of fees billed for the annual audit services engagement and other audit services for the years ended December 31, 2012 and 2011, which are those services that only the Statutory Auditor reasonably can provide, and include the Group audit, statutory audits, consents, attest services, and services provided in connection with documents filed with the AMF.

(2) Audit-related fees generally consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements or that are traditionally performed by the Statutory Auditor, and include due diligence services related to acquisitions, consultations concerning financial accounting and reporting standards, attestation services not required by statute or regulation, and information system reviews. In 2012, they primarily included fees related to the acquisition of Gemcom.

(3) Fees billed by members of the Statutory Auditors' respective networks to consolidated subsidiaries are related to local and international tax compliance services, including the review of tax returns and tax services regarding statutory, regulatory or administrative developments and expatriate tax assistance and compliance.

CHAPTER 6 – INFORMATION ABOUT DASSAULT SYSTEMES SA, THE SHARE CAPITAL AND THE OWNERSHIP STRUCTURE

6.1. Information about Dassault Systèmes SA

6.1.1 General Information

6.1.1.1 Commercial Name and Registered Office

Dassault Systèmes
10, rue Marcel Dassault – 78140 Vélizy-Villacoublay
Telephone number: + 33 (0)1 61 62 61 62

6.1.1.2 Legal Form – Applicable Law – Place of Corporate Registration and Registration Number – APE code

Dassault Systèmes SA is a public limited liability company *(société anonyme)* under French law, with a Board of Directors, subject to the provisions of the French Commercial Code. The Company is registered with the Versailles trade and companies registry under number 322 306 440. The Company's APE code is 5829 C.

6.1.1.3 Date of Incorporation and Term

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

6.1.1.4 Corporate Purposes

As set forth in Article 2 of the Company's by-laws, the purposes of Dassault Systèmes SA, in France and abroad, are:

- to develop, produce, market, purchase, sell, rent and provide after-sale service of computer hardware and/or software;
- to supply and provide services to users specifically in the area of training, demonstration, methodology, display and utilization;
- to supply and provide services of data centers, including to supply services dedicated to Software as a Service and to operate and supply the corresponding infrastructures; and
- to supply and sell computer resources, together or separate from software or services;

in the areas of computer-aided manufacturing and design, management of the lifecycle of products, collaborative work, technical databases, management of manufacturing processes, and software development tools, as well as in any extension of these areas.

6.1.1.5 Fiscal Year

The 12-month fiscal year covers the period from January 1 to December 31 of each year.

6.1.1.6 Documents Available to the Public

Dassault Systèmes SA's by-laws, minutes of the Meetings of Shareholders and reports to Meetings of Shareholders from the Board of Directors, reports of the independent Statutory Auditors, financial statements for the last three fiscal years and, more generally, all documents provided or made available to shareholders pursuant to the law may be viewed at the headquarters of Dassault Systèmes SA.

A certain number of documents relating to the Company are also available on the website of the Company (www.3ds.com).

6.1.2 Memorandum and Specific By-Laws Provisions

6.1.2.1 Allocation of Profits (Article 36 of the Company's By-Laws)

The profits for each year, less, as the case may be, losses from prior periods, are first allocated to the reserves required by law. Thus, 5% of profits are allocated to the legal reserve fund. This allocation is no longer required when the legal reserve fund reaches one-tenth of the share capital. The allocation becomes once again obligatory in the event the legal reserve fund falls below one-tenth of the share capital for any reason.

The distributable profit is composed of the profit from the year less losses from prior periods and the amounts allocated to reserves in accordance with the law or the Company's by-laws, and increased by retained profits.

From this distributable profit, the General Meeting of Shareholders then allocates the amounts judged appropriate for any reserve funds, ordinary or extraordinary, established voluntarily by the Company, or to be retained.

The balance, if any, is distributed to all shares proportionately to the amount paid-up and not amortized.

However, except in the case of a reduction in capital, no distribution may be made to shareholders if the share capital is or would be, following the capital reduction, less than the capital taken together with the reserves which the law or the Company's by-laws do not allow to be distributed.

The Meeting of Shareholders may decide to distribute amounts taken from available reserves, either to pay or increase a dividend, or as an exceptional distribution. In this case, the decision explicitly identifies which reserves are to be distributed. Nevertheless, the dividends are distributed in order of priority starting with the distributable profit of the year.

Losses, if any, after approval of the financial statements by the Meeting of Shareholders, are recorded in a special account to be applied against the profits of future years, until they have been eliminated.

Article 11 of the Company's by-laws limits the voting right of the beneficial owner (*usufruitier*) to the decisions relating to the allocation of profits (see paragraph 6.1.2.3 "Shares and Voting Rights" hereunder).

6.1.2.2 Meetings of Shareholders

Notice and agenda (Articles 25 and 26 of the Company's by-laws)

Meetings of Shareholders are convened either by the Board of Directors or, if the Board of Directors fails to convene a Meeting of Shareholders, by the Statutory Auditor(s) or by a representative designated by the President of the Commercial Court acting on the demand of one or several shareholders holding together at least one-twentieth of the corporate share capital.

Notice of the meeting is made through an announcement placed in a journal of legal notices in the department of the corporate headquarters, and in the Bulletin of required legal notices (*Bulletin des Annonces Légales Obligatoires (BALO)*). Shareholders holding registered shares for at least one month from the date of the announcement are also notified of all Meetings of Shareholders by letter sent by ordinary mail or, at their request and expense, by registered letter. The Meeting of Shareholders cannot be held less than 15 days after the announcement is published or the letter is sent to registered holders.

One or more shareholders, representing at least the required percentage of the registered capital, also have the possibility to require the inclusion of matters on the agenda in accordance with applicable law and regulations then in effect.

Conditions of admission (Article 27 of the Company's by-laws)

Every shareholder has the right to participate in Meeting of Shareholders personally or by proxy, provided his shares are fully paid-up and:

- for holders of registered shares, that they are held in a registered account (directly or through a financial intermediary) at 0h00 (Paris time) on the third business day preceding the meeting;
- for holders of shares in bearer form, that they are registered in bearer accounts by the accredited intermediary at 0h00 (Paris time) on the third business day preceding the meeting.

The registration of the shares in bearer accounts by the accredited intermediary must be demonstrated by a certificate (*attestation de participation*) issued by the accredited intermediary to the holder of the shares. This certificate must be attached to the voting form (*formulaire de vote à distance*) or the proxy or the request for an admission card (*carte d'admission*) issued under the name of the shareholder. A certificate can also be issued to a shareholder who wishes to participate physically at the Meeting of Shareholders and who has not received an admission card on the third business day preceding the meeting.

Every shareholder may vote by mail using a form available as indicated in the notice of the Meeting of Shareholders. The form, duly completed and accompanied, as the case may be, by a certificate (*attestation de participation*), must be received by Dassault Systèmes SA at least three days before the date of the Meeting of Shareholders, or it will not be taken into consideration.

A shareholder may be represented by his spouse or by any other physical or legal person holding a mandate, under conditions provided by the law. The shareholders who are legal persons are represented by the physical persons duly authorized to represent them towards third parties or by any person to whom the representation powers have been transferred, without being necessary for the representative to be a shareholder.

A shareholder, who is not domiciled on French territory, as defined in Article 102 of the French Civil Code, may have himself represented at Meetings of Shareholders by an accredited intermediary registered according to the conditions set forth in the applicable legal and regulatory provisions. Such shareholder will be considered in calculating the quorum and the results of voting.

Any shareholder may also, if the Board of Directors so decides when convening the Meeting of Shareholders participate and vote at Meetings of Shareholders by video-conference or by any other means of telecommunications permitting him to be identified and to participate effectively. Such participation must comply with the conditions and means set forth in the applicable legal and regulatory provisions. Such shareholder will be considered in calculating the quorum and the results of voting.

Actions needed to change shareholder rights (Articles 13, 31 and 32 of the Company's by-laws)

Shareholder rights can only be modified by an Extraordinary Meeting of Shareholders, and in compliance with legal and regulatory requirements.

Except as may be otherwise provided for under applicable law and with the exception of reverse share splits carried out in accordance with the law, no majority may impose on shareholders an increase in their commitments. If new classes of shares are created, no modification may be made to the rights of shares of one of the classes without the approval of an Extraordinary Meeting of Shareholders and of a special Meeting of Shareholders open only to holder of the class concerned.

6.1.2.3 Shares and Voting Rights

Rights, privileges and restrictions attached to each class of issued shares (Articles 13 and 39 of the Company's by-law)

All the shares are of the same class and benefit under the Company's by-laws from the same rights, in connection with the distribution of benefits and amounts distributed in the event of liquidation (see also paragraph 6.1.2.1 "Allocation of Profits (Article 36 of the Company's By-Laws)"). However, a double voting right is attributed to any fully paid-up share held in registered form for at least two consecutive years in the name of the same holder (see paragraph "Double voting rights (Article 29 of the Company's by-laws)" below).

The new shares created by exercise of subscription options between the 1st of January and the date of the annual General Meeting of Shareholders deciding on the allocation of profit related to the preceding financial year are entitled to receive the dividend distributed with respect to that financial year. As a result, the new shares are quoted on the same line as the previously existing shares.

However, the new shares created as from the day after this annual General Meeting do not have a right to receive this dividend. Those shares continue to be temporarily quoted on the second trading line until the date the shares trade ex-dividend (i.e., without the right to receive the dividend to be distributed on Dassault Systèmes shares).

Voting (Articles 11 and 29 of the Company's by-laws)

The right to vote carried by shares, or by beneficial interests therein, is proportional to the portion of capital they represent.

Voting is carried out by show of hands, by roll call or secret ballot, by optical or electronic means, as decided by the secretariat of the meeting subject to the approval of the meeting. Shareholders may also vote by mail, by video-conference or by any other means of communication, as indicated in the preceding paragraph. In case of vote by mail, the voting forms not indicating the nature of the vote or expressing an abstention are considered as "No" votes.

In case of stripping of the ownership of the shares, the voting right attached to the share belongs to the bare owner (*nu-propriétaire*), except for the decisions relating to the allocation of profits for which it belongs to the beneficial owner (*usufruitier*).

Double voting rights (Article 29 of the Company's by-laws)

Each share gives the right to one vote. Nevertheless, since 2002, a double vote will be awarded to all fully paid-up shares held in registered form for at least two consecutive years in the name of the same holder. In the case of a capital increase by incorporation of reserves, profits or premiums, this double voting right will be attached on the date of their issuance to registered new shares allotted to a shareholder in consideration for the old shares giving rise to such right.

Under the law, any share converted into a bearer share or changing hands shall lose the right to the double voting right unless in case of transfer from a registered account to a registered account on succession or in case of partition of property jointly owned within a family, or in case of a gift inter vivos to a spouse or a relative entitled to succeed to the donor's estate. The double voting right may also be cancelled by a resolution of the shareholders at an Extraordinary Meeting approved by the special Meeting of Shareholders having a double voting right.

Limitations on voting rights

There are no provisions in the Company's by-laws restricting the right to vote its shares.

6.1.2.4 Declarations Concerning Crossing of the Ownership Thresholds (Article 13 of the Company's By-Laws)

In addition to the legal obligation to inform Dassault Systèmes SA and the AMF in the event a shareholder's interest passes the thresholds set out in Article L. 233-7 of the French Commercial Code, any physical or legal person, acting alone or in concert with others, who acquires directly or indirectly shares representing at least 2.5% of Dassault Systèmes' share capital or voting rights must inform Dassault Systèmes SA, by registered letter with return receipt requested, of the total number of shares or voting rights which it holds, within four trading days following the date of acquisition.

This declaration must be made, in the same conditions, each time another threshold of 2.5% of the total number of Dassault Systèmes shares or voting rights is crossed, until 50% (inclusive). The declaration mentioned above must also be made when the equity interest or voting rights fall below the thresholds mentioned above. In each declaration, the shareholder must certify that the declaration includes all shares or voting rights held or owned, in accordance with Article L. 233-7 *et seq.* of the French Commercial Code. The declaration must also indicate the date or dates on which the acquisitions or divestitures occurred.

