THE FUTURE THROUGH THE EYES OF EXPERIENCE

2014 ANNUAL REPORT

DASSAULT SYSTEMES | The 3DEXPERIENCE® Company

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DASSAULT SYSTEMES

The 3DEXPERIENCE® Company

ANNUAL REPORT 2014

ANNUAL FINANCIAL REPORT

AUTORITÉ DES MARCHÉS FINANCIERS AMF

This document is an English-language translation of Dassault Systèmes' *Document de référence* (Annual Report), which was filed with the AMF (French Financial Markets Authority) on March 24, 2015, 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 French Financial Markets Authority ("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 220 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 no. 809/2004 of the Commission, the following information is incorporated by reference in this Annual Report:

- the consolidated financial statements on pages 66 to 100 (inclusive), the parent company financial statements on pages 102 to 122 (inclusive), and the related audit reports on pages 101, 124 to 127 (inclusive) of the Annual Report (*Document de référence*) for the year 2013 filed with the AMF on March 28, 2014, under no. D. 14-0227;
- the financial information on pages 56 to 65 (inclusive) of the Annual Report (*Document de référence*) for the year 2013 filed with the AMF on March 28, 2014, under no. D. 14-0227;
- the consolidated financial statements on pages 74 to 109 (inclusive), the parent company financial statements on pages 111 to 134 (inclusive), and the related audit reports on pages 109 to 110, 136 to 140 (inclusive) of the Annual Report (*Document de référence*) for the year 2012 filed with the AMF on April 3, 2013, under no. D. 13-0272;
- the financial information on pages 60 to 73 (inclusive) of the Annual Report (*Document de référence*) for the year 2012 filed with the AMF on April 3, 2013, under no. D. 13-0272.

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.

PERSON RESPONSIBLE

Person Responsible for the Annual Report

Bernard Charlès – President and Chief Executive Officer.

Certification by the Person Responsible for the Annual Report

Vélizy-Villacoublay, March 24, 2015.

"I hereby certify, after having taken all reasonable measures for this purpose, that the information contained in this Annual Report (*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 Annual Report and that they have read this document in its entirety.

The consolidated financial statements for the year 2013 are covered by a report of the Statutory Auditors, set forth on page 101 of the English-language translation of the registration document for the year 2013 – filed with the AMF on March 28, 2014 under the number D.14-0227 – which contains an observation".

Bernard Charlès

President and Chief Executive Officer

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PRESENTATION OF THE GROUP

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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.

A financial review including a comparison of 2014 and 2013 can be found in Chapter 3, "Financial review and prospects".

	Year ended December 31,		
(in millions, except percentages and per share data)	**2014**	2013	2012
Total revenue	€2,294.3	€2,066.1	€2,028.3
Operating income	430.8	503.0	501.0
As a percentage of total revenue	*18.8%*	*24.3%*	*24.7%*
Net income attributable to equity holders of the Company	291.3	352.3	334.8
Diluted net income per share(1)	€1.14	€1.38	€1.33
Dividend per share(1)	€0.43(2)	€0.42	€0.40
Supplemental non-IFRS financial information(3)			
Total revenue	€2,346.7	€2,072.8	€2,038.5
Operating income	699.2	652.8	644.3
As a percentage of total revenue	*29.8%*	*31.5%*	*31.6%*
Net income attributable to equity holders of the Company	465.5	445.5	424.5
Diluted net income per share(1)	€1.82	€1.75	€1.69

(1) All historical per share data reflects the two-for-one stock split effected in July 2014 (see paragraph 6.2 "Information about the Share Capital").
(2) To be proposed for approval at the General Meeting of Shareholders scheduled for May 28, 2015.
(3) 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".

	Year ended December 31,		
(in millions)	**2014**	2013	2012*
ASSETS			
Cash, cash equivalents and short-term investments	€1,175.5	€1,803.7	€1,319.1
Trade accounts receivable, net	627.7	472.6	457.8
Other assets	3,164.9	1,911.6	1,835.5
TOTAL ASSETS	**4,968.1**	**4,187.9**	**3,612.4**
LIABILITIES			
Borrowings	360.1	380.0	63.8
Other liabilities	1,664.5	1,197.4	1,211.7
Parent shareholders' equity	2,943.5	2,610.5	2,336.9
TOTAL LIABILITIES	**€4,968.1**	**€4,187.9**	**€3,612.4**

* Restated to reflect the adoption of revised IAS 19.

1.2 History

1.2.1 History and Development of the Company

1.2.1.1 Summary

Dassault Systèmes, the **3D**EXPERIENCE Company, provides software applications and services, designed to support companies' innovation processes. The Company's software applications and services span design from ideation, to early 3D digital conceptual design drawings to full digital mock-up; virtual testing of products; end-to-end global industrial operations, including manufacturing management to operations planning & optimization; and in marketing and sales from digital marketing and advertising to end-consumer shopping experience. The Group brings value to over 200,000 customers of all sizes, in all industries, in more than 140 countries. Dassault Systèmes is the world leader of the global Product Lifecycle Management ("PLM") market (design, simulation, manufacturing, collaboration) based upon end-user software revenue, a position which it has held since 1999.

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 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 an 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 architected 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 design to 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.

Building upon its work in 3D, DMU, and PLM, and in conjunction with the evolution it began to see among its clients in different industry verticals, the Company unveiled in 2012 its next horizon, **3D**EXPERIENCE, designed to support its customers in their innovation processes to deliver new and rewarding experiences for their end users. The Company's vision is now to encompass the harmonization between products, nature and life and moved to an industry go to market strategy. 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 technology architecture Version 6 ("V6"). During 2013 the Company undertook an initial limited launch of its new platform and initial cloud offerings followed by a general availability release in February 2014.

See paragraphs 1.2.1.3 "Dassault Systèmes' Purpose and Strategy", 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 Digital Mock-Up ("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, 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

- 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.
- 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 PDM software and services.
- 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 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.
- 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 for **3D**EXPERIENCE and applications.

2012

- Expansion of the Company's strategy to **3D**EXPERIENCE. See paragraph 1.2.1.3 "Dassault Systèmes' Purpose and Strategy".
- Creation of a new brand, GEOVIA, dedicated to model the planet, focus on a new industrial sector, Natural Resources, with the acquisition of 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.

2013

- Unveiling of V6 Release 2014, available to select customers, on premise as well as Software as a Service (SaaS), featuring the controlled availability of existing and new industry-focused and user-focused offerings and the introduction of a new navigational user interface.
- Broadening of the Company's manufacturing offerings to Manufacturing Operations Management with the acquisition of Apriso.

2014

- Introduction of **3D**EXPERIENCE R2014x, the first release of the Company's new **3D**EXPERIENCE platform, offering end-to-end and integrated scientific, engineering, manufacturing and business capabilities and services, with the V6 architecture as its foundation.
- Creation of a new brand, 3DEXCITE, with the acquisition of Realtime Technology AG ("RTT") providing professional high-end 3D visualization software, marketing solutions and computer generated imagery services to extend the Company's offerings to marketing professionals.
- Creation of a new brand, BIOVIA, dedicated to address science-based industries, combining the acquisition of Accelrys and the Company's internal developments in BioPLM.
- Further broadening of the Company's manufacturing offerings with the Quintiq acquisition in operations planning and optimization.
- Two-for-one stock split of the Dassault Systèmes share par value on July 17, 2014, which was decreased from €1 to €0.50. Multiplication by two of the number of shares representing the share capital at this date.

2015

- Introduction of **3D**EXPERIENCE R2015x.

For further information on acquisitions in 2014 and 2013, see paragraph 1.2.2 "Investments".

1.2.1.3 Dassault Systèmes' Purpose and Strategy

Dassault Systèmes' corporate purpose 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. Enabling this flow unleashes the innovation potential. Dassault Systèmes, with its **3D**EXPERIENCE platform leveraging its V6 architecture, provides this "linkage", enabling its clients to create the value that their ultimate consumers are seeking. The Company's **3D**EXPERIENCE portfolio is designed to support 3D realistic virtual experiences representing usage of future products, and is comprised of social and collaborative applications, 3D modeling applications, 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, Dassault Systèmes has adapted its organization to provide a strong focus on the users of its software through its brands structure, while at the same time, advancing the understanding and development of the needs of its 12 target industries through the combined action of its organization by industry, sales channels and local geographic presence.

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, where helping customers reach a new milestone in terms of innovation for a greater end-user satisfaction, is the new way of doing business.

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. In addition, with its expanded purpose and Industry Solution Experiences strategy the Company is growing its addressable market along two axes: (i) broadening its offer to cover the key product disciplines of clients adding upstream consumer insights to its core markets of design, engineering, simulation and manufacturing, and extending through to business planning and operations and point of sales and end-consumer experiences; and (ii) expanding its market coverage to address industries focused on the interaction of business and people with nature (geosphere) and business and people with life sciences (biosphere).

