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Virtual Universes for Sustainable Innovation

Digitizing products and environments opens up new frontiers in innovation for all participants involved in a product's life, from creation to usage. This new approach to social innovation is empowered by 3D virtual universes that bring together the skills, knowledge and experience of all stakeholders, merging the imaginations of consumers with those of designers.

World leader in Product Lifecycle Management (PLM), Dassault Systèmes provides solutions that enable businesses of every size and sector around the globe to design, simulate and experience tomorrow's products with their partners, from suppliers to consumers. Realistic experiences allow users to anticipate product behavior and impact on the environment, thus creating the conditions of sustainable innovation.

Understanding the world's mysteries and meeting the many challenges we face require innovations. New ideas can emerge from multidisciplinary collaboration via 3D virtual universes. Following the recreation of the construction of **the Great Pyramid** with Jean-Pierre Houdin, Dassault Systèmes is continuing to combine Egyptology and 3D technologies with new projects:

Giza 3D: Reconstruction in 3D of the entire Giza plateau, in collaboration with the team of Peter Der Manuelian, Philip J. King Professor of Egyptology at Harvard University and Giza Archives Project Director, Museum of Fine Arts, Boston.

Djedi: Design of a robot to explore the shafts leading to the Queen's Chamber of the Great Pyramid, in collaboration with a team from the University of Leeds, led by Shaun Whitehead, and the Supreme Council of Egyptian Antiquities.

If I hadn't experienced the pyramid in 3D using Dassault Systèmes technologies, I would never have been able to confirm that my theory of the construction of the pyramid from the inside out is possible.

Jean-Pierre Houdin
Architect



2010: A Strong Performance

An Excellent Year

2010 was an excellent year during which Dassault Systèmes met all its financial and business objectives. We overachieved our targets to drive double-digit new licenses revenue growth and increase by 100 basis points our operating margin. IBM PLM, the largest acquisition in our history, was completed and smoothly integrated into our direct sales channel, giving the Company a global and high-profile sales force. The acquisitions of Exalead in search-based applications, and Geensoft in embedded software systems, contributed to the expansion of our addressable market. We delivered a strong financial performance and advanced our diversification in new industries. And the adoption of Version 6 accelerated, with more than 600 customers having ordered this new version by the end of the year.

Total non-IFRS revenue increased 21% to €1.58 billion*. All three geographic regions showed a good growth dynamic. Revenue was up 22% in Europe, with strong contributions from France, Germany and Northern Europe. In Asia, revenue increased 28%, reflecting the progression of many countries, notably India and Korea, as well as Japan, which returned to investing in 2010. The Americas recorded good overall performance, with Latin America being for us one of the most dynamic areas amongst the fast growing regions.

Investment in innovation across industries and our larger direct sales force drove a strong rebound in new business activity during 2010, leading to new licenses

revenue growth of 30%, with notable strength in automotive, industrial equipment, high-tech and energy. Non-IFRS recurring software revenue, representing 72% of total software revenue, grew 23% reflecting both the IBM PLM acquisition and its improvement all along the year, with maintenance returning to historic, pre-recession subscription levels. Total non-IFRS software revenue, up 24%, reflects this performance, well supported by each of the Company's brands.

Our top-line results were mirrored at the bottom line, with non-IFRS EPS increasing 34% to €2.50, reflecting revenue growth and operating margin expansion. Non-IFRS operating margin increased from 25.0% in 2009 to 28.6%, the largest part of the improvement attributable to our operating leverage.

Strong cash flow generation and balance sheet management enabled us to undertake €462 million in cash acquisitions during 2010, and exit the year with a net financial position of €846 million, largely level with the end of 2009.

A Transformed Company

2010 was also a year of deep transformation for Dassault Systèmes. We expanded our global presence, with 1,500 new people joining us to bring our total workforce of more than 90 nationalities to over 9,000. This significant increase is the illustration of our confidence in the future and instrumental to our strategy for addressable market expansion. These

many nationalities illustrate how international our operations have become, and are also a true asset for Dassault Systèmes. In this regard, we are humbled by the lesson of courage and dedication our Japanese colleagues taught us all during the tragic events that affected their country in early 2011.

Each of our principal brands holds leadership in its respective market. In the design domain, with CATIA and SolidWorks, we enriched our offer with the CATIA Version 6 solution for embedded systems architecture, essential to developing "smart products". SIMULIA, world leader in structural simulation, had an excellent level of demand in each of our major regions across virtually all the industries we address. DELMIA, our digital manufacturing solution, showed an encouraging dynamic in the second half of the year. ENOVIA, our leading provider of collaborative enterprise solutions, recorded a number of promising Version 6 wins in 2010. Acquired in June 2010, Exalead, in search-based applications, will help us accelerate our diversification and will provide our customers with easy access to their intellectual property. With our global reach and local presence, we added over 16,000 new customers to our portfolio.