In the event this requirement is not respected, the shares exceeding the fraction of 2.5% which should have been declared will lose their voting rights, upon the request recorded in the minutes of the Meeting of Shareholders, of one or more shareholders holding a portion of Dassault Systèmes SA share capital or voting rights equal to at least 2.5% of the capital or voting rights. The voting rights will be lost for all meetings of shareholders held until the expiration of two years following the date on which the required declaration is made.

6.1.2.5 Terms in the Company's By-Laws, Charter or Regulation Which Could Slow, Postpone or Prevent a Change in Control

Other than the double voting right attached to certain shares (see paragraph 6.1.2.3 "Shares and Voting Rights") and the obligation to declare when holdings exceed 2.5% (see paragraph 6.1.2.4 "Declarations Concerning Crossing of the Ownership Thresholds (Article 13 of the Company's By-Law)", Article 10 of the Company's by-laws provides that Dassault Systèmes SA may, at any time, in compliance with legal and regulatory requirements, request that a central depositary maintaining records of shares issued by the Company, communicate to it the name or the denomination, the nationality, the year of birth or the year of creation and the address of holders of Dassault Systèmes shares in bearer form which grant, immediately or over time, the right to vote at Meetings of Shareholders, as well as the number of shares held by each of such shareholders and, as the case may be, any restrictions applicable to such shares.

6.1.2.6 Terms in the Company's By-Laws Concerning Modifications in Share Capital Which Are More Restrictive than the Law

The by-laws of Dassault Systèmes SA do not contain any provisions concerning modifications of share capital which are more restrictive than those provided under the law.

6.2 Information about the Share Capital

6.2.1 Share Capital at February 28, 2013

At February 28, 2013, the Company's share capital was €125,389,266, divided into 125,389,266 fully paid-up shares with a nominal value of €1.00 per share. The Company's share capital was €125,096,778 on December 31, 2012.

6.2.2 Potential Share Capital

At February 28, 2013, outstanding share options, whether or not exercisable, would, if all were exercised, result in the issuance of 4,373,831 new shares, representing approximately 3.49% of the Company's share capital at that date.

At the same date, on the basis of the closing price of the Company's shares on February 28, 2013 (€86.94 per share), the exercise of all issued options which could be exercised and whose exercise price was less than that closing price, would have resulted in the issuance of 1,500,531 new shares, representing approximately 1.20% of the Company's share capital at that date. The dilutive effect per share at December 31, 2012, is also set forth in Note 11 to the consolidated financial statements.

In connection with the acquisition of the company SolidWorks in 1997, Dassault Systèmes SA issued shares for the purpose of distribution to the holders of stock options and warrants previously issued by SolidWorks. These Dassault Systèmes shares have historically been held by a U.S. subsidiary 100% owned by the Company, SW Securities LLC. No further stock options or warrants for Dassault Systèmes shares issued by SolidWorks remain outstanding at this time. At December 31, 2012, as at February 28, 2013, SW Securities LLC held 251,807 shares, or approximately 0.20%, of the Company's share capital. Similar to treasury shares, the shares held by SW Securities LLC do not have voting rights, and they are not eligible for dividends.

Other than the share subscription options granted in connection with stock option plans and share grants as described in paragraph 5.3.1 "Compensation of the Company's Directors *(Mandataires Sociaux)*" and paragraph 5.3.2 "Interests of Executive Management and Employees in the Share Capital", there are no other securities giving a right to subscribe shares of Dassault Systèmes, and there is no agreement which could result in a capital increase. Dassault Systèmes SA has not issued any securities which do not represent an interest in its share capital.

Pledges of shares

To the Company's knowledge, there was no pledge of Dassault Systèmes SA's shares in registered form and representing a significant part of its share capital as of March 15, 2013. Shares held by Dassault Systèmes SA in its subsidiaries and the on-going businesses of its subsidiaries are not subject to any lien. To the Company's knowledge, no share of its subsidiaries which is not held by Dassault Systèmes SA is subject to any lien.

6.2.3 Changes in Dassault Systèmes SA Share Capital over the Past Three Years

Date	Operation	Nominal value (in euros)	Amount of share capital (in euros)	Total number of shares	Change in share capital (in euros)
February 28, 2010	Exercise of share subscription options	1	118,426,012	118,426,012	58,371
December 31, 2010	Exercise of share subscription options	1	121,332,604	121,332,604	2,906,592
February 28, 2011	Exercise of share subscription options	1	122,718,122	122,718,122	1,385,518
March 25, 2011	Share capital reduction through cancellation of treasury shares	1	120,868,122	120,868,122	1,850,000
August 31, 2011	Exercise of share subscription options	1	123,689,828	123,689,828	2,821,706
September 29, 2011	Share capital reduction through cancellation of treasury shares	1	122,109,908	122,109,908	1,579,920
December 31, 2011	Exercise of share subscription options	1	123,092,729	123,092,729	982,821
February 29, 2012	Exercise of share subscription options	1	123,846,961	123,846,961	754,232
June 30, 2012	Exercise of share subscription options	1	125,035,796	125,035,796	1,188,835
July 25, 2012	Capital increase by contributions in kind	1	125,059,208	125,059,208	23,412
August 31, 2012	Exercise of share subscription options	1	125,190,837	125,190,837	131,629
October 2, 2012	Share capital reduction through cancellation of treasury shares	1	124,547,237	124,547,237	643,600
December 31, 2012	Exercise of share subscription options	1	125,096,778	125,096,778	549,541
February 28, 2013	Exercise of share subscription options	1	125,389,266	125,389,266	292,488

The changes in share capital resulting from the operations through December 31, 2012, set forth above are included in the "Consolidated Statements of Shareholders' Equity".

6.2.4 Summary of Pending Delegations to the Board of Directors

The following table summarizes the delegations and authorizations granted by the General Meeting of Shareholders to the Board of Directors and with effect during the 2012 financial year and as of the date of this Annual Report. It includes authorizations to increase share capital and to repurchase and cancel the Company's own shares.

Type of authorization Purpose of the authorization	Validity of the delegation	Cap	Utilization in 2012
Cancellation of shares Cancel previously repurchased shares in the framework of the share buy-back program	**Granted by:** General Meeting of June 7, 2012 (8th resolution) **For a period of:** approximately 12 months (expiring at the General Meeting of Shareholders approving the financial statements for the fiscal year ending on December 31, 2012) **Expiry date:** May 30, 2013	10% of the share capital per 24-month period	Described in paragraph 6.2.5. "Treasury Shares"

Type of authorization Purpose of the authorization	Validity of the delegation	Cap	Utilization in 2012
Share buy-back Purchase Dassault Systèmes SA shares	**Granted by:** General Meeting of June 7, 2012 (7th resolution) **For a period of:** approximately 12 months (expiring at the General Meeting of Shareholders approving the financial statements for the fiscal year ending on December 31, 2012) **Expiry date:** May 30, 2013	10% of the share capital up to a maximum amount of €500 million	Described in paragraph 6.2.5 "Treasury Shares"
Capital increase Increase the share capital by issuance of shares or securities giving right to shares of Dassault Systèmes SA and issue securities giving right to debt securities, with preemptive right of shareholders and by public offering	**Granted by:** General Meeting of May 26, 2011 (14th resolutions) **For a period of:** 26 months **Expiry date:** July 26, 2013	For a maximum nominal amount of €15 million for shares or securities For a maximum nominal amount of €750 million for debt securities	Not used
Capital increase Increase the share capital by issuance of shares or securities giving right to shares of Dassault Systèmes SA and issue securities giving right to debt securities, without preemptive right of shareholders and by public offering	**Granted by:** General Meeting of May 26, 2011 (15th resolution) **For a period of:** 26 months **Expiry date:** July 26, 2013	For a maximum nominal amount of €15 million for shares or securities For a maximum nominal amount of €750 million for debt securities	Not used
Capital increase Increase the share capital and issue securities giving right to debt securities, without preemptive rights of shareholders by a private placement, under Section II of the Article L. 411-2 of the French Monetary and Financial Code	**Granted by:** General Meeting of May 26, 2011 (16th resolution) **For a period of:** 26 months **Expiry date:** July 26, 2013	to be deducted from the aforementioned overall limit of €15 million	Not used
Capital increase Increase the number of securities to be issued in connection with a capital increase, with or without preemptive rights	**Granted by:** General Meeting of May 26, 2011 (17th resolution) **For a period of:** 26 months **Expiry date:** July 26, 2013	15% of the initial issuance up to the aforementioned overall limit of €15 million	Not used
Capital increase Increase the share capital by incorporation of reserves, profits or premiums	**Granted by:** General Meeting of May 26, 2011 (18th resolution) **For a period of:** 26 months **Expiry date:** July 26, 2013	15% of the initial issuance up to the aforementioned overall limit of €15 million	Not used
Capital increase Increase the share capital for the purpose of compensating contributions in kind of shares or equity-linked securities	**Granted by:** General Meeting of May 26, 2011 (19th resolution) **For a period of:** 26 months **Expiry date:** July 26, 2013	10% of the share capital	Issuance of 23,412 new shares on July 25, 2012
Capital increase Increase the share capital for the benefit of members of a corporate saving plan of Dassault Systèmes SA and its related companies	**Granted by:** General Meeting of May 26, 2011 (20th resolution) **For a period of:** 26 months **Expiry Date:** July 26, 2013	For a maximum nominal amount of €10 million	Not used

Type of authorization Purpose of the authorization	Validity of the delegation	Cap	Utilization in 2012
Allocation of free shares Grant for the benefit of certain employees and/or executive directors of the Company and its affiliated entities according to Article L. 225-197-2 of the French Commercial Code, free Company's shares, existing or to be issued	**Granted by:** General Meeting of May 27, 2010 (15th resolution) **For a period of:** 38 months **Expiry Date:** July 27, 2013	1.5% of the share capital	Described in paragraph 5.3.2.2 "Performance Shares"
Allocation of stock subscriptions or purchase options Grant for the benefit of certain employees and/or executive directors of the Company and its affiliated entities according to Article L. 225-180 of the French Commercial Code, stock options giving right subscribe new shares or purchase existing Company's shares	**Granted by:** General Meeting of May 27, 2010 (16th resolution) **For a period of:** 38 months **Expiry Date:** July 27, 2013	15% of the share capital	Not used

The authorizations to repurchase the Company's shares and to cancel these repurchased shares expire at the end of the General Meeting of Shareholders of May 30, 2013; it is thus proposed to the General Meeting of Shareholders to renew these authorizations (see paragraph 6.2.5.2 "Description of the Share Repurchase Program Proposed to the General Meeting of Shareholders on May 30, 2013").

It is also proposed that the General Meeting of the Shareholders renew the existing delegations allowing for share capital increases, with the same terms and conditions, grant a new delegation authorizing the Board of Directors to issue redeemable warrants (*bons de souscription et/ou d'acquisition d'actions remboursables* or "BSAAR") through a capital increase reserved to a category of persons and renew, with new limits, the existing authorizations to grant performance shares and subscription or purchase options. See paragraph 7.1 "Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting of Shareholders on May 30, 2013" for further information.

6.2.5 Treasury Shares

6.2.5.1 Use of the Share Repurchase Authorizations Granted by the Shareholders in May 2011 and June 2012

In connection with the terms of Article L. 225-209 of the French Commercial Code, the General Meeting of Shareholders of May 26, 2011 authorized the Board of Directors to put in place a share repurchase program for a maximum amount of 10% of the Company's share capital on the date of the Meeting of Shareholders, and for a maximum purchase price per share of €85.

This authorization was replaced by a new authorization granted by the General Meeting of Shareholders on June 7, 2012, to the Board of Directors, to repurchase the Company's shares under the same conditions. This authorization will expire at the end of the General Meeting of Shareholders approving the financial statements for the year ended December 31, 2012, on May 30, 2013.

The new share repurchase program to be proposed to the General Meeting of Shareholders on May 30, 2013, is described in paragraph 6.2.5.2 "Description of the Share Repurchase Program Proposed to the General Meeting of Shareholders on May 30, 2013" below.