As a result, the Company has and will continue to evaluate potential external investments complementing and extending the business value it brings to industries, clients and users. For further information, see paragraphs 1.2.1.3 "Dassault Systèmes' Purpose and Strategy" and 1.4.1.3 "Growth Strategy".

1.2.2.1 Acquisitions in 2014 and 2013

Well aligned with its expanded purpose and addressable market vision introduced in 2012, Dassault Systèmes has been in an active period of discussions with selected companies. During 2014 the Company invested €952.9 million on a net cash basis to acquire companies in several key areas: (i) addressing the life sciences where it introduced a new brand, BIOVIA, based upon the acquisition of Accelrys and the Company's internal research in bio-intelligence; (ii) addressing marketers with the RTT acquisition, rebranded as 3DEXCITE, which enables to reuse virtual mock-ups or 3D product designs to create images, marketing brochures, promotional films or virtual but very realistic show rooms; and (iii) addressing business operations management with the acquisition of Quintiq, for supply chain, logistics and workforce operations planning and optimization. In addition, the Company strengthened the capabilities of its simulation brand, SIMULIA with the acquisition of SIMPACK for multi-body simulation.

In 2013, the Company completed seven acquisitions, for a net cash investment of €213.4 million. Acquisition investments were made in manufacturing, simulation and in urban modeling as follows: (i) in manufacturing where the Company significantly expanded its DELMIA offering with Apriso, providing manufacturing operations management software solutions; (ii) in analysis and simulation, further strengthening CATIA and SIMULIA's capabilities with SFE bringing a fully integrated design-simulation approach to run simulations at an early stage of concept design and shorten product development time; FE-DESIGN bringing powerful design optimization technology; SIMPOE for plastic injection molding simulation and Safe Technology for fatigue simulation to evaluate product durability; and (iii) in the automated creation and management of urban cities and landscapes with Archivideo.

Acquisitions

2014: Creation of the BIOVIA brand, addressing science-based industries with the acquisition of Accelrys and the Company's internal BioPLM developments.

In April 2014, Dassault Systèmes completed the acquisition of Accelrys, a leading provider of scientific innovation lifecycle management software for chemistry, biology and materials sciences industries, a publicly-traded company based in San Diego, United States. This acquisition was completed at the end of a tender offer for all outstanding shares of Accelrys, for cash consideration of approximately €542 million.

2014: Introduction of a new brand, 3DEXCITE, following the acquisition of RTT, extending the Company's offerings to address marketing professionals in its core and target industries.

In January 2014, the Company acquired 84% of Realtime Technology AG (RTT), a publicly-traded company, and then finalized the acquisition of the remaining shares, leading to a total purchase price of approximately €191 million in cash. RTT is a leading provider of professional high-end visualization software, marketing solutions and computer generated imagery services. Its customer base includes a number of the world's leading automotive companies as well as global industry leaders in aerospace and consumer goods. With RTT's solutions, companies are able to: i) more closely link design and marketing domains thanks to very high level of realistic 3D real-time visualization; ii) speed time from design to sales thanks to the ability to conduct marketing all along the product development cycle; and in turn, iii) derive significant returns on investment over traditional marketing methods.

2014: Dassault Systèmes Extends 3DEXPERIENCE platform to Global Business Operations Planning with Quintiq Acquisition.

In September 2014, the Company completed the acquisition of Quintiq, a global leader in operations management and optimization with offerings spanning notably production, supply chain, logistics, and workforce management, for cash consideration of approximately €260 million. Receiving a top ranking by clients, Quintiq's solutions are used at 1,000 sites, in more than 90 countries. Quintiq further enriches the **3D**EXPERIENCE platform capabilities and enables a better support for the Company's customers in industries such as metals, mining, oil & gas, air transport and rail, logistics and freight. Key reasons customers select Quintiq's solutions include: i) a single, integrated solution able to solve operations planning puzzles; ii) a solution designed to be 100% adaptable to each client's unique business processes, requirements and constraints; iii) KPI-based planning; iv) superior performance results from record-breaking technology (Quintiq holds 120 world records in optimization); and v) seamless integration with existing IT infrastructure.

2013: Broadening of the Company's manufacturing offerings to Manufacturing Operations Management

In July 2013 Dassault Systèmes acquired Apriso, a leading provider of manufacturing operations management software solutions, headquartered in Long Beach, California for approximately €179 million in cash. Apriso complements DELMIA's application portfolio through its manufacturing operations management capabilities and expands DELMIA's offer across multiple industries, such as Consumer Goods & Retail, Consumer Packaged Goods & Retail, High-Tech, Life Sciences, Transportation & Mobility, Aerospace & Defense and Industrial Equipment. Key reasons customers select Apriso's solutions include: i) flexibility to quickly adapt to customer environment while driving best-in-class manufacturing; ii) standardization across multiple plants to establish best practices; and iii) operations monitoring to synchronize product releases across all manufacturing operations.

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
Accelrys	2014	€542 million
Quintiq	2014	€260 million
RTT	2014	€191 million
Apriso	2013	€179 million
Gemcom	2012	€274 million

1.2.3 Facilities Strategy

With the exception of facilities totaling 21,000 square meters belonging to 3D PLM Software Solutions Ltd ("3DPLM Ltd") located in Pune, India, the Company does not own the offices it occupies and 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 driven by the objectives of supporting growth in the Company's business. The Company is also guided by its objectives to encourage synergies and collaboration 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. In light of the challenges lying ahead for the Group in the next few years, the facilities department has equipped itself with all the tools required to deal with them. It has formalized and unified the decision-making process, and put in place occupancy and economic performance indicators. In order to ensure continuous high performance, these indicators are compared with a panel of High-Tech companies.

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. This process has, in particular, led to an audit of the facilities and their usage conditions, during external growth transactions, in order to determine steps to be taken in connection with the Group's strategy (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. The Group seeks to rent buildings certified "HQE" (*Haute Qualité Environnementale*, or High Environmental Quality) which is well illustrated by its registered office in Vélizy-Villacoublay, close to Paris (the "3DS Paris Campus") and its major campus near Boston, to cite a few.

1.2.3.3 Principal Sites

At December 31, 2014, the principal sites occupied by Group companies (except 3DPLM Ltd) in its three geographic regions are as set forth in the table below.

Geographic region	Principal Sites	Surface area (in m^2)	Activities on the site
Europe	3DS Paris Campus Vélizy-Villacoublay, France(1)	70,000	Headquarters, R&D, Marketing and sales
	3DS Munich Rosenheimer, Germany(4)	7,800	R&D, Marketing and sales
	3DS s-Hertogenbosch, the Netherlands(4)	5,400	R&D, Marketing and sales
Americas	3DS Boston Campus, Waltham, Massachusetts, U.S.(2)	20,000	R&D, Marketing and sales
	3DS Providence, Rhode Island, U.S.(3)	8,800	R&D, Marketing and sales
	3DS San Diego, U.S.(4)	5,700	R&D, Marketing and sales
	3DS Montreal, Canada	5,200	Marketing and sales
	3DS Auburn Hills, Michigan, U.S.	4,600	R&D, Marketing and sales
Asia	3DS Selangor, Malaysia(4)	4,700	R&D, Marketing and sales
	3DS Tokyo, Japan	4,500	Marketing and sales

(1) Dassault Systèmes occupies in Vélizy-Villacoublay a facility covering 60,000 square meters built in 2008 in accordance with the Group's specifications. Since 2011, Dassault Systèmes has rented 10,000 additional square meters in a nearby building. 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 at its 3DS Boston Campus.
(3) Since November 2014, Dassault Systèmes has occupied a new facility in the city of Johnston (near Providence, Rhode Island).
(4) Sites obtained through acquisitions in 2014 (RTT, Accelrys and Quintiq).