Vertical industry diversification continued, with new industries representing about 23% of our end-user revenue compared with 20% in 2009. This expansion was remarkable, notably in the high-tech and energy sectors, with clients like LG Electronics in Korea and GE Energy in the United States, when considering that 2010 was also a year of economic rebound in our automotive and industrial equipment markets. Strengthening the value of our brands, Version 6 represents an essential asset. This new version

provides our customers with the real-time collaboration capabilities and the creation, management and protection of intellectual property they need.

Outlook

In summary, 2010 was an excellent year for Dassault Systèmes during which all our objectives were met. We enter 2011 with a strong product offering, our distribution channels well positioned on their respective markets, and a good pipeline of business opportunities. Economic indicators, notably industrial investment, confirm our thesis of a progressive improvement in the economy, although we remain cautious and vigilant as the global economic environment is still volatile in our view.

As our results demonstrate, we are on the right path to reach our 2014 financial goal to more than double non-IFRS EPS in comparison to 2009, thanks to opportunities for expanding our addressable market. It is fair to say that we have never had more growth perspectives at any other time in our history as we continue to push the frontier of 3D for business, research, education and society.



Charles Edelstenne
Chairman of the Board of Directors



Bernard Charlès
President & Chief Executive Officer

*All revenue increases are presented in constant currencies.



Dassault Systèmes:
Promises of Excellence
with First-Class Brands



3D for Lifelike Experiences



ENOVIA
Global Collaborative
Innovation

Cloud
Global
Songs
Job Data Games



CATIA
Virtual Product

SOLIDWORKS
3D for Professionals

SIMULIA
Realistic Simulation

3dswim
Social Innovation

exalead
Information Intelligence



DELMIA
Virtual Manufacturing & Production



Management Driven by Long-Term Vision

Executive Committee

- 1 **Bernard Charlès**
President & Chief Executive Officer
- 2 **Dominique Florack**
Senior Executive Vice President,
Products - Research & Development
- 3 **Thibault de Tersant**
Senior Executive Vice President
& Chief Financial Officer
- 4 **Étienne Droit**
Executive Vice President,
PLM Value Selling
- 5 **Laurence Barthès**
Executive Vice President,
Chief People & Information Officer
- 6 **Philippe Forestier**
Executive Vice President,
Global Affairs & Communities
- 7 **Pascal Daloz**
Executive Vice President,
Strategy & Marketing
- 8 **Bruno Latchague**
Executive Vice President,
PLM Enterprise Business
Transformation



Brand CEOs

- 1 **Jacques Leveillé-Nizerolle**
CATIA
- 2 **Jeff Ray**
SolidWorks
- 3 **Scott Berkey**
SIMULIA
- 4 **Philippe Charlès**
DELMIA
- 5 **Michel Tellier**
ENOVIA
- 6 **Lynne Wilson**
3DVIA

Directors

- Charles Edelstenne**
Chairman of the Board of Directors
- Bernard Charlès**
President & Chief Executive Officer
- Thibault de Tersant**
Senior Executive Vice President
& Chief Financial Officer
- Laurent Dassault**
Vice President and member of the
Supervisory Board of Groupe Industriel
Marcel Dassault
- Paul Brown**
Jean-Pierre Chahid-Nourai
Arnoud De Meyer
Bernard Dufau
André Kudelski
Independent Directors

9,000 Talents, 400 Communities, One Team

In 2010, Dassault Systèmes welcomed more than 1,500 people, bringing the total workforce to over 9,000. This significant increase is the result of our acquisitions as well as internal hires, strengthening our teams in sales and research and development. The expanding Dassault Systèmes team is united by a passion to invent new solutions for accelerating sustainable innovation. More than 9,000 talents of 94 nationalities located in 31 countries worldwide work together on a powerful collaborative platform, 3DSw4m (See What You Mean), where 400 communities of diverse interests exchange ideas, knowledge and experience to foster innovation with and for our customers.

Financial Summary & Key Shareholder Information

2010 at a Glance*

2010 was an excellent year during which Dassault Systèmes met all its financial and business objectives.