During the financial year 2012, in connection with the above authorizations, the Company repurchased 1,042,679 of its own shares at an average price of €72.06 per share, for a total cost of €75,136,018.52, among which 420,854 shares by over-the-counter market block purchase at an average price per share of €72.38, for a total cost of €30,459,705.16. The transaction costs paid by the Company in connection with these share repurchases amounted to €33,511.70 all taxes included (including the tax on financial transactions for an amount of €6,552.91).

These repurchased shares were allocated as follows:

- 643,600 shares to be cancelled in order to increase the return on equity capital and net income per share;
- 399,079 shares to cover the Company's obligations resulting from performance share grants.

The Company undertook the following actions with respect to these shares:

- in October 2012, 643,600 shares, allocated to this purpose, were cancelled through a reduction of the share capital.

The Company undertook the following actions with respect to shares repurchased before 2012:

- in May 2012, 150,000 shares, which had been allocated to cover the Company's obligations resulting from share grants decided in 2010, were transferred to the beneficiary (see paragraph 5.3.1 "Compensation of the Company's Directors *(Mandataires Sociaux)*".

Following these transactions, on December 31, 2012, the Company held directly 899,079 of its own shares, nominal value €1, which had been repurchased at an average price of €63.84, representing 0.72% of share capital at that date, and which were allocated to cover the Company's obligations resulting from performance share grants.

During the financial year 2012 and the period from January 1 to March 27, 2013, the Company did not repurchase any share, has not performed any transactions on derivative securities linked to its shares and has not purchased or sold any of its shares by exercising or through the maturity of such derivative securities.

6.2.5.2 Description of the Share Repurchase Program Proposed to the General Meeting of Shareholders on May 30, 2013

In accordance with Article 241-2 of the General Regulation of the AMF, this paragraph provides a description of the share repurchase program that will be proposed for the approval of the shareholders at the General Meeting on May 30, 2013.

In connection with the terms of Article L. 225-209 of the French Commercial Code, the Board of Directors will propose to this General Meeting of Shareholders, to authorize the Board to implement a new share repurchase program. Such authorization will terminate the current share repurchase program.

On March 27, 2013, the Company holds 899,079 of its own shares directly and 251,807 indirectly.

At that same date, the 899,079 shares held following share repurchases carried out by Dassault Systèmes SA were allocated to cover the Company's obligations resulting from share grants decided in 2011 and 2012.

The purposes of the new share repurchase program would be as follows:

1) cancel shares in order to increase the return on equity capital and net income per share;
2) provide for securities (representing no more than 5% of the share capital of the Company) for payment, or for exchange, particularly in connection with external growth transactions;
3) ensure that there is a market or liquidity for the shares of Dassault Systèmes SA through the activities of an investment services provider acting under a liquidity contract, in accordance with the ethical code recognized by the AMF;
4) meet obligations related to share option programs or other share grants to employees or directors *(mandataires sociaux)* of Dassault Systèmes SA or of an affiliated company;
5) meet the Company's obligations in cash based on an increase in the market price of Dassault Systèmes shares, as made to employees and directors *(mandataires sociaux)* of the Company or of an affiliated company;
6) provide for shares in connection with the exercise of rights attached to securities providing access to the capital of Dassault Systèmes SA; and
7) carry out any market practice which may be recognized by the law or by the AMF.

The purposes 1-4 and 6 above correspond to the terms of European regulation n° 2273/2003 of December 22, 2003, in application of the directive 2003/6/CE of January 28, 2003, and market practices accepted by the AMF.

The General Meeting of Shareholders of May 30, 2013, will also be asked to authorize the Board of Directors to cancel, as the case may be, all or part of the shares which it may repurchase in connection with the share repurchase program and to carry out the corresponding reduction in share capital.

In connection with the proposed new authorization, the Board of Directors may repurchase Dassault Systèmes SA shares representing up to 10% of the Company's share capital at the date of the Meeting of Shareholders authorizing the program. At February 28, 2013, the most recent date for determining the corporate capital, this 10% limit would correspond to a limit of 12,538,926 shares.

The Board of Directors could repurchase shares for a maximum price of €130 per share, and within the limits set by applicable regulations. The maximum amount which could be paid for the repurchase of the Company shares would be €500 million.

The authorization granted would be valid until the General Meeting of Shareholders approving the financial statements for the financial year ended December 31, 2013.

6.3 Information about the Shareholders

6.3.1 Shareholder Base and Double Voting Rights

The table below sets forth certain information concerning Dassault Systèmes SA's shareholder base over the last three fiscal years. Double voting rights are attributed to all fully paid-up shares held in nominative form registered in the name of the same shareholder for at least two years. The major shareholders do not hold voting rights which are different from voting rights of other shareholders, and may benefit from double voting rights under the same conditions as any other shareholder (i.e., fully paid-up shares held in registered form by the same shareholder for at least two years).

Shareholders	Number of shares held	Capital %	Number of voting rights	Voting %(5)
At December 31, 2012				
Groupe Industriel Marcel Dassault ("GIMD")	51,887,334	41.48%	86,974,668	51.85%
Charles Edelstenne(1) and beneficiaries(2)	7,707,601	6.16%	15,391,790	9.18%
Bernard Charlès	1,024,243	0.82%(6)	1,467,645	0.87%
SW Securities LLC(3)	251,807	0.20%	–	–
Treasury shares	889,079	0.71%	–	–
Directors and senior management(4)	23,213	0.02%	35,626	0.02%
Public	63,313,501	50.61%	63,881,686	38.08%
Total	***125,096,778***	***100%***	***167,751,415(5)***	***100%***
At December 31, 2011				
GIMD	51,887,334	42.15%	84,603,735	51.73%
Charles Edelstenne(1) and beneficiaries(2)	7,684,189	6.24%	15,368,378	9.40%
Bernard Charlès	1,165,139	0.95%	1,615,879	0.99%
SW Securities LLC(3)	251,807	0.20%	–	–
Treasury shares	650,000	0.53%	–	–
Directors and senior management(4)	28,749	0.02%	41,328	0.03%
Public	61,425,511	49.91%	61,924,904	37.85%
Total	***123,092,729***	***100%***	***163,554,224(5)***	***100%***
At December 31, 2010				
GIMD	51,887,334	42.76%	80,032,735	50.77%
Charles Edelstenne(1) and beneficiaries(2)	7,684,189	6.33%	15,342,311	9.73%
Bernard Charlès	817,655	0.67%	1,118,395	0.71%
SW Securities LLC(3)	251,807	0.21%	–	–
Treasury shares	150,000	0.12%	–	–
Directors and senior management(4)	12,649	0.01%	24,728	0.02%
Public	60,528,970	49.90%	61,120,521	38.77%
Total	***121,332,604***	***100%***	***157,638,690(5)***	***100%***

(1) Including shares held in trust for the benefit of his family and managed by Charles Edelstenne.

(2) At December 31, 2012, Mr. Edelstenne held 1,942,459 shares with all ownership rights and 1,542 shares through two family companies which he manages, representing in the aggregate 1.57% of the outstanding capital and 2.30% of the exercisable voting rights, as well as 5,763,600 shares, representing 6.87% of the outstanding share capital, with "beneficial" rights *(usufruit)*. For the beneficial rights with respect to these shares, Mr. Edelstenne can only exercise the right to vote on decisions of the General Meeting of Shareholders concerning the allocation of profit; the holders of the bare property rights *(nue-propriété)* exercise the right to vote for other resolutions in compliance with Article 11 of the by-laws.

(3) Because SW Securities LLC is a subsidiary of the Company, shares held by SW Securities LLC do not have voting rights.

(4) "Senior management" includes the senior officers listed in paragraph 5.1.2 "Senior Management" of this Annual Report, other than Mr. Edelstenne and Mr. Charlès.

(5) See the following paragraph for an explanation.

(6) For further information, see paragraph 5.4 "Transactions in the Company's Shares by the Management of the Company".

The total number of votes published on Dassault Systèmes' web site is different from the number set forth in the table above. The number of votes published each month by Dassault Systèmes is an unadjusted number, which includes the voting rights attached to shares for which voting rights are suspended, in accordance with Article 223-11 of the General regulation of the AMF. This number is used as the denominator by shareholders calculating their percentage holdings of equity interests and voting rights for purposes of required declarations of shareholdings (in particular, declarations concerning crossing ownership thresholds). The total number of voting rights in the table above is the "net" number of voting rights (which does not include shares for which voting rights are suspended), or the number of votes which may be exercised in a Meeting of Shareholders, in order for the presentation above to be consistent.

At December 31, 2012, the total number of voting rights amounted to 168,902,301 (the number of votes which may be exercised, not including shares for which voting rights have been suspended, was 167,751,415) and, on February 28, 2013, the total number was 169,215,385 (the number of votes which may be exercised was 168,064,499).

MFS Institutional Advisors, Inc. (MFSI) notified Dassault Systèmes SA, on April 27, 2011, that the holdings of the various funds it managed, directly or indirectly, had crossed the 2.5% threshold of the share capital of Dassault Systèmes SA. On September 24, 2012, MFSI's parent company, MFS Investment management (MFS), notified Dassault Systèmes SA that funds managed directly or indirectly by companies within its group, including MFSI, held more than 2.5% of the share capital of Dassault Systèmes.

To the knowledge of Dassault Systèmes SA, based on shareholder obligations to declare their equity interest or voting rights if they exceed or fall below certain levels, there are no other shareholders (except as indicated in the table above) who held 2.5% or more of the Company's share capital or voting rights (the threshold set forth in the Company's by-laws), directly or indirectly, alone or in agreement with other shareholders, at December 31, 2012.

Although Dassault Systèmes SA effected a voluntary delisting of its shares from NASDAQ in October 2008, it continues to maintain its ADR ("American Depositary Receipts") program in the United States. The American Depositary Shares "ADS" are now traded on the over-the-counter market (see paragraph 6.4.1 "Stock Exchange Place". On February 28, 2013, there were 3,557,574 ADS outstanding and 58 record holders of ADS, holding either for themselves or for third parties.

In January 2013, Dassault Systèmes SA commissioned a survey on the Company's shares from an external specialized services provider. The survey indicated that 340 institutional investors, each holding more than 2,000 shares, held in the aggregate approximately 47.5% of the Company's share capital as of December 31, 2012.

As of the date of this Document, Dassault Systèmes SA holds 899,079 treasury shares, 500,000 of which were repurchased by the Company as part of the share repurchase program authorized by the General Meeting on May 26, 2011 and 399,079 of which were repurchased by the Company as part of the share repurchase program authorized by the General Meeting on June 7, 2012. These treasury shares represented approximately 0.72% of the Company's outstanding share capital as of February 28, 2013, and carry no right to vote or to dividends.

As of December 31, 2012, 62,585,984 outstanding shares (i.e., approximately 50.03% of the share capital) were held in registered form, representing 105,492,904 voting rights (i.e. approximately 62.46% of total voting rights).

In accordance with Article L. 225-102 of the French Commercial Code, the number of Dassault Systèmes shares held by the employees through the corporate savings plan (*plan d'épargne entreprise*) was 45,475 shares at December 31, 2012, or approximately 0.04% of the total number of shares at that date.

6.3.2 Controlling Shareholder

GIMD is the principal shareholder of Dassault Systèmes SA with, as of December 31, 2012, 41.48% of the share capital and 51.85% of the exercisable voting rights. Since GIMD holds more than 50% of the voting rights of Dassault Systèmes SA, GIMD controls Dassault Systèmes. GIMD is wholly-owned by the members of the Dassault family.

In order to ensure that GIMD's ability to control the Company is not used in an abusive manner, half of the Company's Board of Directors is composed of independent directors, and the Audit Committee and the Compensation and Nomination Committee are composed entirely of independent directors.

In light of applicable regulations, because GIMD possesses more than one third but less than half of the shares and more than one half of the voting rights in the Company, GIMD may not increase its participation by more than 2% of the total number of shares of the Company in less than twelve consecutive months, unless it launches a public tender offer on all the equity securities issued by Dassault Systèmes, unless it receives an exemption from the obligation to make an offer based on Article 234-9 (6°) of the General Regulations of the AMF, which the latter can grant in its discretion.