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

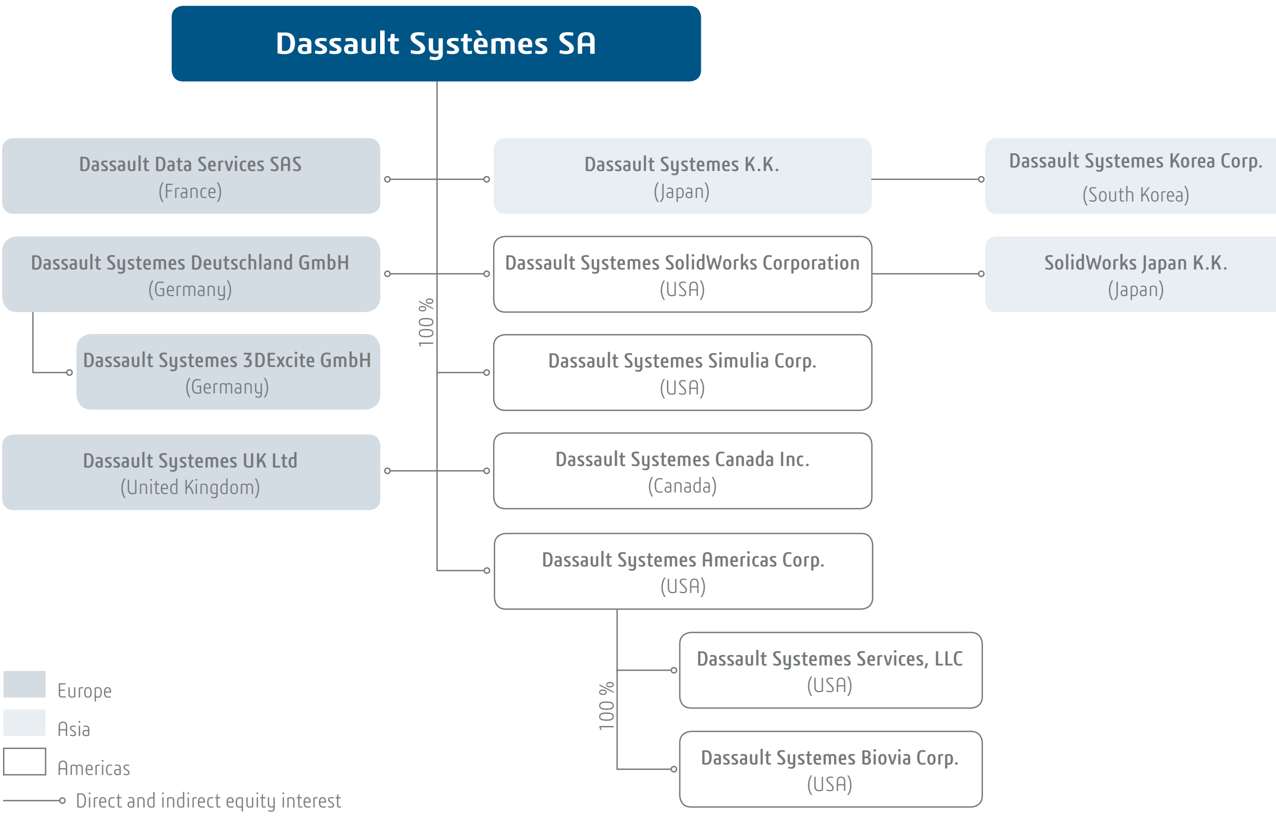
Dassault Systèmes SA, the Group's parent company, fulfills several roles: first, it is one of the Group's largest operating companies and one of its principal R&D centers, responsible for the development of a number of the Group's software solutions integrated in the **3D**EXPERIENCE platform. Dassault Systèmes SA also operates as a holding company as it owns directly or indirectly all the companies that make up the Group. Dassault Systèmes SA plays a centralizing role, defining the Group's overall strategy and the means for its deployment, as well as the marketing and sales policy through the Group's three sales channels (described in paragraph 1.4.2.5 "Sales and Marketing"). The parent company manages the Group's cash and financing needs centrally ("cash pooling"), and provides support to the Group for a number of activities, including finance, communication, marketing, legal affairs (including management and protection of IP), human resources and IT, and pools certain costs for its subsidiaries.

Dassault Systèmes SA receives dividends paid by its subsidiaries. Additionally, the costs of providing centralized services are charged back to the respective subsidiaries benefiting from support services and cost pooling, and it receives royalties related to the IP it holds.

1.3.2 Principal Subsidiaries of the Company

At December 31, 2014, the Company included Dassault Systèmes SA and 128 operational subsidiaries, as compared to 94 operational subsidiaries in 2013; the increase was due principally to the acquisitions of RTT, Accelrys and Quintiq. In 2014, 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 chart below sets forth the Company's main subsidiaries.



See also Note 27 to the consolidated financial statements and the table of subsidiaries and shareholdings under Note 24 to the parent company financial statements.

1.4 Business Activities

1.4.1 Principal Activities

1.4.1.1 Summary

Dassault Systèmes, the **3D**EXPERIENCE Company, provides end-to-end software, content and services, designed to support companies' innovation processes. The Company's software applications and services now encompass three principal spheres: "Product-Sphere", "Geo-Sphere" and "Bio-Sphere" reflecting the Company's expanded purpose to provide business and people with virtual **3D**EXPERIENCE universes enabling to imagine innovations capable of harmonizing product, nature and life.

Dassault Systèmes is the world leader of the global Product Lifecycle Management market based upon end-user software revenue (source: CIMdata), a position which it has held since 1999. Its world leadership reflects its core DNA as a scientific company, combining science, technology and art to help advance the success of the customers and users it addresses with its Industry Solution Experiences.

Its software offerings now address users all across a company's product development loop enabling the Group to provide companies with a comprehensive perspective: from the product idea and specification; to design with early 3D digital models to full digital mock-ups; to virtual testing of products; to virtual production and manufacturing operations management; to operations planning and optimization; and lastly to digital marketing and sales to end-consumer shopping experience.

The Company has a diverse customer base, working with the smallest manufacturers in the world to global leaders across a number of industries. Its customers include companies 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 and Business Services; and Natural Resources. See paragraph 1.4.2.2 "**3D**EXPERIENCE Industries Served".

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 information intelligence, social collaboration and realistic 3D virtual experiences capabilities, the Company is positioned to work with companies from ideation to consumer experience and across departments from research and development, engineering, testing, manufacturing, governance to marketing and sales.

Dassault Systèmes software applications are focused on helping customers address many of their most critical product issues:

- innovation to design new and rewarding experiences for their end-customers;
- time-saving for the launching cycle of new products;
- manufacturing cost reduction;
- improvement of the product quality and compliance;
- time-to-market;
- market globalization (design/manufacture anywhere);
- supply chain collaboration;
- regulatory compliance;
- IP protection;
- manufacturing efficiency.

Dassault Systèmes 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 the last fifteen years is its focus on a long-term vision which is characterized by investing in people and its long-term financial model. The Company has a diverse, highly-educated employee base of over 13,000 employees representing 116 nationalities. The Company's long-standing financial model, with a high level of recurring software revenue (accounting for 73% of the Company's total non-IFRS software revenue in 2014), has enabled the Company to maintain as well as increase investments in critical resources in R&D and customer support even during challenging macroeconomic environments.

Dassault Systèmes has a substantial commitment to technological innovation which has enabled it to define and create new markets, such as 3D Design, Digital Mock-Up, Product Lifecycle Management 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. 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 good understanding of its customers and their most important business values. This level of knowledge enables the Group to develop software solutions more closely attuned to the customers' requirements, highly suited to their industries, and designed to maximize user productivity and experience.

Dassault Systèmes has developed a clear identity and value to its users through its market-proven brand strategy. Commencing in 2012 the Company began to launch Industry Solution Experiences that focus on key processes and bring together the appropriate applications from its market-leading brand applications portfolio.

The Company's brand strategy (see paragraph 1.4.2.4 "**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. In support of its "Social Industry Experiences" strategy, the Company packages its applications and user roles in Industry Processes chosen because of their business relevance in each of the 12 industries the Company targets.

Dassault Systèmes has a resilient and dynamic ecosystem of partners, including for business sales, service with system integrators, software development, educational and research and technology.

Since inception the Company has worked in close partnership with other professionals in software development and technology, in sales and marketing, in services and in education and research. 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 selectively expand and to extend its sales radius, deepen its industry expertise and relationships, as well as domain or discipline knowledge of its three sales channels. Similarly, the Company is also expanding its relationships with system integrators with strong industry expertise and regional presence for both sales and service engagements.

Moreover, the Group is engaging with its ecosystem, working with more than 400 software development partners building applications complementing its software applications as well as working with key technology partners.

The Company has worked closely for years with academic and research organizations around the world to prepare the STEM employees of tomorrow, collaborate in accelerating the creation of new software dedicated to help the digital world improve the real world and to use 3D to enable an improved learning environment for students throughout the world.

1.4.1.3 Growth Strategy

Dassault Systèmes principal growth opportunities reflect its current addressable market opportunity in PLM and the increased potential size of its addressable market, estimated at approximately $32 billion, with the expansion of its market to **3D**EXPERIENCE. The Company's growth strategy is focused on expanding its **3D**EXPERIENCE market offering, with user expansion in its core industries, diversification of its industry coverage, deepening of its regional market penetration, offering software on the cloud and through Mobile applications, and selected key acquisitions.

- Users expansion in its core industries: the Company sees opportunities to expand the number of users of its software solutions within its core industries through diversification by addressing new disciplines and new segments. Within a corporation, the Company's applications now target a large portion of the enterprise employees engaged in contributing to the end-consumer product experience, spanning from design, engineering and simulation, to manufacturing, quality assurance and compliance, and from project management, business planning & operations and service departments to marketing, point of sales. For further information see paragraph 1.4.2 "Principal Markets".
- Diversification of its industry coverage: through its focus on developing industry specific solutions for the 12 vertical industries it addresses, including its Industry Solution Experiences and processes. The Company sees opportunities to expand its presence and has developed industry solutions to further its progress in each of the industrial sectors it targets. For further information, see paragraph 1.4.2.2 "**3D**EXPERIENCE Industries Served".