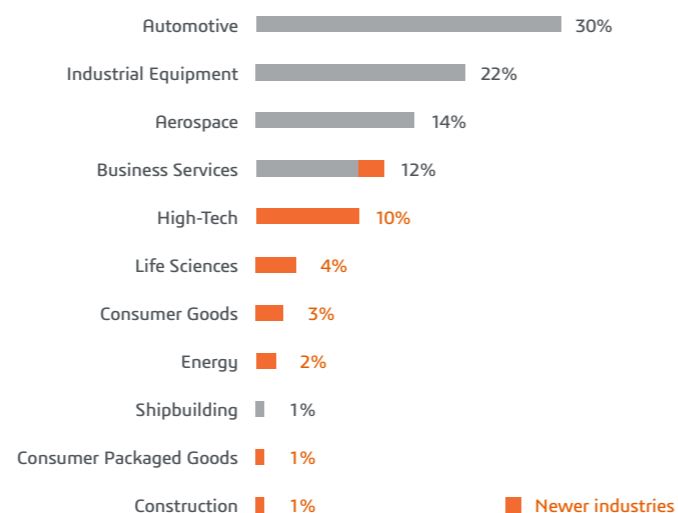
The Company overachieved its targets, resulting in new licenses revenue increasing 30% in constant currencies, non-IFRS operating margin reaching 28.6% and non-IFRS EPS growing 34%.

IBM PLM, the largest acquisition in Dassault Systèmes history, was completed and smoothly integrated into its direct sales channel, giving the Company a global and high-profile sales force.

Diversification in new industries advanced and Version 6 adoptions accelerated with more than 600 customers at the end of the year (250 end 2009).

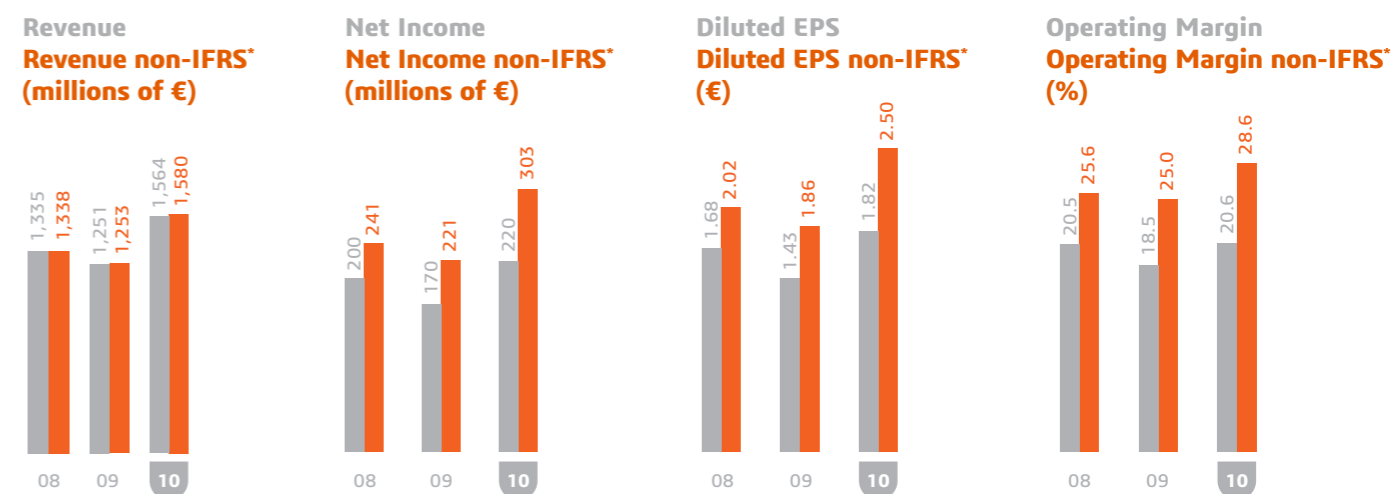
Addressing 11 Industries (% of 2010 end-user software revenue)

Newer industries accounted for approximately 23% of end-user software sales in 2010, compared to about 20% in 2009 and 15% in 2008.

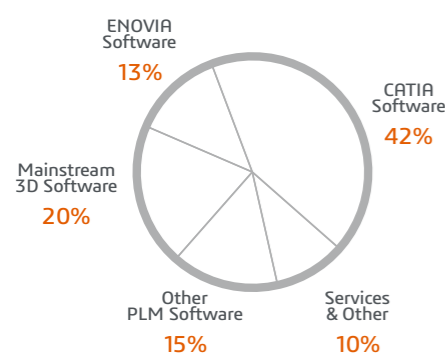


2010 Financial Performance

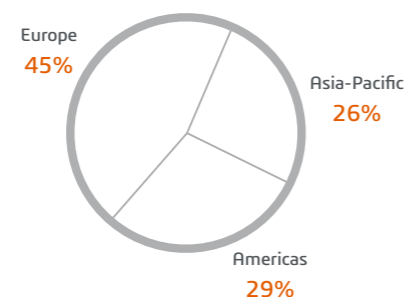
2010 was a year of growth in revenue, operating profitability and net earnings following the deep global recession of 2009. It was also a period of significant investment in the Company's sales, research and product development and infrastructure resources. The Company's financial results reflect the inclusion of IBM PLM following its integration as of April 1st, 2010, which led to a significant increase in the number of direct customer accounts managed by the Company.