6.3.3 Shareholder Agreements

In 2012, Dassault Systèmes SA was informed that, in compliance with the Article 787 B of the General Tax Code, a collective agreement not to sell shares for two years at least, was signed on June 25 and 26, 2012, by GIMD, Charles Edelstenne and Bernard Charlès. This agreement concerns 33,852,003 shares of Dassault Systèmes SA, representing on May 31, 2012, 27.1% of the outstanding share capital and 40.1% of the voting rights.

In 2011, Dassault Systèmes SA was informed that, in the same context and according to the Article 885 I bis of the General Tax Code, collective agreements not to sell shares for two years were signed on June 21 and July 11, 2011, by GIMD, Charles Edelstenne, and Bernard Charlès and certain persons connected to him. These agreements concern 34,029,003 shares and 36,432,938 shares of Dassault Systèmes SA, respectively, representing 27.6% of the outstanding share capital and 38.9% of the voting rights for the agreements of June 21, 2011, and 29.6% of the outstanding share capital and 41.8% of the voting rights for the agreement of July 11, 2011.

To the Company's knowledge, other than the collective agreements cited above and the share lock-up agreements applicable to the executive directors (see paragraph 5.1.4.3 "Performance Shares and Share Subscription Options"), there is no shareholders' agreement or other convention between the shareholders of Dassault Systèmes SA.

The Company is not party to an agreement which could result in a change of control, and has no knowledge of the existence of such an agreement. Dassault Systèmes SA is not party to any shareholders' agreement with respect to any company, listed or unlisted, the terms of which could have a material effect on the market price of the shares of Dassault Systèmes SA.

6.4 Stock Market Information

6.4.1 Stock Exchange Place

Shares of Dassault Systèmes have been listed on *Compartiment A* of NYSE Euronext Paris (ISIN Code FR0000130650) since June 28, 1996. Its shares were also listed on the NASDAQ in the form of ADS under the symbol DASTY until October 16, 2008. Since then the ADS may be traded on the U.S. Over-The-Counter market. One ADS represents one ordinary share (see paragraph 6.3.1 "Shareholder Base and Double Voting Rights").

For dividend policy, see the paragraph 7.1 "Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting of Shareholders on May 30, 2013"

6.4.2 Market Price

Market price (in euros) and trading volumes of Dassault Systèmes shares from January 1, 2012:

	Number of shares traded	Last trading price of the month	Highest market price during the month	Lowest market price during the month
January 2012	4,603,056	63.38	64.29	59.86
February 2012	5,656,493	62.32	65.10	61.26
March 2012	5,628,245	68.99	69.07	61.60
April 2012	7,027,547	73.32	76.76	67.06
May 2012	7,269,126	73.54	74.71	68.73
June 2012	7,740,188	73.92	76.10	70.00
July 2012	4,999,325	80.40	81.50	73.25
August 2012	3,396,984	77.21	81.92	76.18
September 2012	4,565,144	81.76	84.11	76.07
October 2012	4,094,493	81.29	84.33	80.32
November 2012	3,770,887	87.00	87.75	80.49
December 2012	2,591,980	84.23	87.21	83.16
January 2013	3,793,497	81.88	86.50	81.84
February 2013	4,517,986	86.94	88.25	78.24
March 2013	3,428,946	90.18	90.99	86.5

(Source: NYSE Euronext)

6.4.3 Person Responsible for Financial Communications

François-José Bordonado, Vice President Investor Relations.

To obtain documents published by the Company, and for all financial information, please contact:

Investor Relations Service
10 rue Marcel Dassault – CS 40501
78946 Vélizy-Villacoublay Cedex – France
Telephone: +33 (0)1 61 62 69 24 – Facsimile: + 33 (0)1 70 73 43 59
e-mail: investors@3ds.com

6.4.4 Indicative Timetable for the Publication of Financial Information

The ***indicative*** timetable is based on information known as of the date hereof.

- First quarter results: April 25, 2013;
- Second quarter results: July 25, 2013;
- Third quarter results: October 24, 2013;
- Fourth quarter results: February 2014.

CHAPTER 7 – GENERAL MEETING OF SHAREHOLDERS

7.1 Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting of Shareholders on May 30, 2013

Parent company financial statements and allocation of the results

We invite you to approve the financial statements of Dassault Systèmes SA (or the "Company" for the purposes of the present Chapter 7 "General Meeting of Shareholders") for the financial year ended December 31, 2012, prepared on the basis of French accounting principles, as they have been presented in paragraph 4.2 "Parent Company Financial Statements".

Dassault Systèmes SA has paid dividends every year since 1986. The decision to distribute dividends and their amount depend on the profits and the financial situation of Dassault Systèmes SA as well as other factors. Dividends which have been distributed but are not collected by a shareholder escheat to the French State at the end of the five-year period following the date of their payment.

Based on the financial statements and the Management Report of the Board of Directors included in this Annual Report, a profit of €254,846,866.68[(1)] has been realized for the financial year ended December 31, 2012, which we propose that you allocate as follows:

- to the legal reserve €200,404.81
- for distribution of a dividend of €100,311,412.80
  (€0.80 × 125,389,266 shares)[(2)]
- to retained earnings €154,355,049.07
  which, increased by the retained earnings from the prior financial years (€1,395,565,578.69) brings the amount of retained earnings to €1,549,900,627.76

(1) This profit, increased by the retained earnings from the prior financial years (€1,395,565,578.69), results, after allocation to the legal reserve, in a distributable profit amounting to €1,650,212,040.56.

(2) The aggregate amount of dividend will be increased, based on the number of new shares created between March 1, 2013 and the date of the General Meeting of Shareholders of May 30, 2013, consecutively to the exercise of subscription options, it being specified that the maximum number of shares which could be issued upon the exercise of subscription options is 1,500,531, i.e. a maximum amount of supplementary dividend of €1,200,424.80.

Further new shares created by exercise of options until the date of the annual General Meeting of Shareholders deciding on the allocation of profit related to the preceding year will be entitled to receive the dividend distributed with respect to that year (see paragraphs 5.3.2.1 "Dassault Systèmes Subscription Options" and 6.4 "Stock Market Information").

Therefore we propose to the General Meeting of Shareholders of May 30, 2013, to approve (i) to distribute for the year 2012 a dividend of eighty cents (€0.80) per share of corporate capital as of the date of this General Meeting, resulting – on the basis of the number of shares making up the corporate capital as of February 28, 2013 – in an aggregate amount of €100,311,412.80, and (ii) to distribute where applicable, an additional aggregate maximum amount of €1,200,424.80 which corresponds to the maximum number of new shares which could be issued between March 1, 2013 and the date of the General Meeting of Shareholders (i.e. 1,500,531 shares).

Shares will be traded ex-dividend as of June 5, 2013 and dividends made payable as from June 28, 2013.

In accordance with the provisions of Article L. 225-210 of the French Commercial Code, the amount of dividends corresponding to the treasury shares of Dassault Systèmes SA or held by SW Securities LLC, a company which is controlled by the Dassault Systèmes Group, as of the date of payment, shall be allocated to "retained earnings".

In addition, prior to distribution of the dividend, the Board of Directors, or if so delegated, the Chief Executive Officer, will determine the number of additional shares issued as a result of the exercise of subscription options between March 1 and the date of the General Meeting of Shareholders of May 30, 2013; the amount required for payment of dividends for shares issued during this period will be taken from "retained earnings".

The amount distributed may be taken into account for determining shareholders' total revenue subject to the progressive rate of income tax for the year during which it was received after application of an uncapped deduction of 40% (as provided by Article 158-3-2 of the French Tax Code). The dividend shall be subject to a non-discharging withholding of the income tax to the rate of 21% (as provided by Article 117 quarter of the French Tax Code).

Pursuant to Article 243 bis of the French Tax Code, it is noted that dividends per share paid over the last three financial years have been as follows:

	2011	2010	2009
Dividend	€0.70	€0.54	€0.46
Number of shares eligible to dividends	125,026,338	123,162,687	118,367,641

Sumptuary expenses and general charges set forth in Article 223 of the French Tax Code.

In accordance with the provisions of Article 223 quater of the French Tax Code, we inform you that the total amount of non-deductible tax expenses and charges for 2012 is €252,927, which resulted in a corporate tax of €91,307.

Option for the payment of dividends in the form of shares

It is proposed that each shareholder be granted the option to choose to receive payment of the dividends noted above, in cash or in the form of new shares of the Company. If the option for payment in the form of new shares is chosen, the new shares will be issued at a price equal to the average of the closing prices quoted on NYSE Euronext Paris during the 20 stock exchange sessions preceding the date of the General Meeting of Shareholders less the amount of the dividend and rounded up to the next one hundredth of a euro.

Shareholders may choose payment of the dividend in new shares between June 5, 2013, and June 19 2013, inclusive, by sending their request to the financial intermediaries that are authorized to pay the dividend or, for shareholders listed in the direct registered share accounts held by the Company, to their authorized representative (Société Générale, Securities Department, 32 rue du Champ de Tir, CS 30812, 44308F Nantes Cedex 3).

Consequently every shareholder who would not have chosen payment of dividends in shares before the end of this period, will receive the dividend in cash as from June 28, 2013. For shareholders who have chosen to receive payment of the dividend in shares, the new shares will be delivered as of the same day.

If the amount of dividends for which payment in the form of shares has been chosen does not correspond to a whole number of shares, the number of shares to be received by the shareholder will be rounded up to the next whole number upon the shareholder paying the difference in cash on the day the choice to receive payment in the form of shares is made or the number of shares to be received by the shareholder will be rounded down to the next whole number and the shareholder will receive the balance in cash.

Approval of the consolidated financial statements

In addition to the 2012 parent company annual financial statements, we invite you to approve the Company's consolidated financial statements for the financial year ended December 31, 2012, prepared in accordance with IFRS methods as set forth in paragraph 4.1.1 "Consolidated Financial Statements".

Regulated agreements

The following agreements, which have been approved in accordance with Article L. 225-38 *et seq.* of the French Commercial Code, have continued during the financial year ended December 31, 2012:

- Free and non-exclusive license of the ENOVIA trademark granted to Dassault Systèmes Americas Corp. (decided at the Board meeting on March 11, 1998);
- The following undertakings made by the Company in connection with its "Directors & Officers" liability insurance policy entered into with CHARTIS Insurance (A.I.G.):
  - to assume, under certain conditions, the cost of legal defense expenses of directors in the event of their personal liability being sought, and indemnify the directors for the financial implications of such liability to the extent they would not be covered by that insurance policy (approved by the Board of Directors' meeting held on July 24, 1996);
  - to assume, under certain conditions, the cost of legal defense expenses of directors of the Company should they have to prepare their personal defense before a civil, criminal or administrative court in the United States in connection with an inquiry or investigation conducted against the Company (approved by the Board of Directors' meeting held on September 23, 2003);
- Agreement regarding the Company's undertakings to Bernard Charlès, relating to indemnities which would be due upon the termination of his functions as Chief Executive Officer. The amount of the indemnity would not exceed two years of the Chief Executive Officer's compensation and would depend on the satisfaction of the performance conditions for the payment of his variable compensation (decision of the Board of Directors on May 27, 2010) (see paragraph 5.1.4.2 "Indemnities Due in Case of the Imposed Departure (*Départ Contraint*) of the Chief Executive Officer" and Table 10 of paragraph 5.3.1 "Compensation of the Company's Directors (*Mandataires Sociaux*)").

In addition, the following new agreements, duly authorized by the Board of Directors during the financial year ended December 31, 2012 are subject to the approval of the General Meeting of Shareholders:

- Agreement on April 25, 2012 for the acquisition of the Gemcom Software International Inc. and all related documents; Dassault Systèmes SA guaranteed the commitments taken by Dassault Systèmes Acquisition Corp, the Canadian subsidiary created for the needs of this acquisition; Mr. Thibault de Tersant, Director of Dassault Systèmes SA, was also the Chairman of this subsidiary (approved at the Board meeting on April 25, 2012);
- Agreement for contribution in kind dated on July 25, 2012, of 1,500 shares of the Dassault Data Services subsidiary by the Chairman of the Board of Directors, Mr. Charles Edelstenne, in favor of the Company. This contribution was the subject of a report drafted by Mrs. Isabelle de Kerviler, Share Auditor (approved at the Board meeting on June 7, 2012).