- Deepening of its regional market penetration: the Company sees opportunities to grow its presence in all geographic markets. In order to strengthen and broaden its global footprint, the Company has established 12 regional field organizations to prioritize and drive the Company's growth initiatives at a local level. See paragraph 3.1.1.1 "Executive Overview for 2014" for further information on growth by geographic region.
- Availability of on premise solutions, on the cloud, and mobile applications: with the Company's **3D**EXPERIENCE platform utilizing a cloud-enabled V6 architecture, the Company is positioned to grow through its Cloud and Mobile offerings. The Company believes that it will become a growth driver with the progressive roll-out of its services offering over the coming years, as well as with the release of mobile applications using tablets because of the quick implementation time and the reduction in total cost of ownership it provides to customers. For further information see paragraph 1.4.1.4 "Technology".
- Expanding through targeted acquisitions: in 2012, the Company unveiled its next horizon, **3D**EXPERIENCE, representing a potential doubling of its addressable market, expanded its purpose and outlined a new strategy. Aligned with its strategy, the Company is complementing its internal developments with key selected acquisitions. For further information see paragraphs 1.2.2 "Investments", 1.4.1.4 "Technology" and 1.4.2 "Principal Markets".

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

Dassault Systèmes has a substantial commitment to technological innovation. Important areas of investment in R&D include, among others, the **3D**EXPERIENCE platform foundations and services, Modeling Technologies (3D, systems engineering, natural resources & biosystems), technologies for product, production and usage realistic simulation, intelligent information technologies (indexing, dashboarding and also project management and compliance) and connectivity technologies (for social and structured collaboration). Moreover, the Company's R&D efforts are centered on advancing breakthrough user experiences, and expanding the reach of its solution with native cloud and mobility solutions.

3DEXPERIENCE platform, based on the V6 organic architecture

Since 1981, the Company has introduced six versions of its architecture, the most recent of which is V6. The V6 software architecture is the foundation of the revolutionary **3D**EXPERIENCE platform that offers end-to-end and integrated scientific, engineering, manufacturing and business capabilities and services.

- 3D Dashboarding Technologies and Services: The **3D**EXPERIENCE platform provides capabilities to dashboard, monitor and summarize all enterprise and business activities. With semantics and tagging technologies, the platform provides unique ways of compassing any businesses with real-time streamed media and information in a context-aware, managed and intuitively-experienced fashion.
- Social Collaboration Technologies and Services: The **3D**EXPERIENCE platform allows any business to become social, extending from structured project and organization to social and open communities. The technology and services allow seamless integration of communities, people, rich profiles and media with access control and best of breed practices (project management, ideation, wikis, blogs, suggestion engines).
- IP as a Service Technologies: The **3D**EXPERIENCE platform integrates Dassault Systèmes' brands and industry offerings, with the semantic breadth and deepness to handle any kind of corporate Intellectual Property for any Product, Nature or Life data sets. IP Technologies and services therefore are unique assets covering IP modeling, IP lifecycle management and IP protection for all social industries.
- Cloud Technologies and Services: The **3D**EXPERIENCE platform provides cloud-based workspaces services and technologies to enable secured, concurrent, and controlled online collaborative environments to share, and innovate on any IP. This technology is unique, optimized for big data and available for remote usage for a wide variety of industry practices.
- Experiences Play Technologies and Services: The **3D**EXPERIENCE platform aims at providing real-time, realistic 3D experiences. The Play Technologies and Services deliver unmatched visualization, execution, interactivity, and scenarios experience in heterogeneous virtual universes.

3D Modeling Technologies

The Company's DNA to model and represent as scientifically accurate as possible products, nature and life has given birth to a unique portfolio of modeling technologies and services ranging from 3D Modeling to Systems Logical and Functional Modeling. This applies to a wide spectrum of applicative domains from Smart/Connected Products to urban systems, to natural resources, to biological systems and chemistry.

Virtual + Real Technologies

The **3D**EXPERIENCE is made possible by real-time realistic simulation of virtual universes. The Company has therefore made significant investments in technologies and services, enabling simulation ranging from product's complex behaviors; factory and production systems execution; and consumer usages in everyday life. This relies on unique assets for complexity management and distributed massive multi-discipline execution.

Intelligent Information Technologies

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 indexing and 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. This allows the **3D**EXPERIENCE platform customers to tackle big data challenges and benefit from next generation technologies to search, sort, filter, navigate and understand data. The real-time dashboarding technologies provided by Netvibes are in that regard a unique combination for all businesses consuming and producing massive sets of information.

Connectivity Technologies

The **3D**EXPERIENCE platform is serving the social industry experience strategy. With unique connectivity technologies and services, allowing people and communities to connect in a secure and controlled environment, with mobility and online hybrid environments, it enables a new era of innovation on extended ecosystems and fosters a truly open platform innovation for all businesses. It also enables improved project management, conformity to standards, process certification for customers and supply chain relationships.

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 cover end-to-end solutions with holistic offerings; 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 a number of technology partnerships including among others, AMD, NVIDIA, 3D Systems, Sculpteo and Z-Space.

The Company has software development partners working in each domain of 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 software solutions. See also paragraph 1.6.1.9 "Difficulties in Relationships with Extended Enterprise Partners".

1.4.2 Principal Markets

1.4.2.1 Overview

In connection with the Company's introduction of its **3D**EXPERIENCE strategy and reflecting its broad software applications capabilities, the Company has organized itself along three axis: (i) a strategy to cover customer processes based upon an industry-focused set of offerings, "Industry Solution Experiences" based upon the Company's underlying software applications portfolio, content and services; (ii) a domain-focused group of software applications organized by brand in order to ensure a strong focus on the satisfaction of end-user needs; and (iii) a global-local-specialized organization in order to leverage its global strengths, while at the same time ensuring a strong local understanding and field operations. See also paragraph 1.4.1.3 "Growth Strategy".

1.4.2.2 **3D**EXPERIENCE Industries Served

The Company's global customer base includes companies 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 and Business Services; and Natural Resources.

For its latest full fiscal year 2014, the composition of end-user software revenue by major industry was approximately as follows: Transportation & Mobility about 30% (29% in 2013); Industrial Equipment about 19% (19% in 2013); Aerospace & Defense about 12% (14% in 2013); Business Services about 11% (12% in 2013); Marine & Offshore and Other Target Industries about 28% (26% in 2013).

In connection with the Company's change in its go-to-market strategy evolution from brands to industries, it began the introduction of 'Industry Solution Experiences' commencing in 2012. The Company's Industry Solution Experiences are designed to address key business processes of the respective individual industry and are comprised of industry process experiences.

To deepen its penetration of each industry, the Company undertakes 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 **3D**EXPERIENCE Business Platform

In February 2014, the Company introduced its new **3D**EXPERIENCE platform and on Premise and on the Cloud offerings for companies of all sizes. This initial release provided an on premise offering including 41 Industry Process Experiences and 183 processes while the Cloud offering was comprised of 14 Industry Process Experiences and 60 processes. With the introduction of its second release in February 2015 the on premise and in public or private cloud portfolio was expanded to cover Roles for Users.

The V6 architecture unifies the user experience for all Processes and Industries. Built to answer customer and industry specific needs for ease of use and lower training costs, it allows customization and the integration of customer data into a single environment. It provides a single source for truth by integrating all data required to create a Process experience while eliminating costly IT operations, such as database replication.

The **3D**EXPERIENCE R2014x update is available to all Version 6 customers, and migration paths are available to the Version 5 installed base.

The **3D**EXPERIENCE Process Portfolio On Cloud is offered as Software as a Service (SaaS) on a public or private Cloud to provide increased flexibility and fast deployment. In addition to offering the same software applications which are also available on premise for a broad portfolio of Processes and Roles, it includes the operation of the Cloud environment in the price of the Processes. The public cloud operates 24 hours per day, 7 days per week, 365 days per year, and includes maintenance, licensing, and upgrades. Total Cost of Ownership is improved by reducing requirements for computing and storage, as well as facility and human resources costs.

A single interface – the 3D Compass – provides easy-to-use navigation, search, and collaboration in the **3D**EXPERIENCE platform environment that is extensible to any discipline in a company – engineering, manufacturing, simulation, sales, marketing, finance, procurement, and management.

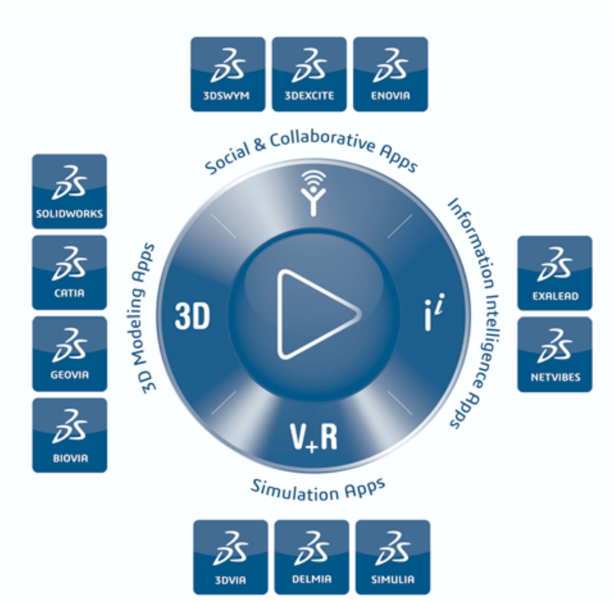
See paragraph 1.4.1.4 "Technology".

