Valerie Agathon  
Head of Investor Relations

Thank you for joining us to review our 2008 third quarter and year-to-date financial and business performance.

On the conference call are Bernard Charles, President and Chief Executive Officer, and Thibault de Tersant, Senior EVP and CFO.

Our financial results are prepared in accordance with U.S. GAAP. In addition, we believe it is helpful to provide you with supplemental non-GAAP financial information. On this call, we will discuss our revenue, operating income, operating margin and EPS on a non-GAAP basis before deferred revenue write-downs, amortization of acquired intangibles, stock-based compensation expenses and other operating income and expense, net. For reconciliations of the differences between these figures and our U.S. GAAP figures, please see the reconciliation tables included in our earnings press release which has been posted on our website at www.3ds.com.

Some of the comments we will make on this call, either as part of the prepared remarks or in response to questions, will contain forward-looking statements. Actual results could differ materially from those projected in the
forward-looking statements. Information about the principal factors that could cause actual results to differ materially from forward-looking statements can be found in today’s earnings press release and in Item 3 of our 2007 20-F.

If you have additional follow-up questions after the conference call, please do not hesitate to contact Beatrix Martinez or myself in Paris or Michele Katz in New York.

I would now like to turn the call over to Bernard Charles.
Bernard Charles  
President and Chief Executive Officer

Thank you, Valerie.

Summary Overview
Dassault Systemes had a solid third quarter with financial results well in line with our objectives. Our software growth was 12 percent in constant currencies and would have been 18 percent if we reported in US dollars. Our growth was all organic in this quarter. I believe our year-to-date results and outlook reflect several key factors that we would like to review with you today:

- First, our focus on the value proposition of our brands to our customers’ product design and product innovation processes;
- Second, our industry diversification;
- Third, our diversification into higher growth countries and regions;
- Fourth, our focus and investments on strengthening our sales channels - which could not have been better timed. We have invested in developing three major channels for reaching our markets. Importantly, we have invested in growing these channels so that we have a better coverage by industry, geo and customer size. We are seeing results from these changes in all channels and, in particular, in the PLM Value channel where the most significant part of our efforts has been concentrated.
- Fifth, our high level of recurring revenue – now above 60 percent on an annual basis, gives us good visibility on our core base of revenue generation.
Last quarter, we told you that we saw a mixed macroeconomic environment. Being cautious we were preparing ourselves for a potentially tougher second half environment. Of course, we could not have imagined what unfolded over the month of September on the global stage. Naturally, these events did have some effects on our business activities during the third quarter.

Now what does that mean for the fourth quarter and the full year? Thibault and I with the entire management team and our extended sales organizations have looked closely at the environment and the needs of our customers. Based upon this analysis and our year-to-date performance, we are targeting a full year objective of 12 percent software revenue growth in constant currencies, within our previously announced range of 12 to 13 percent. Furthermore, we are targeting an operating margin expansion of 50 to 100 basis points and we are increasing our earnings per share growth objective, approaching 10 percent EPS growth.

With this summary, let me turn the call over to Thibault now for his financial review.
Thibault de Tersant  
Senior EVP and CFO

Thank you, Bernard.

**GAAP/non-GAAP Differences**

Before going into a detailed financial review, let me first do a brief review of our GAAP and non-GAAP reconciliation figures. For the 2008 third quarter: we had deferred revenue write-downs of 1.4 million euros; operating income, operating margin and earnings per share are before amortization expenses for acquired intangibles of 11.4 million euros, stock-based compensation expense of 4.0 million euros and 6.0 million of other operating expense in connection with the relocation of our corporate headquarters and restructuring expenses.

**Financial Summary**

Turning to the third quarter review, we had very solid results, solidly meeting our revenue objective and exceeding our EPS objective.

- First, total revenue came in at 320 million euros. We ended up with less headwind from currency compared to our assumptions in developing our objective. Therefore, we calculate that reported revenue would have been 313 million euros at our assumed currency rates or within the objective range of 305 to 315 million euros that we shared with you last quarter.