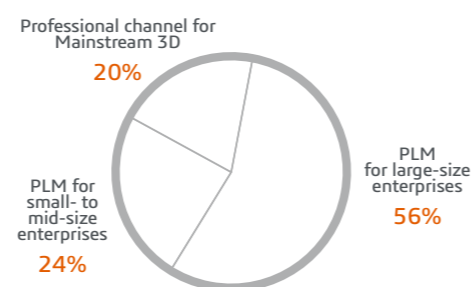
Revenue by Product Line



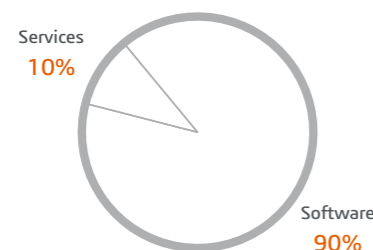
Revenue by Geographic Region



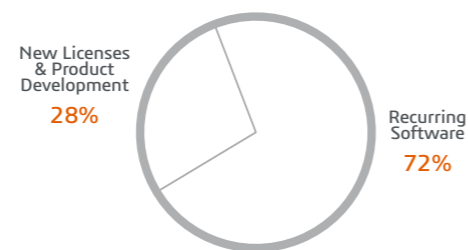
Revenue by Sales Channel



Revenue by Activity



Software Revenue



Net Operating Cash Flow and Net Financial Position (millions of €)

Dassault Systèmes' net financial position at year-end was €846 million, just €12 million below where it was at 2009 year-end, demonstrating the strength of its cash flow generation and cash management. This figure is quite remarkable considering that during 2010, the Group invested €462 million in cash acquisitions and returned €55 million to shareholders in dividends.

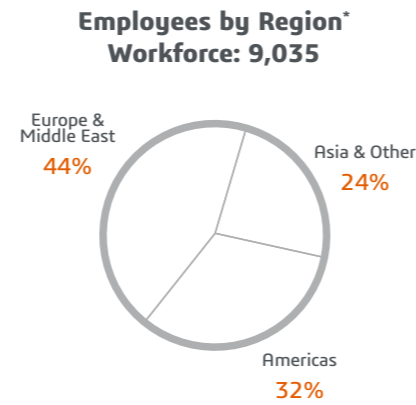
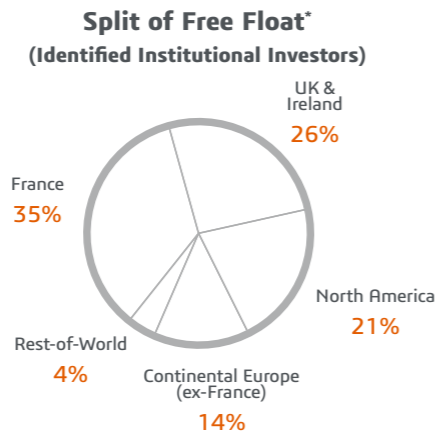
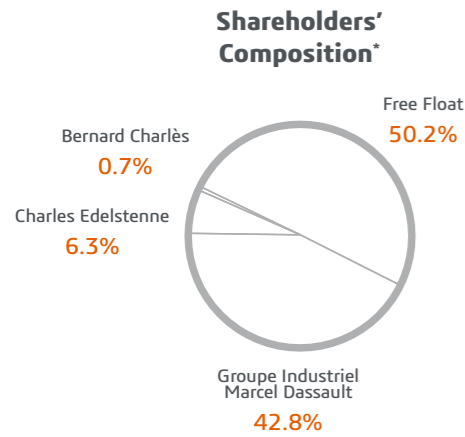
Net Cash Provided by Operations



Net Financial Position Evolution

Net financial position at December 31, 2009	858
Operating cash flow	408
Capital expenditures	(36)
Acquisitions	(462)
Cash dividends	(55)
Dassault Systèmes stock option exercise	97
FX impact and other	36
Net financial position at December 31, 2010	846

*All financial information is reported according to IFRS. In addition, the Company has provided non-IFRS financial information excluding the effect of adjusting the carrying value of acquired companies' deferred revenue, amortization of acquired intangibles, other operating income and expense, net and stock-based compensation expense, as applicable, and all adjustments to IFRS income data reflect the combined effect of these adjustments, plus with respect to net income and diluted net income per share, the income tax effect of the non-IFRS adjustments and the exclusion of certain one-time tax restructuring effects.