1.4.2.4 **3D**EXPERIENCE Software Applications Portfolio – Addressing the Needs of its User Communities

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

Since its inception, the Company has focused on creating a portfolio of leading brands, each focused on specific user groups. The Company continues to expand its brands and create new brands to meet the evolving needs of existing and new users across its expanded addressable market and, in addition, began introducing in 2012 Industry Solution Experiences. These solutions are designed on an industry-by-industry basis, and are designed to trigger and connect the value created by each discipline in an industry to ensure that the Company value stream is not interrupted.

Dassault Systèmes' investments in research and development as well as targeted acquisitions enable the Company to deepen and broaden its offerings for customers as well as to bring its significant assets to help advance innovation in other target domains and industries. These investments advance the Company's brand portfolio and have led to the introduction of several new brands in 2014 including: (i) BIOVIA, focused on science driven industries to help them introduce scientific innovation in the biologic, chemical and material sciences; and (ii) 3DEXCITE, focused on helping companies across core and other industries create marketing materials from virtual product representations.



3D Modeling Applications

SOLIDWORKS – Inspiring Innovation

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.
- 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.
- 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.

In February 2015, SOLIDWORKS Industrial Design was introduced, the second SOLIDWORKS application to be available on the **3D**EXPERIENCE platform, following the launch in 2014 of SOLIDWORKS Conceptual Design (formerly called SOLIDWORKS Mechanical Conceptual). With Dassault Systèmes' **3D**EXPERIENCE platform, SOLIDWORKS Industrial Design provides social design capabilities and transparent data management that allow engineers and designers to quickly solve industrial design challenges and easily transition to mechanical design. Safe, secure, intelligent data storage on the cloud can be accessed anytime from anywhere to share designs, collaborate on ideas, save and evaluate multiple concepts.

In addition to the products it offers to SOLIDWORKS users, SOLIDWORKS operates a development partnership program bringing together companies supplying complementary products that are either compatible with or tightly integrated. 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 – Shape The World We Live In

CATIA is the Company's pioneer brand and is the world's leading solution for 3D product design and innovation (source: CIMdata). 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 provides unparalleled user experiences that enable the design and engineering of products and systems in a digitally accurate 3D world.

CATIA goes far beyond traditional 3D CAD to offer a unique ability to imagine and shape the connected world. CATIA delivers the ability not only to model any product, but to do so in the context of product behavior. The CATIA **3D**EXPERIENCE delivers:

- a SOCIAL design environment that drives business intelligence, real-time concurrent design and collaboration;
- an INSTINCTIVE **3D**EXPERIENCE, powered by top 3D modeling functionalities;
- an INCLUSIVE product development platform, easily integrated with existing processes & tools enabling everyone to participate in the product design process.

- CATIA Engineering: Engineering Excellence

CATIA Engineering solutions enable the creation of any type of 3D assemblies for practically all mechanical engineering processes.

They address the specific requirements of a wide range of industries and processes, covering for example cast and forged parts, plastic injection and molding operations, composites part design and manufacturing, sheet metal parts design and advanced fastening operations.

Engineers can rely on CATIA 3D Modeling tools to define a complete mechanical product, including functional tolerances, 3D annotations as well as kinematics.

Predefined processes in CATIA empower engineers to deliver a greatly improved productivity, not only in completing the mechanical design more quickly, but also in reducing the time to perform changes in product design or in new releases.

- CATIA Design: Delivering Advantage by Design

Successful product designs evoke positive emotional responses from their consumers. Creative designers need software tools that enable them to easily craft such products, while collaborating with engineering on the functional scope. CATIA addresses the entire shape design, styling, and surfacing workflow, from industrial design to Class A surfacing. Intuitive shape design tools deliver flexibility to simplify design of any kind of complex shape, with advanced functionality like reverse engineering, real-time diagnostics, best-in-class unified surface modeling, rapid propagation of design changes, and high-end visualization. CATIA enables creative designers, design studios, and engineering departments to easily collaborate and optimize both product aesthetics and engineering.

- CATIA Systems Engineering: Mastering the cross-discipline systems development process

As the number and complexity of embedded systems continues to grow, the effective definition, modeling and simulation of these individual systems, and their interaction with other systems, becomes increasingly important. Systems engineering is essential to avoid detecting unexpected system interactions during the validation and verification phases of the product development process.

CATIA delivers a unique solution that fully enables and supports the cross-discipline systems engineering development process from systems definition through to modeling, simulation, and verification.

This solution provides a unified and integrated approach to systems engineering that manages the overall development process with cross discipline definition and navigation of the many relationships that exist between the different systems artifacts that define today's complex products.

GEOVIA – Virtual Planet

GEOVIA provides Business, Government and Individuals with **3D**EXPERIENCE Universes to Model and Simulate the Earth from the vast expanse of the geosphere to the smallest details of urban settlements.

The dramatic increase of the world's urban population affects the entire planet, causing a rapid change in the geosphere, and a limited availability of global resources.

GEOVIA supports the sustainable capture, use and re-use of natural resources across the planet, including minerals, fresh water, air, oil and gas, and various other forms of energy. From mining to urbanization, GEOVIA delivers innovations to improve life on earth.

Mining

In mining, GEOVIA's customers are increasing productivity, efficiency, and safety during the identification of extraction of natural resources. At the same time, they are also achieving a greater level of production predictability and sustainability. With GEOVIA, geologists, mining engineers, operations managers, and executives improve how they model, plan, optimize and understand mining performance to increase profitability.

GEOVIA's software spans all mining phases, including: exploration and evaluation; mine planning; optimization; and mine production. Its applications include:

- Geology and Mine Planning: GEOVIA Surpac, GEOVIA GEMS, and GEOVIA Minex enable mineral deposits to be modeled and their extraction to be designed and planned in 3D;
- Optimization and Scheduling: GEOVIA Whittle examines the viability of mineral deposits in consideration of mine designs, mining equipment, and economic factors. GEOVIA MineSched is used to schedule mine production. GEOVIA PCBC provides these capabilities for block cave mines;
- Secure, Remote Collaboration: GEOVIA Hub provides secure remote collaboration that organizes, centralizes and enables the reliable sharing of exploration, planning, and production data over low-bandwidth connections;
- Mine Production Management: GEOVIA InSite collates progress of production activities and processes to better ensure conformance to plan. Real-time data allows for rapid response to changing operating conditions and production issues.

Cities

During 2014 the Company unveiled GEOVIACity, with the objective to help potential clients improve the quality of life for the citizens by creating better urban environments for today and tomorrow. With GEOVIA, city planners work in a virtual world to model and simulate the cityscapes and all components making up a city to improve their functionnings.

GEOVIA **3D**EXPERIENCity creates unique user experiences that holistically model and analyze all parts and processes constituent to urban life in the geosphere.

Within the geosphere, human activities continuously relocate resources. In particular, urban settlements are aggregations and condensation points capturing, using, and reusing the planet's natural resources. Consequently, the effects of urbanization are not limited to the city, but rather affect the entire geosphere, the entire planet.

Through 3D simulation, the future can be displayed, by actively involving government, business, and individuals to facilitate critical decision-making processes with the aim to harmonize product, nature and life.

BIOVIA – Virtual Biosphere and Materials

BIOVIA provides a scientific collaborative environment for biological, chemical and materials experiences. Its customers include companies within a number of industries: spanning from pharmaceutical and biotechnology industries; chemicals; consumer packaged goods; food and beverage; energy, high-tech, including semiconductor and electronics; to transportation & mobility, aerospace and academic/government sectors.

BIOVIA solutions create an unmatched environment for creating and connecting biological, chemical and material innovations. The industry-leading BIOVIA portfolio integrates the diversity of science, experimental processes and information and compliance requirements across research, development, QA/QC (Quality Assurance and Quality Control) and manufacturing. BIOVIA capabilities include:

- Collaborative Science – faster discovery by leveraging multi-disciplinary collaboration, modeling and simulation as well as predictive science for the wet lab;
- Unified Laboratory Management – harmonizing and managing all of the resources required to conduct experiments within a laboratory and then sharing that information internally across the laboratories within an organization and externally with a company's partners;
- Process Production Operations – providing real-time, on-demand data access, analysis and reporting of manufacturing and process development data to make manufacturing process outcomes more predictable;
- Quality and Regulatory Management – supporting regulatory and quality operations in life sciences and other highly regulated industries.