The Statutory Auditors have prepared a special report pursuant to Article L. 225-40 of the French Commercial Code as set forth in paragraph 4.2.6 “Special Report of the Statutory Auditors on Regulated Agreements and Commitments”.

Appointment of one new Director

The terms of the Directors Mr. Bernard Dufau and Mr. André Kudelski expire at the General Meeting of Shareholders on May 30, 2013. After seeking an opinion from the Compensation and Nomination Committee, the Board of Directors proposes to you to appoint one new Director, Mrs. Odile Desforges.

In compliance with Article R. 225-83 of the French Commerical Code, information regarding the director proposed for nomination by the General Meeting of Shareholders is set forth below.

Madame Odile Desforges – Candidate Administrateur

Biography: Born in 1950 in Rouen (France), Mrs. Desforges graduated from the Ecole Centrale Paris in 1973. She began her career at the Transport Research Institute, before joining Renault in 1981 as Planner and then Product Engineer. In 1986, she joined the Purchasing Department. She was Body Equipment Purchasing General Manager for Renault/Volvo Purchasing Organization, then for Renault. In 1999, she became Executive Vice-President of Renault VI-Mack Group, before becoming President of Volvo Group’s 3P Business Unit. In 2003, she was appointed Senior Vice-President, Purchasing, and Chairman and Managing Director of Renault Nissan Purchasing Organization. Between March 1, 2009 and July 1, 2012, she was Executive Vice-President, Engineering and Quality, and a member of the Group Executive Committee. She is currently a non-executive Director of Safran and Sequana.

Age: 63.

Nationality: French

Professional address: 3, rue Henri Heine, 75016 Paris – France

Main position: Director

Other current position and Directorships:

In France: Director of Safran and Sequana (listed companies)

Other positions expired during the past five years:

Director of RNBV, RNTBCI and Renault Espana SA

Number of Dassault Systèmes shares held: 0

Authorization to repurchase shares of the Company

The authorization to repurchase shares of the Company granted to the Board of Directors at the General Meeting of Shareholders on June 7, 2012, will expire at the General Meeting of Shareholders of May 30, 2013, approving the financial statements for the financial year ended December 31, 2012. Pursuant to this authorization, share repurchases have been made in 2012, as described in paragraph 6.2.5 “Treasury Shares”. Additional share repurchases may be made until the date of the General Meeting of Shareholders, and will be described in the Annual Report including the Management Report of the Board of Directors for the financial year ending December 31, 2013.

We invite you to renew the authorization to the Board of Directors to repurchase shares of the Company according to the conditions set forth in Articles L. 225-209 *et seq.* of the French Commercial Code, within the limit of 10% of the share capital of the Company at the date of the General Meeting of Shareholders, for a maximum purchase price of €130 per share and within the limits provided by the applicable rules. The maximum amount of funds dedicated to repurchase shares of the Company may not exceed €500 million.

Should you approve this proposal, the authorization will be valid until the annual General Meeting of Shareholders approving the financial statements for the financial year ended December 31, 2013.

This authorization to repurchase shares may be used for the following purposes:

1) To cancel shares for the purpose of increasing the profitability of shareholders' equity and income per share, subject to adoption by the Extraordinary Meeting of Shareholders of the resolution permitting shares to be cancelled;

2) To provide securities representing no more than 5% of the share capital of the Company in payment or in exchange, including external growth transactions;

3) To animate the market or provide liquidity for the Company's shares through the intermediary of an investment services provider by means of a liquidity contract complying with an ethical code accepted by the *Autorité des marchés financiers*;

4) To perform all obligations related to stock options plans or other grants of shares to employees or directors of the Company and its affiliates;

5) To ensure coverage of the Company's commitments resulting from rights granted to the employees and directors of the Company and its affiliates to payment in cash based on increases in the market price of the shares of the Company;

6) To provide shares upon exercise of rights to the Company's share capital which are attached to issued securities;

7) To implement any stock exchange market practice which may be recognized by law or by the *Autorité des marchés financiers*.

The share repurchase program is described in paragraph 6.2.5 "Treasury Shares", where all relevant information is presented.

In light of the possible cancellation of the repurchased shares, we propose that you also authorize the Board of Directors to cancel, as the case may be, for the same period, all or a portion of the shares which it has repurchased and to reduce in a corresponding amount the share capital, within a limit of 10% of its amount.

Delegation to the Board of Directors to increase the share capital

a) Financial authorizations

Delegations to increase the share capital granted by the General Meeting of Shareholders held on May 26, 2011 to the Board of Directors are expiring on July 2013. It is therefore proposed to delegate again to the Board of Directors, the necessary authority to increase the share capital for a duration of 26 months, in order to permit to the latter, at any time, from among a wide range of securities giving access to the share capital, with or without the shareholder's preferential subscription rights, by public offer or by private placement, the most appropriate funding for the development of the Group, based on the state of the market at the relevant time.

It is also proposed that the General Meeting of the Shareholders renew the existing delegations authorizing the Board of Directors to increase the share capital by incorporation of reserves, profits or premiums, and to increase the share capital in order to compensate contributions in kind of securities.

The proposed resolutions will replace the resolutions adopted by the General Meeting of Shareholders held on May 26, 2011. The use of these resolutions is defined to the paragraph 6.2.4 "Summary of Pending Delegations to the Board of Directors" hereinabove. The Board of Directors did no other exercises of these resolutions since the beginning of the financial fiscal year ended December 2013 until the date of preparation of this Annual Report.

Should you adopt these resolutions; the Board of Directors will have the opportunity to:

- Proceed with share capital increases with or without preferential subscription rights of shareholders (by using the faculty offered by the law to use private placements with investment managers or qualified investors) within the limit of €15 million par value and, relating to the debts securities granting access to the share capital, within the limit of €750 million par value. This cap of €15 million represents the total cap of the amount of all share capital increases to be performed according to the resolutions 9 to 13 and 17;
- Proceed with share capital increases by incorporation of reserves, profits or premiums, within the limit of this same €15 million amount par value;
- Increase the share capital in remuneration of securities contributions within the limit of 10% of the share capital.

b) Financial authorizations for employees and Company's directors

It is also proposed that the General Meeting of the Shareholders grant a new delegation authorizing the Board of Directors to issue redeemable subscription and or purchase warrants (*bons de souscription et/ou d'acquisition d'actions remboursables* or "BSAAR"), with cancellation of the shareholders' preferential subscription rights, for the benefit of a category of persons including employees and directors (*mandataires sociaux*) of the Company. This delegation would allow the Company to put in place a new instrument aiming at associating employees and executive officers in its share capital. The nominal amount of increase in the share capital likely to be made pursuant to this delegation may not exceed €6 million and the duration of such delegation would be 18 months.

In accordance with the law, it is also proposed that the General Meeting of the Shareholders renew the existing delegation authorizing the Board of Directors to increase the share capital for the benefit of employees of Dassault Systèmes SA and/or companies related to it who participate in a corporate savings plan, by issuing shares or securities granting access to the share capital. The nominal amount of increase in the share capital likely to be made pursuant to this delegation may not exceed €5 million. This delegation will cancel and replace the delegation granted by the General Meeting of the Shareholders on May 26, 2011.

Performance shares

The authorization granted to the Company's Board of Directors by the shareholders on May 27, 2010 to grant free shares to Company employees and management is due to expire on July 27, 2013. Therefore, we propose that you once again authorize grants of bonus shares.

Bonus shares granted under this authorization may not give rights to a total amount of shares greater than 2% of the share capital on the day of the General Meeting of Shareholders on May 30, 2013.

The relevant information on the different uses of the Board of Directors granted in 2010 by the General Meeting of Shareholders are contained in paragraphs 5.3 "Compensation and Benefits" and 5.1 "Report of the Chairman on Corporate Governance and Internal Control".

This authorization may supersede, for the unused portion, the prior authorizations granted to the Board of Directors.

Subscription or purchase options

The authorization granted to the Company's Board of Directors by the shareholders on May 27, 2010, to grant subscription or purchase options is due to expire on July 27, 2013. Therefore, we propose that you once again authorize the Board of Directors to grant subscription and purchase options.

This authorization would be granted for a period of 38 months, the maximum number of options which can be granted and not yet exercised may not give the right to subscribe or acquire shares representing more than 5% of the share capital. The relevant information related to the different uses of the Board of Directors of the authorization granted by the General Meeting of Shareholders in 2010, and all option plans of Dassault Systèmes SA are contained in paragraphs 5.3 "Compensation and Benefits" and 5.1 "Report of the Chairman on Corporate Governance and Internal Control".

In accordance with the AFEP-MEDEF Code, subscription and purchase options for executive directors of the Company are granted without discount and will be subject to conditions of performance.

This authorization would cancel any unused portion of any prior authorization granted to the Board of Directors.

You can find further information about the proposed resolutions in the proposed draft resolutions submitted hereafter to you.

7.2 Draft Resolutions Proposed by the Board of Directors to the General Meeting of Shareholders on May 30, 2013

ORDINARY GENERAL MEETING

FIRST RESOLUTION

Approval of the parent company annual financial statements

The General Meeting, after the reading of the Management Report of the Board of Directors and the report of the Statutory Auditors, in addition to the complementary explanations made orally, hereby approves in all respects the report of the Board and the parent company annual financial statements for the financial year ended December 31, 2012, as they have been presented.

The General Meeting consequently approves any transactions disclosed by such financial statements or summarized in such reports and in particular, in accordance with the provisions of Article 223 quater of the French Tax code, the total amount of non-deductible tax expenses and charges referred to in Article 39.4 of the French Tax code, which amounts to €252,927 and results in a corporate income tax of €91,307.

SECOND RESOLUTION

Approval of the consolidated financial statements

The General Meeting, after the reading of the report of the Board of Directors with respect to management of the Company included in the Management Report and the report related to the consolidated financial statements of the Statutory Auditors, in addition to complementary explanations made orally, hereby approves in all respects the report of the Board and the consolidated financial statements for the financial year ended December 31, 2012, as they have been presented.

The General Meeting consequently approves any transactions disclosed by such consolidated financial statements or summarized in such reports.

THIRD RESOLUTION

Allocation of the results

The General Meeting, upon the proposal of the Board of Directors, hereby resolves to allocate the profit of the financial year amounting to €254,846,866.68(1) as follows:

• to the legal reserve	€200,404.81
• for distribution to the 125,389,266 shares making up the corporate capital as of February 28, 2013, of a dividend of (€0.80 × 125,389,266 shares)(2)	€100,311,412.80
• to retained earnings	€154,355,049.07
which, increased by the retained earnings from the prior financial years (€1,395,565,578.69) brings the amount of retained earnings to	€1,549,900,627.76

(1) This profit, increased by the retained earnings from the prior financial years (€1,395,565,578.69), results, after allocation to the legal reserve, in a distributable profit amounting to €1,650,212,040.56.

(2) The aggregate amount of dividend will be increased, based on the number of new shares created between March 1, 2012 and the date of the General Meeting of Shareholders of May 30, 2013, consecutively to the exercise of subscription options, it being specified that the maximum number of shares which could be issued upon the exercise of subscription options is 1,500,531, i.e. a maximum amount of supplementary dividend of €1,200,424.80.

Shares will be traded ex-dividend as of June 5, 2013 and dividends made payable as from June 28, 2013.

In accordance with the provisions of Article L. 225-210 of the French Commercial Code, the amount of dividend corresponding to the treasury shares of Dassault Systèmes SA or held by SW Securities LLC, a company which is controlled by the Dassault Systèmes Group, as of the date of payment, shall be allocated to “retained earnings”.

In addition, prior to distribution of the dividend, the Board of Directors, or if so delegated, the Chief Executive Officer will determine the number of additional shares issued as a result of the exercise of subscription options between March 1 and the date of this General Meeting; the amount required for payment of dividends for shares issued during this period shall be taken from “retained earnings”.