- Second, our growth was all organic, with software revenue up 12 percent in constant currencies. In fact, while we had a small positive impact from the Engineous acquisition, our divestiture of DSF this year more than offset this.
• Third, EPS increased 26 percent. It was 49 cents, above the high end of our range of 41 to 44 cents. These results reflected our inherent earnings leverage as well as the positive impact of currency on financial revenue.

• And, fourth, our operating margin was 23.7 percent, ahead of our objective of 22.5 percent. This represents a 120 basis points increase in our operating margin for the quarter and, year-to-date, the improvement is the same. This demonstrates that our operating margin performance was closely tracking the high end of our targeted range of 80 to 130 basis points prior to today’s update.

Our results also continue to demonstrate improvement in net operating cash flow. In the quarter net operating cash flow improved 7 percent, and year-to-date, our net operating cash flow was up 9 percent to 262 million euros compared to 240 million euros in 2007.

We finished the quarter with a strong net cash position totaling 630 million euros as of September 30th.

**Regional Performance**

Turning to growth by region,

• Our revenue growth was strongest in the Americas, with revenue up 16 percent in constant currencies. Growth in the Americas was led by ENOVIA and SIMULIA. Year-to-date the Americas are up 14 percent in constant currencies.
• In Europe revenue increased 11 percent. Europe was driven by good performance in Germany and strong demand from Russia. Year-to-date revenue in Europe was also up 11 percent.

• Results in Asia were mixed this quarter. We had strong demand in China and a number of other countries in the region. However, this was more than offset by a lower level of new business activity in Japan. For the quarter, Asia was flat and year-to-date it was up 6 percent, both data points in constant currencies.

• As Bernard will discuss in greater detail we are benefiting from our sales channel expansion into higher growth countries and regions with a revenue growth of above 25 percent in constant currencies this quarter for this group in total.

Software Summary

• Now, looking at the details of software growth, recurring software revenue drove the results, increasing 18 percent in constant currencies. Recurring revenue accounted for 67 percent of total software revenue in the quarter. Our solid recurring revenue growth benefited from several key factors. First, we continue to grow our installed base of customers across the company. Secondly, growth is coming from higher SolidWorks maintenance attachment and renewal rates, which reflects very solid customer dynamics. And, third, our recurring revenue growth was also driven by SIMULIA’s performance, as customers continue to increase their use of virtual simulation in the product design and creation process. New licenses growth slowed in the quarter to 1 percent growth in constant currencies, as it was
impacted by the economic slowdown. Japan was a major reason behind the lower level of new licenses growth.

- Looking at software growth by brands let me share a few comments.
  - CATIA delivered software revenue growth of 9 percent in constant currencies in the third quarter, and excluding the DSF spin-off perimeter impact, underlying activity delivered double-digit growth in constant currencies. CATIA growth rates during the 2008 second half also reflect very different first half/second half comparisons to 2007. CATIA software revenue grew 5 percent in the first half of 2007, while it increased 23 percent in the second half of 2007, reflecting the first visibly noticeable benefits of our PLM Value channel transformation, as well as the acquisition of ICEM.
  - ENOVIA had a good quarter, demonstrating the success of our diversification strategy into new industries. ENOVIA software revenue increased 19 percent in constant currencies. To some extent, we also benefited from a weak year-ago comparison.
  - SIMULIA software revenue growth was in the double-digits in constant currencies and its growth was well diversified across a broad range of industries.
  - In the Mainstream 3D market, we had good performance driven by recurring revenue and sales of SolidWorks product data management and analysis software applications, both elements growing above 20 percent in constant currencies. New seat activity was healthy in both Europe and Asia, but was offset to a large extent by the Americas.
Services and Other Revenue Review

We had good results in our consulting services this quarter, with solid double-digits revenue growth in constant currencies. In addition, we saw some nice improvement in the consulting services margin as well. Looking at our quarterly trends, we have seen progressive improvement each quarter this year.