BIOVIA's vision is to allow organizations to collaborate more effectively by managing and sharing information across the value chain from research to commercialization, internally and externally, with the supply chain and partners. By managing and sharing information down to the molecular level, scientists can better understand what is happening within a substance, whether it is a chemical, a biological entity or a new material.

Integrating BIOVIA's suite of scientific informatics solutions with Dassault Systèmes' **3D**EXPERIENCE platform will create significant opportunities for BIOVIA in terms of collaboration, project management, data and content reuse, traceability and other processes, applications and integrations that are absolutely critical to science-driven industries.

Content and Simulation Applications

SIMULIA – Realistic Simulation

SIMULIA's simulation software is used to perform realistic virtual testing to improve the quality, reliability and safety of their products. With its simulation software engineers and designers are able to solve a wide array of challenging problems – whether they are developing wind turbines, trains, planes, automobiles, clothing, cellphones, computers or medical devices; or researching earthquakes, volcanos and oil and gas reservoirs; or even analyzing the behavior of the human body.

In 2014, Dassault Systèmes launched The Living Heart project, which leverages SIMULIA's simulation technology. The project unites leading cardiovascular researchers and educators with medical device manufacturers, regulatory agencies and practicing cardiologists to develop and validate personalized, digital human heart models. The goal is to evaluate virtual testing paradigms – beginning with the insertion, placement and performance of pacemaker leads and other cardiovascular devices – to help bring personalized cardiac-patient care closer to reality.

SIMULIA has also expanded its technology applications through recent acquisitions to include design optimization, simulation process automation, durability and fatigue, injection molding analysis, and multibody dynamic simulation.

As an integral part of the Dassault Systèmes **3D**EXPERIENCE platform, SIMULIA applications accelerate the process of evaluating the performance, reliability, and safety of materials and products before committing to physical prototypes. The Company's global team of simulation experts helps customers meet their education, research and development.

- Finite Element Analysis (FEA): Enables users to create virtual prototypes to analyze realistic physical performance of products, materials and processes. Analysis capabilities enable designers and engineers to evaluate and improve products for linear and nonlinear stress, temperature fluctuation, vibration, shock, crash, drop contact between parts and more.
- Computational Fluid Dynamics (CFD): Provides capabilities to gain deeper understanding of how fluids and gasses flow through or around products or systems, such as piping, valves, and human blood vessels.
- Multiphysics Simulation: Enables designers and engineers to analyze two or more interacting physical phenomena within a virtual prototype such as: fluid-structure interaction, structural-acoustics, thermal-electric, thermal-fluid-mechanical, among others.
- Plastic Injection Simulation: Provides capabilities for designers of injection molds and plastic parts to predict and avoid manufacturing defects during the earliest stages of part and mold design. It provides capabilities to simulate the filling and packing phases, clamping forces for tools, and cooling of molds and parts, as well as many others.
- Durability and Fatigue: Enables users to analyze structural failure and life expectancy due to repeated or random loading cycles. It provides capabilities to analyze fatigue life and crack locations in metals, elastomers and welded joints.
- Multibody Dynamics: Provides capabilities for analyzing dynamic performance of mechanical or mechatronic system. It enables engineers to generate and solve virtual 3D models in order to predict and visualize motion, forces and stresses including; high frequency transient analyses, into the acoustic range and complex non-linear models with flexible bodies and harsh shock contact.
- Design Exploration and Optimization: Empowers designers and engineers to automate the process to perform hundreds of design trade-off studies of real-world behavior rapidly using a full range of tools for advanced workflows and optimization applications.
- Simulation Process, Data, and Lifecycle Management: Enables users to perform simulation and test data management. Capabilities are provided for simplifying the capture and deploy approved simulation methods, automating standard simulation processes, collaborating on performance-based decisions, and managing and securing simulation-generated intellectual property.

DELMIA – Global Industrial Operations

An integral part of the Dassault Systèmes **3D**EXPERIENCE platform is the connection between the virtual and real worlds. Operational excellence requires harmony across design, production, distribution, human resources management and processes. DELMIA enables to design and test products in a simulated production environment, and then to plan, produce, and manage resources and customer delivery.

DELMIA Digital Manufacturing solutions drive manufacturing innovation and efficiency by digitally planning, simulating, and modeling global production processes. DELMIA allows manufacturers to virtually experience their entire factory production. These simulation activities allow manufacturers to better address and shift processes so as to quickly respond to the competition, or to take advantage of new market opportunities.

Moreover, DELMIA Manufacturing Operations Management solutions help improve visibility into, control over and synchronization across manufacturing operations and supply chain processes on a global scale. The ending result is improved agility and expanded continuous improvement across the enterprise and extended global supply chain. Manufacturers leverage DELMIA solutions to establish a common set of operational processes that can be created, managed and governed holistically.

Further, Quintiq Operation Planning and Optimization solutions powers planning, scheduling and optimization for complex processes across all planning horizons. It enables customers to build on their competitive differentiators and plan for profit by capturing their operational reality – down to the last significant detail. Quintiq enables DELMIA customers to integrate supply chain planning and optimization to plan their workforce, manufacturing environment, and logistics operations.

3DVIA – Consumer Experience

3DVIA provides enterprises and consumers easy to use and fun 3D space planning solutions and services that enable new ways to make the best buying decisions.

For enterprises, 3DVIA Home offers home improvement retailers and brand manufacturers an omnichannel space planning solution to design the ideal kitchen, bathroom or storage area. Retailers enjoy cost-effective high quality leads, shortened sales cycle and greater sales productivity. With 3DVIA Store, retailers test and optimize store design concepts and adapt centralized merchandizing plans to meet local store constraints. The result is a better in-store consumer experience, greater store adherence to brand guidelines and marketing campaigns and improved results.

For individuals, 3DVIA enables consumers to design and plan home projects in a social way. Consumers can find inspiration from thousands of other projects, build their own concepts or simply visualize ideas quickly using dedicated room configurators. Top designers' and manufacturers' products, as well as thousands of generic furniture selections, colors and materials empower users to fully customize their projects and truly make them unique.

Social and Collaborative Applications

ENOVIA – Collaborative innovation

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

ENOVIA offers a rich portfolio of collaborative enterprise business process applications that complete the **3D**EXPERIENCE platform and facilitate business processes interoperability in context of various information and data authoring applications, such as CATIA, DELMIA, SIMULIA and other Dassault Systèmes' solutions.

ENOVIA applications by business themes include:

- Product Planning and Programs: ENOVIA's applications for Program and Project Management, Contract Management, Design History File Management for regulatory compliance address the needs for monitoring enterprise-wide critical PLM business processes;
- Strategic Customer Relationships: ENOVIA's customer relationship portfolio includes requirements management, product configurator, Social Networking and 3DMerchandising solutions. These products help companies transform from designing products to creating customer experiences;
- Global Product Development: 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;
- Strategic Supplier Relationships: 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;
- Quality and Compliance: ENOVIA's applications support Materials Compliance, Auditing, Document and Records Management. These products help companies pro-actively manage regulatory compliance as part of the product development process;
- IP Classification and Security: ENOVIA's applications for IP Classification and Security provide companies the flexibility to collaborate on global scale while maintaining the security required for operating their businesses.

3DEXCITE – Marketing in the Age of Experience

3DEXCITE software, solutions, and imagery services provide high-end 3D visualizations in real-time. 3DEXCITE opens up creative freedom to deliver emotional assets for digital, interactive marketing, and sales experiences. From consulting to workflow to final visualization assets, 3DEXCITE transforms engineering data into powerful visual experiences which we call *engineered excitement*.

- Software: 3DEXCITE's leading software applications and technologies form the basis to create 3D visualizations for all types of products with the highest visual quality – even before they are built. Key products include:
  - quick & easy visualization: 3DEXCITE Bunkspeed;
  - high-end 3D visualization: 3DEXCITE Deltagen, Deltaview, Deltatex;
  - visual asset management: 3DEXCITE Picturebook, Powerhouse.

  Drawing on the innovative software applications, creative, interactive solutions cover all aspects of the product lifecycle. Solutions are structured along the four key disciplines of Design, Development, Marketing, and Sales:

- **3DEXCITE Design Solutions** enable a borderless workflow, allowing designers to continuously review the geometry, materials, and design throughout the creative process. Dedicated tools and functions allow them to effectively communicate their ideas in real-time, involving consumers and decision-makers from the very start;
- **3DEXCITE Development Solutions** permit instant and continuous visual and functional analysis, simulation, and review of engineering work. Highly realistic 3D visualizations allow testing of complex situations in real-time, enriched by different types of simulation data, leading to extensive cost and time savings;
- **3DEXCITE Marketing Solutions** create a seamless interplay between design and marketing disciplines to accelerate communication from early stages, taking internal awareness of a new product to a new level. Global marketing teams are only a mouse-click away from the latest visualizations of future products, allowing them to fine-tune for local requirements. Companies can plan launch events even before the product is built – thanks to cross-channel imagery productions based on 3D design data;
- **3DEXCITE Sales Solutions** provide the tools for a unique product experience – whether at the Point of Sale (PoS), at events, online, or on the go. Its integrated approach intelligently uses source data created in earlier stages of the product development process, helping to significantly reduce the sales cycle and facilitating for customers their decision process, from try to buy.