The amount distributed may be taken into account for determining shareholders’ total revenue subject to the progressive rate of income tax for the year during which it was received after application of an uncapped deduction of 40% (as provided by Article 158-3-2° of the French Tax Code). The dividend shall be subject to a non-discharging withholding of the income tax to the rate of 21% (as provided by Article 117 quarter of the French Tax Code).

Pursuant to Article 243 bis of the French Tax Code, it is noted that dividends per share paid over the last three financial years have been as follows:

	2011	2010	2009
Dividend	€0.70	€0.54	€0.46
Number of shares eligible to dividends	125,026,338	123,162,687	118,367,641

FOURTH RESOLUTION

Option to receive payment of dividends in the form of shares

The General Meeting of Shareholders after reviewing the Board of Directors’ Report, and finding that the capital is fully paid-up, decides to offer each shareholder the possibility of choosing to receive payment of the net dividend decided in the third resolution, and to which he is entitled, in the form of new shares in the Company.

Each shareholders may decide to receive payment of the dividend in cash, or in new shares. The choice may apply only on the amount of the dividend to which he is entitled and according to the fraction he will determine.

If the shareholder chooses to receive payment of the dividend in the form of shares, the new shares will be issued without discount at a price equal to the average of the closing prices quoted on the regulated market of NYSE Euronext Paris during the 20 stock exchange sessions preceding the date of the General Meeting of Shareholders less the net amount of the dividend decided in the third resolution rounded up to the next one hundredth of a euro. Such new shares will be eligible for dividends declared with respect to the period starting January 1, 2013, and will have all the rights and privileges with the other shares issued by Dassault Systèmes SA.

Shareholders may choose payment of the dividend in cash or new shares between June 5, 2013, and June 19, 2013, inclusive by sending their request to the financial intermediaries that are authorized to pay the dividend or, for shareholders listed in the direct registered share accounts held by the Company, to their authorized representative (Société Générale, Securities department, 32 rue du Champ de Tir, CS 30812, 44308 Nantes Cedex 3. After June 19, 2013, the dividend will only be paid out in cash.

For shareholders who have not chosen payment of the dividend in shares, the dividend shall be paid as from June 28, 2013, after the period for choosing payment in the form of cash or new shares has expired. For shareholders who have chosen to receive payment of the dividend in shares, the new shares will be delivered as of the same day.

If the amount of dividends for which payment in the form of shares has been chosen does not correspond to a whole number of shares, the number of shares to be received by the shareholder will be rounded up to the next whole number upon the shareholder paying the difference in cash on the day the choice to receive payment in the form of shares is made or the number of shares to be received by the shareholder will be rounded down to the next whole number and the shareholder will receive the balance in cash.

The General Meeeting of Shareholders gives full powers to the Board of Directors, with the right of sub-delegation to the Chairman of the Board under the conditions stipulated by law, to execute the payment of dividends in new shares, to stipulate the terms of application and implementation, to record the number of new shares issued under this Resolution, to make any necessary changes in the Company’s by-laws relating to the share capital and the number of shares it contains, and, more generally, to do whatever may be appropriate or necessary.

FIFTH RESOLUTION

Regulated agreements (conventions règlementées)

The General Meeting, after the reading of the special report of the Statutory Auditors on the agreements governed by Articles L. 225-38 *et seq.* of the French Commercial Code, approves such report and the new agreements mentioned in it and authorized by the Board of

Directors and entered into during the financial year ended December 31, 2012, and acknowledges the information relating to agreements previously approved, which continued to be performed during the financial year ended on December 31, 2013:

- The Agreement on April 25, 2012 for the acquisition of the Gemcom Software International Inc. and all related documents; Dassault Systèmes SA guaranteed the commitments taken by Dassault Systèmes Acquisition Corp, the Canadian subsidiary created for the needs of this acquisition; Mr. Thibault de Tersant, Director of Dassault Systèmes SA was also the Chairman of this subsidiary;
- The Agreement for contribution in kind dated on July 25, 2012, of 1,500 shares of the Dassault Data Services subsidiary by the Chairman of the Board of Directors, Mr. Charles Edelstenne, in favor of the Company.

SIXTH RESOLUTION

Appointment of a new Director

The General Meeting decides to appoint Mrs. Odile Desforges as member of the Board of Directors for a four-year term. This mandate will expire at the General Meeting of Shareholders approving the financial statements for the financial year ending December 31, 2016.

SEVENTH RESOLUTION

Authorization to repurchase shares of Dassault Systèmes SA

The General Meeting, after the reading of the report of the Board of Directors, authorizes the Board of Directors to repurchase a number of shares representing up to 10% of the share capital of Dassault Systèmes SA at the date of the General Meeting, in accordance with the terms and conditions provided by Articles L. 225-209 *et seq.* of the French Commercial Code.

This authorization may be used by the Board of Directors for the following purposes:

1) to cancel shares for the purpose of increasing the profitability of shareholders' equity and income per share, subject to adoption by the General Meeting of the eighth resolution;

2) to provide securities (representing no more than 5% of the share capital of the Company) in payment or in exchange, particularly in connection with external growth transactions;

3) to animate the market and provide liquidity of the Company's shares through the intermediary of an investment services provider by means of a liquidity contract complying with an ethical code accepted by the *Autorité des marchés financiers*;

4) to perform all obligations related to stock options plans or other grants of shares to employees or directors of the Company and its affiliates;

5) to ensure coverage of the Company's commitments resulting from rights granted to the employees and directors to payment in cash based on increases in the market price of the shares of the Company;

6) to provide shares upon exercise of rights to the Company's share capital which are attached to issued securities;

7) to implement any stock exchange market practice which may be recognized by law or by the *Autorité des marchés financiers*.

The acquisition, sale, transfer or exchange of such shares may be effected by any means allowed on the market (whether or not the market is regulated), multilateral trade facilities ("MTF") or through a systematic internalizer or over-the-counter, in particular acquisition of blocks, and at the times deemed appropriate by the Board of Directors or any person acting pursuant to a sub-delegation and according to the law.

Such means shall include use of available cash flow, the use of any derivative financial instrument negotiated on a market (whether or not the market is regulated), MTF or through a systematic internalizer or over-the-counter, and the implementation of optional transactions (purchase and sale of put options, provided however that the use of these means does not create a significant increase of the volatility of the stock exchange price).

The maximum amount of funds dedicated to repurchase of shares of the Company may not exceed €500 million, this condition being cumulative with the cap of 10% of the capital of the Company.

Dassault Systèmes SA may not purchase shares at a price per share which exceeds €130 (excluding acquisition costs), and in any case the price per share shall not exceed the maximum price provided by the applicable legal rules, subject to adjustments in connection with transactions on its share capital, in particular by capitalization of reserves and free allocation of shares and/or regrouping or split of shares.

This authorization can be used by the Board of Directors for all the treasury shares held by Dassault Systèmes.

This authorization shall be valid commencing on the date of this General Meeting until the Ordinary General Meeting ruling on the financial statements for the financial year ending December 31, 2013. The General Meeting hereby grants any and all powers to the Board of Directors with option of delegation when legally authorized, to place any stock orders or orders outside the market, enter into any agreements, prepare any documents including information documents, determine terms and conditions of Company transactions on the market, as well as terms and conditions for purchase and sale of shares, file any declarations, including those required by the *Autorité des marchés financiers*, accomplish any formalities, and more generally, carry out any necessary measures to complete such transactions.

The General Meeting also grants any and all powers to the Board of Directors, in case that the law or the *Autorité des marchés financiers* appear to extend or to complete the authorized objectives concerning the share repurchase program, in order to inform the public, pursuant to applicable regulations and laws, about the potential changes of the program concerning the modified objectives.

In compliance with the provisions of Articles L. 225-211 and R. 225-160 of the French Commercial Code, the Company or the intermediary in charge of securities administration for the Company shall keep registers which record purchases and sales of shares pursuant to this program.

This authorization shall replace and supersede the previous share repurchase program authorized by the Combined General Meeting of Shareholders of June 7, 2012, in its seventh resolution

EXTRAORDINARY GENERAL MEETING

EIGHTH RESOLUTION

Authorization granted to the Board of Directors to reduce the share capital by cancellation of previously repurchased shares in the framework of the share repurchase program

The General Meeting, after the reading of the report of the Board of Directors and the special report of the Statutory Auditors, hereby authorizes the Board of Directors, pursuant to the provisions of Article L. 225-209 of the French Commercial Code to:

- reduce the share capital by cancellation, in one or several transactions, of all or part of the shares repurchased by the Company pursuant to its share repurchase program, up to a limit of 10% of the share capital over periods of twenty-four months;
- deduct the difference between the repurchase value of the cancelled shares and their nominal value from available premiums and reserves.

The General Meeting hereby gives, more generally, all powers to the Board of Directors to set the terms and conditions of such share capital reduction(s), record the completion of the share capital reduction(s) made pursuant to the cancellation transactions authorized by this resolution, amend the by-laws of the Company as may be necessary, file any declaration with the *Autorité des marchés financiers* or other institutions, accomplish any formalities and more generally take any necessary measures for the purposes of completing this transaction.

This authorization is granted to the Board of Directors for a period ending at the end of the General Meeting called to approve the financial statements for the financial year ending December 31, 2013.

NINTH RESOLUTION

Delegation to the Board of Directors to increase the share capital by issuance of shares or securities giving right to shares of the Company and to issue securities giving right to debt securities, with preferential subscription right of shareholders

The General Meeting, after review of the report of the Board of Directors and the special report of the Statutory Auditors:

1) delegates to the Board of Directors, pursuant to the provisions of Articles L. 225-129 to L. 225-129-6, L. 228-91 and L. 228-92 of the French Commercial Code, powers to decide, in one or more transactions, at the time and in the proportions which it deems appropriate, both in France and abroad, the issuance of ordinary shares and/or of any other securities giving right to shares of the Company; it being specified that the Board of Directors may delegate to the Chief Executive Officer, or in agreement with the latter, to one or several Delegate Executive Officers, under the conditions permitted by law, all necessary powers to decide an increase of the share capital;

2) resolves that are expressly excluded any issuance of preferred shares and securities giving right to preferred shares;

3) resolves that the maximum nominal amount of increases in the share capital to be made either now or in the future pursuant to this delegation shall not exceed €15 million to which may be added the nominal amount of shares to be issued as a supplement to preserve the rights of holders of securities giving right to shares in compliance with applicable legal rules, and as the case may be, with the contractual provisions providing for other adjustment cases;

4) further delegates to the Board of Directors the authority to decide on the issuance of securities giving right to debt securities;

5) furthermore resolves that the nominal amount of debt securities giving access to the share capital of the Company or to debt securities to be issued pursuant to such delegation, shall not exceed a maximum of €750 million or the corresponding value of such amount in foreign currency or in account units set in reference to several currencies;

6) resolves that the shareholders may exercise, subject to the conditions set by law, their preferential subscription right in respect to securities to be issued pursuant to this resolution;

7) resolves that in case the subscriptions à titre irréductible and, as applicable, à titre réductible, have not exhausted the totality of an issue of securities, the Board of Directors may offer all or part of the non-subscribed securities to the public;

8) acknowledges that such delegation automatically grants in favor of holders of securities giving right to shares of the Company, the waiver by the shareholders of their preferential subscription rights to the shares to which such securities give right;

9) resolves that the sum due or to fall due to the Company for each share issued pursuant to such delegation shall be at least equal to the nominal value of the shares at the date of issuance;

10) resolves that the Board of Directors will have the authority, if it deems appropriate, to deduct from any capital surplus specifically to cover the costs and fees arising in connection with the transactions, and to deduct from such amount the sums required to bring the legal reserve to one tenth of the level of the new share capital after each transaction;

11) resolves that this delegation shall replace and supersede the previous delegation of the same nature granted by the General Meeting of Shareholders on May 26, 2011, in its fourteenth resolution.

The delegation hereby granted to the Board of Directors shall be valid for a term of 26 months from the date of this Meeting.