Stock Data*

Listed on NYSE Euronext Paris and traded on the U.S. Over-the-Counter Market

Share price **€56.42**
\$76.10

Capitalization **€6.8 billion**

Stock price performance comparison

Dassault Systèmes **+41%**
CAC 40 **-3%**
Euronext 100 **+1%**

Outstanding shares **121.3 million**

Average daily volume traded on Euronext **237,242**

Key 2011 Shareholders' Events

Wednesday, April 27, 2011
Release of First Quarter Earnings

Thursday, May 26, 2011
Annual Shareholders' Meeting

Thursday, July 28, 2011
Release of Second Quarter Earnings

Thursday, October 27, 2011
Release of Third Quarter Earnings

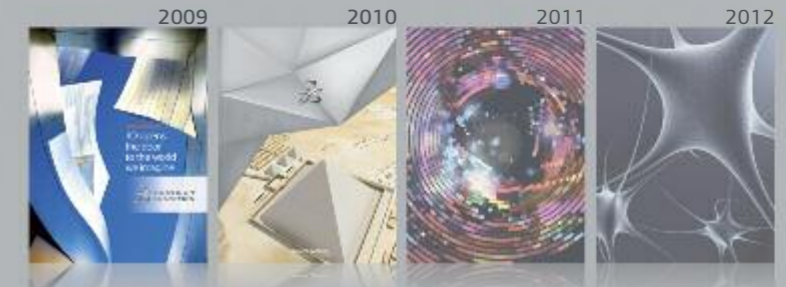
Shareholders' Contact
Tel.: 33 (0)1 61 62 69 24
Fax: 33 (0)1 70 73 43 59
Email: investors@3ds.com
www.3ds.com/company/finance

* As of December 31, 2010

2009-2014 Goal: Focused on More than Doubling Non-IFRS EPS

As 2010 results demonstrate, Dassault Systèmes is on the right path to reach its 2014 financial goal to more than double non-IFRS earnings per share in comparison to 2009, notably driven by Version 6 adoptions, opportunities in an expanding addressable market, diversification and global sales channels.

The Dassault Systèmes Annual Report Special Guest Collection:



HEADQUARTERS

Dassault Systèmes
10, rue Marcel Dassault - CS 40501
78946 Vélizy-Villacoublay Cedex - France

REGIONAL HEADQUARTERS

Europe/Middle East/Africa
Dassault Systèmes
10, rue Marcel Dassault - CS 40501
78946 Vélizy-Villacoublay Cedex - France

Americas
Dassault Systèmes Americas Corp.
900 Chelmsford Street
Tower 2, 5th Floor
Lowell, MA 01851 - USA

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

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

Investor Relations Dassault Systèmes
Tel.: +33 (0) 1 61 62 69 24
Fax: +33 (0) 1 70 73 43 59
E-mail: investors@3ds.com

Production and Design
From File 2 Factory / Miguzimo

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BRAND WORLDWIDE HEADQUARTERS

CATIA
Dassault Systèmes
10, rue Marcel Dassault - CS 40501
78946 Vélizy-Villacoublay Cedex - France

SolidWorks
Dassault Systèmes SolidWorks Corp.
300 Baker Avenue Ext.
Concord, MA 01742 - USA

SIMULIA
Dassault Systèmes Simulia Corp.
166 Valley Street
Providence, RI 02909 - USA

DELMIA
Dassault Systèmes Delmia Corp.
900 N. Squirrel Road, Suite 100
Auburn Hills, MI 48326 - USA

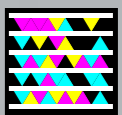
ENOVIA
Dassault Systèmes Enovia Corp.
900 Chelmsford Street
Tower 2, 5th Floor
Lowell, MA 01851 - USA

3DVIA
Dassault Systèmes
10, rue Marcel Dassault - CS 40501
78946 Vélizy-Villacoublay Cedex - France

Exalead
10, place de la Madeleine
75008 Paris - France

Just snap it & watch to learn more
about Dassault Systèmes!

Get the free app "TagReader" for your phone at:
<http://gettag.mobi>





Dassault Systèmes

10, rue Marcel Dassault

CS 40501

78946 Vélizy-Villacoublay Cedex

France

Tel.: +33 (0) 1 61 62 61 62