- Computer Generated Imagery ("CGI") services: Highest visual quality, sophisticated artistic effects, and spellbinding interactive experiences are what make the CGI services portfolio so unique. The main categories of CGI services include: Stills; Films and animations; Real-time interactive visuals; and Data preparation.

Information Intelligence Applications

EXALEAD – Data in Business

EXALEAD has been helping organizations access, explore, and analyze their most relevant information, delivering data discovery applications that make sense of large volumes of digital assets. Its breakthrough experiences, incorporating the EXALEAD CloudView infrastructure, significantly enhance customer interaction, digital asset management and machine Big Data analysis (Internet of Things, or IoT).

- Customer Interaction: Aggregate, visualize and analyze information to better know and engage with customers.

  With its 360-degree view of customers, EXALEAD OneCall unlocks the value of data and information spread across a company's systems, freeing up call agents to engage customers in ways previously not possible.

- Digital Assets: Reveal existing information spread throughout the enterprise, capitalize on and reuse it.

  EXALEAD OnePart quickly and efficiently discovers digital assets (parts, assemblies, designs, and supporting documentation), enabling reuse to accelerate product time-to-market at lower cost and lower risk, leading to duplicate part number avoidance and a significant reduction of inventory. EXALEAD OnePart Reduce introduces a new way to work, focused on classifying and deduplicating existing parts, thus decreasing legacy parts, simplifying the system, and cutting unnecessary costs tied up in stock.

- Big Data Applications (IoT): Compile, analyze, and uncover the value of system-generated data to create new services.

  EXALEAD CloudView helps making sense of the invisible for smart operational decision-making. The EXALEAD CloudView search engine gathers, aligns and enriches today's distributed, diverse machine data. Leveraging previously under-utilized information, CloudView provides real-time operational reporting and analytics to accelerate innovative new product development.

As part of the Information Intelligence quadrant of the **3D**EXPERIENCE platform, EXALEAD's advanced semantics and analytics capabilities deliver information in context across industries, anywhere, any time. Engineered for enterprise and web delivery, EXALEAD helps users and decision makers improve business processes and achieve competitive advantage.

NETVIBES – Dashboard Intelligence

NETVIBES dashboard intelligence helps enterprises identify and manage everything on real-time, personalized dashboards designed to enable better, faster decision-making. All employees can understand everything that matters across all internal systems and across the social web, anywhere, anytime, on any device – all in one place. NETVIBES also goes beyond business intelligence with real-time, industry-specific social analytics and SmartTagging for gathering expert human opinions, and it helps users save time with automated reporting and intelligent alerts on what matters, 24/7.

1.4.2.5 Sales and Marketing

The Company's customers range 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 and domain specialists. No single customer or sales channel partner represented more than 5% of the Company's total revenue in 2014 and 2013.

- 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 58% and 56% of revenue in 2014 and 2013, respectively.
- 3DS Value Solutions channel: sales to small and mid-sized companies are conducted indirectly generally through the Company's Value Solutions channel, a global network of value-added resellers with Industry specialization. This channel represented 23% and 24% of the Company's revenue in 2014 and 2013, respectively.
- 3DS Professional channel: the 3DS Professional channel is an indirect 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 19% and 20% of the Company's total revenue in 2014 and 2013, respectively.

In addition to its sales channels, the Company is actively developing and expanding relationships with system integrators with industry and domain expertise.

1.4.2.6 Education Initiatives

Dassault Systèmes solutions are used in nearly 35,000 schools around the world. An estimated 4 million students use the Company's solutions. Students that apply Dassault Systèmes tools in school and in research are well prepared for their future jobs and careers.

As the **3D**EXPERIENCE leader in Science Technology Engineering and Mathematics (STEM) education, Dassault Systèmes works hand-in-hand with teachers all over the world to develop innovative pedagogical curriculum and learning experiences through enhanced teaching methods and 3D experiences, which will contribute to the training for the engineers of tomorrow. Dassault Systèmes is committed to help develop the 21st century global skill sets.

Dassault Systèmes is also one of the founders of key academic associations such as the Global & European Engineering Deans Councils, the International Federation of Engineering Education Societies or the Cartagena Network of Engineering.

1.4.2.7 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. The Company's competitors generally compete with it in specific areas of its portfolio or in a specific set of industries, 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 with respect to the Company's SOLIDWORKS product line) who generally compete with it on a worldwide basis. Competitors also include companies focusing on specific domains or industries, including among others Oracle and SAP with respect to ENOVIA, DELMIA and Quintiq software applications and Altair Engineering, ANSYS Inc., and MSC Software, among others, with respect to SIMULIA software applications.

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 or offering information intelligence and social enterprise innovation and collaboration software capabilities, and developers in all areas of molecular chemistry or biology, optimizing processes or digital marketing.

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 1.4.2.5 "Sales and Marketing", and the strategic partnership contracts described in paragraph 1.4.1.4 "Technology" (see "Technology and Software Partners").

In 2011 Dassault Systèmes announced its investment in Outscale, a start-up to provide Cloud operator services, and signed an agreement to use these services.

In June 2013, the Company entered into a term loan facility agreement for €350 million, which will be repaid in July 2019. See paragraph 3.1.4 "Capital Resources" and Note 20 to the consolidated financial statements.

The Company signed long-term leases (for 12 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. 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 during the first quarter of 2017 when construction is expected to be completed. See 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, 2014, the Company's R&D teams included 5,562 personnel, compared to 4,774 at year-end 2013, representing approximately 42% of the Company's total headcount. The Company increased its total R&D headcount by 16.5% in 2014 and by 8% in 2013, principally reflecting growth in R&D resources through acquisitions for both periods.

The Company has research facilities located primarily in France, the United States and Germany, as well as in India, the United Kingdom, Malaysia, Poland, Netherlands, Australia, and Canada.

R&D expenses totaled €409.7 million for 2014, compared to €375.5 million for 2013, increasing 9.2%, or approximately 11% excluding net positive currency effects. R&D costs benefited from government grants and other governmental programs supporting R&D of €43.1 million in 2014 and €27.4 million in 2013. 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 protects its technology by applying a combination of IP rights including copyrights, patents, trademarks and trade secrets. The Company distributes its software products to its customers under licenses that grant software utilization rights and not ownership rights. 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 under an intelligible form, and used, once compiled, to generate the object code licensed to clients and partners) of the Company's products is protected both as a copyrighted work and as a trade secret. In addition, some of the key capabilities of its software products are protected through patents whenever 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 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 legal proceedings.

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 2014, the Company's portfolio comprised 326 protected inventions, including 49 new inventions in 2014. Patents have been granted in one or more countries for more than half these inventions, and patents for the others are pending. When a patent filing is deemed unsuitable, certain inventions are kept secret, with the proof of creation being saved. The Company also has a cross-license policy for patents with major players in its industry. The acquisition of Accelrys increased the portfolio of around a hundred additional patents, in addition to the figures mentioned hereinbefore.

See paragraph 1.6.1 "Risks Related to the Company's Business", and particularly 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 intellectual property, and paragraph 1.6.1.10 "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 intellectual property.

1.6 Risk factors

The Risk Factors are set out hereafter in two main categories: risks related to the Group's Business (1.6.1) and financial and market risks (1.6.2). These are the main risks identified as being material, relevant and liable to have a negative impact on the Company's business and financial position as of the date on which this Annual Report (*Document de référence*) was filed with the AMF. However, other risks not mentioned or not yet identified can affect the Company, its financial position, its reputation, its outlook or the share price of Dassault Systèmes SA.

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, mainly 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, or to reduce or not to renew 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 part of the Company's revenue, have been and will continue to be impacted by the current economic context, just as other industry sectors such as mining, energy or construction;
- 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; and

- the political, economic and monetary situation in certain geographic regions where the Company operates could continue to deteriorate.

The Company makes every effort to take into consideration this uncertain macroeconomic outlook. The Company's business results, however, may not develop as anticipated. 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.

Finally, given public debt challenges, 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 (see paragraph 3.1.2 "Consolidated Information: 2014 Compared to 2013" for the breakdown of consolidated Group revenue by geographic region). It also continues to ensure that its costs are controlled for the entire organization.

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 don't provide a full coverage of the Company's products and can be breached by third parties. 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 entered 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 be inappropriate 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 extend its anti-piracy strategy, which is proving effective.

1.6.1.3 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. The Company also works as closely as possible with its customers to ensure successful product installation.

The Company has also subscribed 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").

1.6.1.4 Currency Fluctuations

The Company's results of operations have been affected by changes and high volatility in exchange rates in 2014, and are likely to be affected again in the future. In particular, exchange rate fluctuation of the Japanese yen or of the U.S. dollar relative to the euro, can impact revenues and expenses recorded in the Company's statement of income upon translation of other currencies into euro.