Overall, our services and other revenue line item reflect the perimeter effect of winding down historical channel management activities formerly rendered to IBM. And I would also remind you that a services margin comparison to the year-ago period reflected a much higher mix of CMP fees and the DSF spin-off and therefore is not so meaningful to measure our progress.

Operating Income and Operating Expenses

Our non-GAAP operating income increased 12 percent in the third quarter.

- R&D headcount was up 6 percent – that includes personnel in R&D and cost of software – with R&D expenses increasing 5 percent excluding currency and benefiting from research tax credits.
- In total, operating expenses increased 9 percent excluding currency on headcount growth of 8 percent.

We continued to improve our non-GAAP operating margin. For the quarter, we had an improvement of 120 basis points and year-to-date the results are the same as I mentioned at the outset of my remarks.

Financial revenue and other

Financial revenue improved significantly in the quarter, following two quarters where currency negatively impacted results. Specifically, financial
revenue increased to 9.9 million euros, up from 1.7 million euros in the year-ago period. It was comprised of net interest income of 3.4 million euros and net exchange gains of 6.3 million euros.

Other operating income and expense, net (non-recurring)
Other operating income and expense, net this quarter included non-recurring expenses related to our headquarters move. In addition, they also reflect restructuring expenses related to improving efficiencies within the organization to reduce infrastructure costs, including through the co-location of DS teams. These non-recurring expenses totaled about 6 million euros during the third quarter. As a reminder, in our fourth quarter, we will recognize a sizeable gain on sale of real estate in our GAAP results, but the gain will be excluded from our non-GAAP results.

Financial Outlook
Turning to our financial objectives, we have factored into our fourth quarter and fiscal year outlook signs of weakening we saw in September due to the economic crisis. And we have updated our currency assumptions. As a result:

- We are targeting a 2008 software revenue growth objective of about 12 percent in constant currencies, within our previous range of 12 to 13 percent, thanks to our diversification strategy, sales channels and recurring revenue model.
- Specifically, looking to the fourth quarter, we are assuming about a 10 million euro impact from lower activity. Currency, on the other hand, has an estimated positive impact of about 30 million in comparison to
the assumptions we previously used in preparing our objectives. Netting currency and activity leads to a net increase in our reported revenue range to between 1.34 to 1.35 billion euros from 1.32 to 1.33 billion euros, previously. Year-over year currency still has a negative effect based upon our assumed rates in comparison to 2007 average exchanges rates for both the U.S. dollar and Japanese yen.

• Secondly, based upon this level of revenue growth, we are also targeting to improve our 2008 non-GAAP operating margin by 50 to 100 basis points in comparison to 2007. We have effectively shifted downward our range of improvement by 30 basis points from our previous target of 80 to 130 basis points. So we expect that for the full year our non-GAAP operating margin will show solid improvement over 2007, but less than we have achieved year-to-date.

• And third, we are increasing our 2008 non-GAAP EPS objective range to between 2.15 to 2.20 euros, from 2.10 to 2.17 euros previously.

• Our outlook is based upon the following currency assumptions for the fourth quarter: a U.S. dollar to euro exchange rate of $1.45 per euro and a Japanese Yen to euro exchange rate of JPY145 per euro, reflecting the fact that currencies continue to be very volatile at this point in time.

• Based upon our objectives for the full year, we have set a fourth quarter 2008 non-GAAP total revenue objective of about 385 to 395 million euros and a non-GAAP EPS objective of about 79 to 84 cents.
**IFRS Update**

As I indicated on last quarter’s call, commencing with 2009, we will solely report and communicate in IFRS.

As we do each quarter, we will issue a press release reviewing our results under IFRS. In today’s earnings press release we have reconciled GAAP and IFRS financial data as well as non-GAAP and adjusted IFRS data. These tables can be found on page 13 of our release. As you saw from the information the non-GAAP and adjusted IFRS were identical.

Now let me turn the call back to Bernard.
Thank you, Thibault.

I would like to spend the rest of my time discussing the key factors helping drive our market share gains. They are:

1. Focus on High Brand Value for the Customer
2. Industry verticals diversification,
3. High growth countries diversification,
4. And strengthened channels.