TENTH RESOLUTION

Delegation to the Board of Directors to increase the share capital by issuance of shares or securities giving right to shares of the Company and to issue securities giving right to debt securities, without preferential subscription right of shareholders

The General Meeting, after reading of the report of the Board of Directors and the special report of the Statutory Auditors:

1) delegates to the Board of Directors, pursuant to the provisions of Articles L. 225-129 to L. 225-129-6, L. 225-135, L. 225-136, L. 225-148 and L. 228-91 to L. 228-93 of the French Commercial Code, authority to decide, by public offering or, as the case may be, in the event of the approbation a specific resolution by the General Meeting, by an offering set forth in Section II of Article L. 411-2 of the French Monetary and Financial Code, in one or more transactions, at the time and in the proportions which it deems appropriate, both in France and abroad;

    a) the issuance of shares and/or of any other securities giving right to shares of the Company;

    b) the issuance of shares or of other securities giving right to shares of the Company to be issued further to the issuance by the companies in which the Company owns directly or indirectly more than half of the share capital of any securities giving right to shares of the Company;

    c) the issuance of shares or of other securities by the Company giving right to shares of a company in which the Company owns directly or indirectly more than half of the share capital;

    The Board of Directors may delegate to the Chief Executive Officer, or in agreement with the latter, to one or several Delegate Executive Officers, under the conditions permitted by law, all necessary powers to decide an increase of the share capital.

    This decision shall pertain by law, to the benefit of the holders of securities likely to be issued by the subsidiaries, waiver by the shareholders of the Company of their preferential subscription right to the shares or other securities to which these securities give right;

2) resolves that the maximum nominal amount of increases in the share capital likely to be made either now or in the future pursuant to this delegation may not exceed €15 million, to which may be added the nominal amount of shares to be issued as a supplement to preserve the rights of holders of securities giving right to shares of the Company, according to applicable legal rules or as the case may be according to contractual provisions providing for other adjustment cases;

3) resolves that the nominal amount likely to be issued pursuant to this delegation will be deducted from the aggregate nominal maximum amount of share capital increases of €15 million set forth pursuant to the ninth resolution of this General Meeting;

4) resolves that are expressly excluded any issuance of preferred shares and securities giving right to preferred shares;

5) resolves that this capital increase may result from the exercise of an attribution right resulting from any securities issued by any company in which the Company owns directly or indirectly more than half of the capital and in agreement with such company;

6) further delegates to the Board of Directors the authority to decide on the issuance of securities giving right to the grant of debt securities;

7) furthermore resolves that the nominal amount of debt securities giving right to shares of the Company or to debt securities likely to be issued pursuant to this delegation shall not exceed €750 million or the corresponding value of such amount in foreign currency or in account units set by reference to several currencies, and will be deducted from the maximum of €750 million set forth in the ninth resolution of this General Meeting of Shareholders;

8) resolves to suppress the preferential subscription right of shareholders to the securities to be issued, subject to the right of the Board of Directors to grant to the shareholders a priority time period for subscription with respect to all or part of the issuance pursuant to the terms and conditions and within such time periods as it deems appropriate, pursuant to provisions of Article L. 225-135 of the French Commercial Code, this priority time period shall not give rise to the creation of negotiable rights;

9) acknowledges that this delegation pertains by law, to the benefit of holders of securities giving right in the future to shares of the Company, the waiver by the shareholders of their preferential subscription right to the shares to which such securities give right;

10) resolves that the amount due or to fall due to the Company for each share issued or to be issued pursuant to this delegation, shall be at least equal to the minimum value determined by the applicable rules at the time this delegation is used, this minimum value being currently the weighted average of the share prices on the regulated market of NYSE Euronext Paris during the three trading days preceding the determination of the issue price, which may be discounted by a maximum of 5%, and after correction of this amount to take into account a difference in the date at which the shares give right to dividends;

11) resolves that the Board of Directors may use this delegation in whole or in part for the purpose of remunerating securities contributed through a public offer of exchange initiated by the Company, within the limits and subject to the terms and conditions set by Article L. 225-148 of the French Commercial Code;

12) resolves that the Board of Directors will have the authority, if it deems appropriate, to deduct from any capital surplus specifically to cover costs and fees arising in connection with the transactions, and to deduct from such amount the sums required to bring the legal reserve to one tenth of the level of the new share capital after each transaction;

13) resolves that this delegation shall replace and supersede the previous delegation of the same nature granted by the Combined General Meeting of Shareholders on May 26, 2011, in its fifteenth resolution.

This delegation granted to the Board of Directors shall be valid for a term of 26 months from the date of this Meeting.

ELEVENTH RESOLUTION

Delegation to the Board of Directors to increase the share capital by issuance of shares or securities giving right to shares of the Company and to issue securities giving right to debt securities, without pre-emptive subscription rights of shareholders by a private placement under II of Article L. 411-2 of the French Monetary and Financial Code

The General Meeting, after reading of the report of the Board of Directors and the special report of the Statutory Auditors:

1) delegates to the Board of Directors, pursuant to the provisions of Article L. 225-136 of the French Commercial Code, authority to decide, in accordance with and under the conditions specified in the tenth resolution of this General Meeting and within a maximum global nominal amount of €15 million, to issue shares or debt securities in an offer under II of Article L. 411-2 of the French Monetary and Financial Code;

2) resolves that the maximum nominal amount of increases in capital which may be realized immediately and/or over time under this delegation will be deducted from the total nominal maximum of €15 million fixed under the ninth resolution of this General Meeting of Shareholders;

3) resolves that this delegation shall replace and supersede the previous delegation of the same nature granted by the Combined General Meeting of Shareholders on May 26, 2011, in its sixteenth resolution.

This delegation granted to the Board of Directors shall be valid for a term of 26 months from the date of this Meeting.

TWELFTH RESOLUTION

Authorization to the Board of Directors to issue redeemable subscription or purchase warrants (bons de souscription et/ou d'acquisition d'actions remboursables, or "BSAARs") to employees and directors (mandataires sociaux) of the Company without preemptive rights for shareholders

In accordance with the provisions of Article L. 228-91 *et seq.* Article L. 225-129 to L. 225-129-6 and L. 225-138 of the French Commercial Code, after reviewing the report of the Board of Directors and the special report of the Statutory Auditors, the General Meeting:

1) delegates to the Board of Directors, with the option of further delegation, its authority to issue, on one or more occasions, redeemable subscription or purchase warrants (*bons de souscription et/ou d'acquisition d'actions remboursables*, or "BSAARs");

2) resolves that the maximum nominal amount of increases in share capital which may be carried out pursuant to this authority shall not exceed €6 million, given that this cap is defined not being taken into account the nominal amount of the shares to be issued, in order to preserve the rights of the holders of the shares giving access to the share capital, pursuant to applicable legislation and regulations and, where applicable, to contractual provisions allowing other adjustment cases;

3) resolves that the maximum nominal amount of increases in share capital increases which may be carried out pursuant to this authority immediately or over time shall be deducted from the aggregate nominal maximum amount set forth pursuant to the ninth resolution;

4) resolves to cancel shareholders' preemptive subscription rights with respect to the BSAARs and to limit this right to employees and directors *(mandataires sociaux)* of Dassault Systèmes SA and its French and foreign subsidiaries. The Board of Directors will establish to the list of persons authorized to subscribe BSAARs (the "Beneficiaries") as well as the maximum number of BSAARs which each Beneficiary may subscribe;

5) acknowledges, that this delegation constitutes a waiver by the shareholders – for the benefit of holders of the BSAARs – of their preemptive right to subscribe shares issued upon the exercise of the BSAARs;

6) resolves that the Board of Directors (or the Chief Executive Officer upon delegation by the Board):

    a) will determine all the conditions of the BSAARs, and in particular their subscription price, which will be set, with the advice of an independent expert, according to the factors affecting their value (i.e., principally the exercise price, the period when they will not be available, their exercise period, their reimbursement trigger point and period, the interest rate, the dividend distribution policy, and the market price and volatility of the Company's shares) as well as the conditions for issuance and the terms and conditions of the subscription contract;

    b) will determine the subscription or purchase price of the shares upon exercise of the BSAARs, it being specified that the BSAARs will give the right to subscribe, or to purchase, one share of the Company at a price equal to at least 110% of the average of the closing price of the Company's shares during the 20 share trading days preceding the date upon which were set the terms and conditions of the BSAARs and their issuance.

This delegation granted to the Board of Directors shall be valid for a term of 18 months from the date of this Meeting.

THIRTEENTH RESOLUTION

Delegation to the Board of Directors to increase the capital by incorporation of reserves, profits or premiums

The General Meeting, ruling in the conditions of quorum and majority required for ordinary general meetings pursuant to the provisions of Article L. 225-130 of the French Commercial Code, and after review of the report of the Board of Directors:

1) delegates to the Board of Directors any and all powers necessary for the purpose of increasing the capital, in one or more transactions, at the time and in the proportions which it deems appropriate, by incorporation of reserves, profits or premiums, or any other sums the capitalization of which is allowed, or by conjunction with a capital increase in cash pursuant to the ninth, tenth or eleventh resolution of this Meeting, by issuing and granting free shares or by increasing of the nominal value of the existing shares, or by combining the two transactions; it being specified that the Board of Directors may delegate to the Chief Executive Officer, or in agreement with the latter, to one or several Delegate Executive Officers, under the conditions permitted by law, all necessary powers to decide an increase of the share capital;

2) resolves that the maximum nominal amount of increases in the share capital likely to be made pursuant to this delegation may not exceed €15 million;

3) resolves that the nominal maximum amount will be deducted from the nominal aggregate maximum of share capital increases which may be realized pursuant to the ninth delegation of this General Meeting;

4) resolves that rights constituting split shares shall not be negotiable and that the corresponding shares shall be sold. The sums collected from such sale being allocated to the holders of those rights within 30 days from the date on which the full number of shares is recorded in their account;

5) resolves that the Board of Directors will have the authority, if it deems appropriate, to deduct from any capital surplus specifically to cover any costs and fees arising in connection with the transactions, and to deduct from such amount the sums required to bring the legal reserve to one tenth of the level of the new share capital after each transaction;

6) resolves that this delegation shall replace and supersede the previous delegation of the same nature granted by the Combined General Meeting of the Shareholders dated May 26, 2011, in its eighteenth resolution.

This delegation granted to the Board of Directors shall be valid for a term of 26 months from the date of this Meeting.

FOURTEENTH RESOLUTION

Delegation of powers granted to the Board of Directors to increase the capital within a limit of 10% with the purpose to compensate contributions in kind

The General Meeting, after reading of the report of the Board of Directors:

1) delegates to the Board of Directors, pursuant to the provisions of Article L. 225-147 of the French Commercial Code, any and all powers necessary to increase the share capital, within a limit of 10% of the share capital, after review of the report of the auditors, with a view to compensate the contributions in kind to the Company of shares or equity-linked securities, when the provisions of Article L. 225-148 of the French Commercial Code are not applicable;

2) decides that the Board of Directors shall have any powers to use this delegation, in particular to the effect of determining terms and conditions of authorized transactions and to evaluate contributions, as well as the granting, as the case may be, of specific advantages *(avantages particuliers)*, the number of securities to be issued as compensation of the contributions as well as the date at which the securities to be issued shall give right to dividends, of proceeding as applicable with any deduction from contribution premiums, in particular of costs incurred by the realization of the relevant issuances, of acknowledging the realization of the increase of capital and amending the by-laws accordingly, and to take any useful measures and enter into any agreement, accomplish any formalities required for the listing of the issued shares and accomplish any publicity formality;

3) resolves that this delegation shall replace and supersede the previous delegation of the same nature granted by the General Meeting of the Shareholders dated May 26, 2011, in its nineteenth resolution.

This delegation to the Board of Directors is valid for a period of 26 months from the date of this Meeting.