Let’s begin with our brands.

**High Brand Value for the Customer**

Over the last twelve years, the introduction of each new brand has been focused on answering the question: how can we ensure that we maximize the benefits to our customers? To do that you have to invest so that each brand independently brings value to product design and product innovation. And, in combination, our PLM brands offer a solution to support the entire innovation spiral for each of our targeted industry verticals.

As a result of this strategy, each brand is a possible entry point to gain new customers and to serve as a reference to bring in additional brands as appropriate for the customer. In addition, each brand offers a large portfolio of specialized applications to help our customers accelerate deployment and maximize productivity gains.
CATIA
CATIA had a good performance this quarter with 9 percent software revenue growth in constant currencies. Just as a reminder CATIA software revenue growth was 17 percent in constant currencies year-to-date.

Our specialized applications are important components driving CATIA growth and contributing to the stability of average seat prices. Some examples of the specialized applications CATIA offers to customers include analysis, composites, machining, electrical wiring, piping and tubing and reverse engineering.

An illustration of a customer using our specialized CATIA applications is ACT, a US composite parts supplier to leading OEMs in the U.S. Using CATIA Composite has enabled ACT to reduce the time required for detailed design and prototyping by 90 percent. In addition, they have been able to reduce material usage by 15 percent.

ENOVIA
ENOVIA had a dynamic quarter with software revenue growth of 19 percent in constant currencies. This performance was driven by industry vertical diversification. Our specialized applications by industries, Industry Accelerators, have been important in securing and helping customers achieve faster deployments of our software. ENOVIA is also progressing with V6 adoptions with a recent win with Piaggio Aero, a leading aerospace company headquartered in Genoa, Italy.
In a separate press release issued today, we were very pleased to announce that Procter & Gamble Company (P&G), the world’s largest consumer goods company, has chosen to implement our ENOVIA V6 PLM solution as its enterprise-wide PLM backbone. P&G will leverage Dassault Systèmes’ portfolio to create a global platform to support realistic product definition and development. This was a very important win because it is enterprise-wide, and is very significant in terms of the potential number of users at P&G. It is also an illustration of the benefits PLM brings to the new verticals.

I would like to make one final comment related to ENOVIA. I would like to thank Joel Lemke, CEO of ENOVIA for leading ENOVIA through its first decade. He has done an outstanding job. I have truly enjoyed working with him and the good news is that I will still be able to do so because Joel will be heading up a new, independent business partner organization focused on the new industries. Joel has perfectly timed his move, with ENOVIA well positioned and at its strongest point in history.

Our new CEO for ENOVIA is Michel Tellier. Mitch has been with DS since 1997 coming to us from the aerospace industry. He most recently headed up our PLM consulting services organization where he has successfully led the DS transformation to optimize consulting and services by focusing on higher value-added engagements and programs for our customers. And he has also been instrumental in developing specialized solutions for accelerating ENOVIA’s diversification in various industries. So he has all the qualifications to head up the brand. With his deep implementation expertise, assuming the CEO position at the beginning of the V6 deployment is perfect timing.
SolidWorks

Turning to SolidWorks, it delivered good software revenue growth – up 13 percent in constant currencies and up 19 percent if we reported in U.S. dollars. Driving these results were strong growth in subscription revenue, which was up above 20 percent in constant currencies. Unit growth was more subdued, up 2 percent on lower new license activity in Americas offsetting to a large extent growth in Europe and Asia. Year-to-date unit growth was up 9 percent. ASPs were stable.

Our SolidWorks brand is also an example of the value of specialized applications in broadening revenue sources and driving revenue growth. SolidWorks analysis and product data management specialized applications posted revenue growth above 20 percent in constant currencies during the third quarter.

I had the pleasure of sharing in the launch of SolidWorks 2009 at a press event in Barcelona, with Jeff Ray, SolidWorks CEO. This new release really expands the gap between SolidWorks and its competitors in the space. Driving significant, measurable increase in performance was a key component of the R&D behind this new release.

SolidWorks wins in the quarter included L-3 Communications in High Tech in the U.S. and Stara in Brazil in industrial machinery, among many others.
SIMULIA

Last quarter we devoted significant time to SIMULIA, so my remarks today are short. Let me just remind you that SIMULIA delivered strong software revenue growth in the third quarter, is well diversified by vertical, and has a software revenue stream that is more than 90 percent recurring.

SIMULIA completed the acquisition of Engineous last quarter, and has already released an integrated product, Isight for Abaqus, which provides design exploration and optimization technology, enabling designers and engineers to perform rapid trade-off studies of real-world behavior and accelerate product development.

Additional Brand Highlights

DELMIA made some nice progress with a win for its DELMIA automation applications. Sanyo Machine Works, a leading provider of manufacturing lines for automotive & high tech, selected DELMIA for Automation in order to validate the code for production control systems before the integration of the actual equipment on the shop floor.

Turning to our 3DVIA brand, I want to highlight the growing community we are seeing developing from its website as measured by the number of 3D models, and number of registered users.

We are seeing initial sales of our new product, 3DVIA Composer, in both our PLM and Mainstream 3D markets. A SolidWorks’ customer, Aqualux, a leading manufacturer of shower enclosures headquartered in the UK, selected 3DVIA Composer and saves 25 to 40 percent time on producing
documentation. Importantly, thanks to the associativity of design with the
downstream documentation authoring, all changes are made in real time,
helping ensure the accuracy of the documentation.

**Vertical Industry Diversification**

Turning to vertical industry diversification, two areas are key drivers of our
progress into new industries. First, we offer industry-based solutions for
business processes and collaboration and, second, we offer solutions for
simulation, lifelike experience and manufacturing.

P&G is an important customer for us and demonstrates the appeal of our
solutions to a broad range of industries.

Another example this quarter of industry diversification is TUV Rheinland, a
leading provider of certification services headquartered in Germany. They
selected ENOVIA to launch the TUV Compliance platform to evaluate
materials and regulatory compliance early in the product development
lifecycle.

**Strengthened Distribution Channels**

Over the last years, we have reinforced all our sales channels to ensure
efficient go-to-market for all our brands.

With respect to our PLM Value Channel, we have effectively completed the
transition during the third quarter and are now responsible for all countries (69
in total). Importantly, we are seeing good performance and growth, well
balanced across our three major geographic regions.
In addition, we are seeing the benefits from the transformation of all these channels. Our channels are becoming more knowledgeable about the brands they sell, as well as specialized products that are able to bring greater value to clients. And, we are benefiting from the capacity increases that we made and continue to make where needed.

**High Growth Countries Diversification**

The work we have done to expand our sales channels has enabled us to increase our sales coverage in high growth countries and regions where we had limited presence just a few years ago. These include: Asean, Eastern Europe, China, India, Latin America, Russia & CIS. During the third quarter, non-GAAP revenue grew above 25 percent in constant currencies among this group. And they have become an increasing proportion of revenue approaching 10 percent at present.

**Good Visibility with High Percentage of Revenue**

Before wrapping up, let me make one final point. Since inception, we have developed a recurring software revenue model. It continues to expand and become an even more meaningful contributor to our growth and visibility. Looking at the third quarter, recurring software revenue represented 67 percent of our total software revenue. In PLM that figure is even higher at 71 percent. And in Mainstream 3D it is a very strong 54 percent. If you think back to my earlier comments on each brand bringing value, then the strong dynamic of subscription renewals is a clear confirmation of customers’ satisfaction.
Summary

Given the macro-economic backdrop, I believe the strength of our results underline the strategic importance of our software and core consulting offerings for our customers.

Furthermore, our focus as a company is to ensure that we are a close partner to all our customers, in order to help them enhance their products and product innovation processes. This has been a key distinguishing feature of Dassault Systemes since our inception and has been at the core of our success and market leadership. And in this current, difficult macroeconomic environment, our offerings have never been more important than they are right now.

At this point Thibault and I will stop to take your questions.

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