FIFTEENTH RESOLUTION

Authorization granted to the Board of Directors to make grants of Company shares to the employees and to the directors of Dassault Systèmes SA and its related companies

The General Meeting, after review of the report of the Board of Directors and the special report of the Statutory Auditors:

1) authorizes the Board of Directors, in accordance with Articles L. 225-197-1 *et seq.* of the French Commercial Code, to grant, in one or several transactions, free shares of the Company, existing or to be issued, for the benefit of employees or certain categories of employees, determined amongst eligible employees and directors of the Company or its affiliates as defined by Article L. 225-197-2 of the French Commercial Code;

2) resolves that the Board of Directors will determine the identity of the beneficiaries of the grants as well as the conditions and, as the case may be, the criteria for the grants;

3) resolves that free share grants made under this authorization may not give rise to a total number of shares greater than 2% of the share capital of the Company at the date of this General Meeting, it being understood that this amount does not take into account possible adjustments which may be made pursuant to applicable legislative and regulatory provisions and, as the case may be, to contractual terms and conditions providing for other cases of adjustment, in order to preserve the rights of the holders of securities or other rights giving access to the share capital of the Company. Toward this end, the General Meeting authorizes, if need be, the Board of Directors to increase the share capital accordingly;

4) resolves (a) that the grant of shares to the beneficiaries will be final after the expiration of an acquisition period the duration of which will be determined by the Board of Directors, it being specified that such period may not be less than two years and (b) that the beneficiaries will be required to hold the aforementioned shares for a duration determined by the Board of Directors and which may not

be less than two years as from the final grant of the shares. However, and without prejudice to the provisions set forth under Article L. 225-197-1-II of the last paragraph of the French Commercial Code, the General Meeting authorizes the Board of Directors, only where the acquisition period for all or part of one or several grants is at least equal to four years, to provide for a holding period of less than two year or to not provide a holding period for the said shares;

5) furthermore resolves that in the event of disability of the beneficiary, as defined under the second or third categories set out in Article L. 341-4 of the French Social Security code, the shares will be definitively granted to the beneficiary before the expiration of the remainder of the acquisition period. The said shares may be freely transferred from the date of their delivery;

6) this authorization provides, in favor of the beneficiaries of free share grants, a waiver by the shareholders of their preferential subscription right to the shares which may be issued pursuant to this resolution;

7) resolves that the Board of Directors shall have any and all powers, including the power of delegation, subject to legal and regulatory terms, to implement this authorization under the conditions set forth above and within the limits authorized by the laws and regulations in effect, and, in particular, to determine the terms and conditions of each issuance pursuant to this authorization, to set the dates after which the new shares will give right to dividends, to take any measures, as may be decided by it, to protect the rights of the beneficiaries of the free share grants by making appropriate adjustments, to record the resulting capital increases, to amend the by-laws accordingly, and more generally, to carry out any formalities required for the issuances, the listing or the administration of the issued shares and take any measures which may be appropriate and required by applicable law and regulations;

8) resolves that this authorization shall be valid for a term of 38 months from the date of this Meeting;

9) resolves that this authorization shall replace and supersede the previous authorization of the same nature granted by the Combined General Meeting of Shareholders held on May 27, 2010, in its fifteenth resolution.

SIXTEENTH RESOLUTION

Authorization to the Board of Directors to grant stock subscription or purchase options to the employees and to the directors of Dassault Systèmes SA and its related companies

The General Meeting, after review of the report of the Board of Directors and the special report of the Statutory Auditors:

1) authorizes the Board of Directors, in accordance with Articles L. 225-177 *et seq.* of the French Commercial Code, to grant stock options giving right to subscribe new shares or purchase existing shares (the “Options”) to employees and directors *(mandataires sociaux)* of the Company or its affiliates (as defined by Article L. 225-180 of the French Commercial Code), who individually hold less than 10% of the share capital of the Company (hereinafter, the “Beneficiaries”);

2) resolves that this authorization shall be valid for a term of 38 months commencing from the date of this Meeting;

3) resolves that the maximum number of options which may be granted by the Board of Directors and which have not yet been exercised may not provide entitlement to subscribe or purchase a number of shares exceeding 5% of the share capital. This limit shall be assessed at the time of the grant of the options by the Board considering not only the new options thus offered but also those options which were previously granted and not yet exercised;

4) resolves that the list of persons granted Options amongst the Beneficiaries and the number of options granted to each of them shall be freely determined by the Board of Directors;

5) acknowledges that, pursuant to the law, no stock subscription or purchase option may be granted during the black-out periods as defined by Article L. 225-177 of the French Commercial Code;

6) resolves that the subscription price of the new shares or the purchase price of the existing shares upon exercise of the options shall be determined by the Board of Directors on the day on which the options are granted and that (i) in the case of a grant of options to subscribe shares, this price may not be less than 80% of the average stock price during the twenty (20) stock exchange trading sessions of NYSE Euronext Paris preceding the date when the options are granted and (ii) in the case of a grant of options to buy shares, this price may neither be less that the amount determined as in (i) above, nor less than the average stock price defined by Article L. 225-179 of the French Commercial Code.

   The option exercise price, as determined above, may only be modified if the Company carries out a financial or securities transaction of a kind described under Article L. 225-181 of the French Commercial Code. In such case, the Board of Directors shall proceed, in accordance with legal and regulatory conditions, with an adjustment of the price and number of shares to be purchased or subscribed, as the case may be, by the exercise of the options in order to take into account the impact of the transaction in question;

7) acknowledges that this authorization includes, in favor of the Beneficiaries of options to subscribe shares, the express waiver by the shareholders of their preferential subscription right to shares which will be issued over time by the exercise of the options;

8) grants all powers to the Board of Directors in order to determine the terms and conditions of the Options and, in particular, to determine, without limitation the following:

   - the period for validity of the options, it being understood that the exercise of the options may not take place more than ten years after their date of allocation;
   - the date(s) or periods of exercise of the options, it being understood that the Board of Directors may (a) move forward the dates or periods of exercise of the options, (b) maintain the exercisable nature of the options or (c) modify the dates or periods during which the shares arising from exercise of the options may not be transferred or put in bearer form;
   - any terms prohibiting immediate resale of all or part of shares arising from the exercise of the options, provided that the time limit during which the shares may not be sold may not exceed three years after the date of exercise of the option, without prejudice to the terms set forth under Article L. 225-185 of paragraph 4 of the French Commercial Code;
   - where appropriate, limit, suspend, restrain or prohibit the exercise of options or the transfer of shares or their being put into bearer form, with respect to shares acquired through the exercise of the options during certain periods or following certain events, and its decision may be applied to all or part of the options or shares or concern all or part of the Beneficiaries;
   - define the date, even retroactively, at which the new shares arising from the exercise of the options will give right to dividends;

9) resolves that the Board of Directors shall have any and all powers, including the power of delegation, subject to legal terms, to record the capital increase up to the amount of the shares actually subscribed by the exercise of subscription options, amend the by-laws accordingly, and upon its sole discretion deduct the expenses resulting from the increase of capital from the amount of the premium relating to these transactions and deduct from this amount the amounts necessary to bring the legal reserve to one-tenth of the new share capital after each increase, and carry out any useful formalities required for the listing of the shares thus issued, all filings with the authorities and organizations and take any other measures which may be required;

10) resolves that this authorization shall render any unused portion of any prior authorization given to the Board of Directors to grant share subscription or purchase options and, in particular the authorization granted by the Combined General Meeting of Shareholders of May 27, 2010 in its sixteenth resolution.

SEVENTEENTH RESOLUTION

Delegation to the Board of Directors to increase the share capital for the benefit of members of a Company's savings plan

The General Meeting, after reviewing the report of the Board of Directors and the special report of the Statutory Auditors, ruling in accordance with the provisions of Articles L. 3332-1 *et seq.* of the French Labor code and Articles L. 225-138-1 and L. 225-129-6 of the first and second paragraphs of the French Commercial Code:

1) delegates to the Board of Directors its power to increase the share capital of the Company, in one or more transactions, upon its sole decision, of a nominal amount not exceeding €5 million, through the issue of new shares or other securities giving access to the share capital of the Company in the conditions set by the law, reserved to the employees of Dassault Systèmes and/or to its affiliates as defined in Article L. 225-180 of the French Commercial Code and in accordance with Article L. 3344-1 of the French Labor code, who are members of a Company's savings plan;

2) resolves to cancel the shareholders' preferential subscription rights to the new shares to be issued or other securities giving access to the share capital and to the securities to which the securities issued under this resolution will give a right in favor of the members of the plans defined in the preceding paragraph, and to waive any rights to the shares or other securities which may be granted pursuant to this resolution;

3) resolves that the maximum nominal amount which may be issued under this delegation will be deducted from the aggregate nominal maximum of €15 million referred to in the ninth resolution of this General Meeting;

4) resolves that the subscription price of the new shares shall be equal to 80% of the average stock price during the twenty (20) stock exchange trading sessions of the regulated market of NYSE Euronext Paris preceding the date of the decision determining the opening date of subscriptions when the time period of non-availability as provided for in the plan d'épargne pursuant to Article L. 3332-25 of the French Labor code is less than ten years, and to 70% of this average when such time period of non-availability is equal to or greater than ten years. However, the General Meeting expressly authorizes the Board of Directors, if appropriate in its opinion, to reduce or eliminate the above-mentioned discounts, within the applicable legal and regulatory limits, in order to take into account, inter alia, the applicable local legal, accounting, tax and labor regimes;

5) resolves that the Board of Directors may also substitute all or part of the discount by the granting free shares or other securities giving access to the share capital of the Company, existing or to be issued, the total benefit resulting from such grant and, as the case may be, from the above-mentioned discount, not exceeding the total benefit which the members of the plan d'épargne would have received if the discount had been 20% or 30%, depending on whether the period of non-availability as provided by the plan is equal to or greater than ten years;

6) resolves that the Board of Directors may provide for, pursuant to Article L. 3332-21 of the French Labor code, grants of free shares or other securities giving access to the share capital of the Company, issued or already issued through an employer contribution, it being understood that their total monetary benefit, evaluated at the subscription price, may not exceed the legal or regulatory limits;

7) resolves that the characteristics of the other securities giving access to the share capital of the Company shall be determined by the Board of Directors in accordance with regulations;

8) resolves that the Board of Directors shall have any and all powers, including the power of delegation and sub-delegation, subject to legal and regulatory terms, subject to the limits and conditions set forth above, to determine all terms and conditions of the transactions, and in particular, to decide the amount to be issued, the issue price, the modalities of each issue; to decide and set the modalities for granting free shares or other securities giving access to the share capital, pursuant to the authorization given above to set the dates for opening and closing of the subscriptions; to set the period granted to the subscribers for the payment of their securities, which shall not exceed three years; to set the date, with or without retroactive effect, after which the securities shall carry dividend rights; to request the listing of the securities wherever it will choose; to record the capital increase up to the amount of the shares actually subscribed; and to take all measures in order to duly carry out the capital increases; to perform all formalities resulting from the capital increases and amend the by-laws accordingly; and upon its sole discretion and if it considers it appropriate, to deduct the expenses resulting from these increases of capital from the amount of the premium relating to the capital increases and deduct from this amount the sums necessary to bring the legal reserve to one-tenth of the new share capital after each increase;

9) resolves that this delegation shall replace and supersede any previous delegation relating to the increase of share capital for the benefit members of a *plan d'épargne d'entreprise* and in particular the delegation granted by the Combined General Meeting of Shareholders on May 26, 2011, in its twentieth resolution;

10) this delegation to the Board of Directors shall be valid for a term of 26 months from the date of this Meeting.

ORDINARY AND EXTRAORDINARY GENERAL MEETING

EIGHTEENTH RESOLUTION

Powers for formalities

The General Meeting hereby grants any and all powers to the bearer of an original, a copy or an excerpt of the minutes of these deliberations for the purpose of carrying out any legal formalities for publication.

CROSS-REFERENCE TABLES

Annual Financial Report

The cross-reference table below allows to identify the information included in the Annual Financial report provided by the article L. 451-1-2 of the Monetary and Financial French Code and by the article 225-3 of the General Regulation of the *Autorité des marchés financiers*.

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Annual Management report

The cross-reference table below identifies in the Reference Document the information included in the Annual Management Report to be provided by the Company's Board of Directors, as required by articles L. 225-100 and seq. of the French Commercial Code.

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Cross-reference table including the European Directive n° 809/2004 – Annex 1 items

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