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, depending on the Company's employees and suppliers location in different countries. Moreover, the Company engages in mergers and acquisitions, particularly outside the euro zone and may lend money in different currencies to its wholly or partially owned subsidiaries or affiliates.

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 euro regains strength against the dollar 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 – in particular the Japanese yen – 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 "foreign exchange gain/loss" caption of the Company's financial statements.

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.

To address the risks created by currency fluctuations, the Company carries out hedging operations on a case-by-case basis (see Note 21 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 spite of less stress on sovereign debt and financial institutions, 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").

1.6.1.5 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.

In order to reduce this risk, 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 Market introduction 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. It continues to grow its portfolio of software solutions and processes available on the cloud. As a result, Dassault Systèmes manages data hosting on behalf of its customers and therefore has increased responsibility toward its clients, particularly with respect to 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 appropriate 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.

1.6.1.7 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, develops new approaches to its business (product distribution and online services) and as the legal and tax regulations with which it must comply grow increasingly more complex. 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. 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 (see also paragraph 4.3 "Legal and Arbitration Proceedings" and Note 25 to the consolidated financial statements), some of which may be covered by insurance (see paragraph 1.6.3 "Insurance").

1.6.1.8 Competition and Pricing Pressure

In the past few years, there have been fewer contenders 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 development of cloud computing offers may also lead to new contenders entering the market. 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.

1.6.1.9 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.

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 the development and deployment of 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.

In addition to its own sales force, the Company also relies on an international network of distributors and value-added resellers. The type of relationship that the Company has with its distributors and value-added resellers as well as their financial and technical reliability could impact the Company's ability to sell and deploy its product and services offering.

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.

1.6.1.10 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 before their acquisition. 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 before making them available for sale.

1.6.1.11 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 financial or operational performances.

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.

Moreover, these operations may require the Company to recognize amortization of acquired intangible assets and/or depreciation of goodwill in case of impairment (see Note 2 to the consolidated financial statements). 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 risks related to commitments or contingent liabilities, including litigation risk related to pre-acquisition 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, cash, or net income.

The Company seeks to adjust on a regular basis its organization and management model to support its current level of growth by enhancing its geographic-based organization and constantly improving the productivity of its sales force in order to serve its customers in close proximity to their local markets.

1.6.1.12 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 personnel, in particular in R&D, technical support and sales management, and on its ability to continue to attract, retain and motivate qualified personnel as well as keep their skills continuously up to date in line with the organizational needs. 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 executives, 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.

1.6.1.13 Complex International Regulatory Environment

The Group's acquisitions help it extend its geographic footprint by strengthening its position in countries where it previously had not been, or had only marginally been present until now, through increasing the breadth of its business, the diversity of its customers (particularly individuals). Due to these factors and to its listing on the French 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. Furthermore, the focus on tax matters is rapidly increasing in many countries where the Company has operations.

In order to reduce this risk, personnel within the financial and legal departments attend regular training to stay abreast of regulatory or related issues. Moreover the Company audits its subsidiaries in the world on a regular basis and consults outside experts to validate the compliance of some of its practices and the compliance with the applicable regulations.

1.6.1.14 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 reduce 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 also maintains close and regular contacts with its key customers to identify and capture their emerging needs and to offer the most adapted solutions. 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.

1.6.1.15 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.

1.6.1.16 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.

1.6.1.17 Shareholder Base

Groupe Industriel Marcel Dassault SAS ("GIMD"), which represents the interests of some of the Company's founding shareholders, owned 41.11% of the Company's outstanding shares, representing 55.74% of the exercisable voting rights (55.04% of theoretical rights) as of December 31, 2014. 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 Financial and 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 21 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 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 21 to the consolidated financial statements.

1.6.2.2 Foreign Currency Risk

See Note 21 to the consolidated financial statements and paragraph 1.6.1.4 "Currency Fluctuations" above.

1.6.2.3 Liquidity Risk

The Company generates positive cash flow from operations. The Company has financial obligations (such as bank loans, loan facilities and employee profit-sharing), but has a positive net financial position throughout the year. The Company thus has a low liquidity risk. As of December 31, 2014, the Company's cash, cash equivalents and short-term investments totaled €1.18 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, 2014. 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, 2014.

CONTRACTUAL OBLIGATIONS

		Payments due by period			
(in thousands of euros)	**Total**	Less than 1 year	1-3 years	3-5 years	More than 5 years
Operating lease obligations[(1)]	539,147	70,282	129,751	107,915	231,199
Loan facilities[(2)]	383,747	15,186	10,365	358,196	-
Employee profit-sharing	55,451	55,451	-	-	-
TOTAL	**978,345**	**140,919**	**140,116**	**466,111**	**231,199**

(1) Including €272.8 million of future minimum rental payments for the Company's headquarters facilities located in Vélizy-Villacoublay, France and €102.8 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 on the €350 million term loan facility and on the Japanese loan facility (see Note 20 to the consolidated financial statements).

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 21 to the consolidated financial statements. The Company uses a rigorous selection process for its counterparts according to credit quality, based on several criteria including agency ratings and depending on the maturity dates of the transactions.

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

Dassault Systèmes is insured by several insurance companies for all significant risks. Most of these risks are covered either by insurance policies underwritten in France for the whole Group, or by a North American policy that covers all the 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.

All of the Group's companies are protected by a civil and product liability policy for a total insured amount of €30 million for 2014. 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 €30 million for 2014.

In 2014, the Group renewed its Directors and Officer's Liability Policy for Dassault Systèmes SA and its subsidiaries, for a total insured amount of €50 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 North American companies and most of their subsidiaries have specific insurance cover. 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 additional coverage for the various insurance policies covering the North American companies and their subsidiaries, Dassault Systèmes carries an umbrella policy for a maximum amount which has been increased to $25 million.

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 Group.

Dassault Systèmes has not established captive insurance coverage.

2

SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY

CONTENTS

Dassault Systèmes, the **3D**EXPERIENCE Company, constantly strives to provide business and people with **3D**EXPERIENCE universes to imagine sustainable innovations capable of harmonizing product, nature and life.

Social, societal and environmental engagement has always been at the heart of the Group's strategy by the very nature of the solutions developed and beneficial effects. Indeed, virtual universes make it possible to address business challenges such as process security, environmental impact, production chain ergonomics, and more.

Given its activity as a software editor, the Group's goals are to attract diversified talents around the world, to contribute to the development of scientific profiles and to enable sustainable innovation for customers.

This strategy has enabled Dassault Systèmes to be recognized in various rankings of sustainable development such as the *Global 100 Index, FTSE4Good, ECPI* and the *Carbon Disclosure Project*.

2.1 Social and Societal Responsibility

2.1.1 Dassault Systèmes and its Employees

Dassault Systèmes' ambition can only be achieved with its employees who are its most valuable asset. They represent the culture and values of the Company and are at the heart of its strategy and its long-term development. In the light of the Group's rapid growth, the climate of innovation in which it operates and its growing number of business sectors, its main human resource challenges are the following:

Continuing to develop the skills portfolio

Dassault Systèmes is permanently extending its range of expertise and hires highly varied profiles. The Group has "selling points" to attract these talented individuals and keep them motivated: a long-term and high societal value strategic vision as well as a dynamic and collaborative working environment, focused on communities of interests and expertise.

Deployed in 2009 and based on the **3D**EXPERIENCE platform, this corporate social media community reveals new forms of learning, assembling and connecting ideas and expertise, thus stimulating innovation and contributing to the development of each employee.

Rapidly integrating new employees

One of the challenges within a rapidly and constantly growing company is to integrate new employees rapidly. To do so, Dassault Systèmes uses on-line communities that provide fast-paced access to information relating to the Company, organizations and projects while showcasing the responsibilities, skills and contributions of each employee. The new initiatives called "Day 1, Day 90" were put in place in 2014 and are aimed at helping new hires settle into their new working environment.

Developing a co-management system

One challenge within an international company is to ensure operational excellence in every country while remaining compliant with the Group's policies and models. With this in mind, Dassault Systèmes has implemented a system of co-management between the functional and operational management teams.

Transforming information into strategic value for the Company and its ecosystem

The continual interaction of employees within the Company and with its ecosystem of customers and partners, through applications, on-line communities and social media, generates a vast quantity of information, including structured and non-structured data on a daily basis, which form part of the Company's intellectual and economic property. The challenge lies with analyzing, processing in real time, connecting and representing this information and data so that it can be converted into competitive advantages and decision making-aids. With its **3D**EXPERIENCE platform, Dassault Systèmes already has its own tools for managing and monitoring the Company's business.

In order to meet these challenges, and drive the Group towards its goal and ensure the permanent development of its employees' skills, the Human Resources objectives of Dassault Systèmes are based on the following areas of focus:

- **"Organizing" the Company** to support growth and the delivery of the strategy, while encouraging the agility of the organizational structure and its ability to absorb growth and stimulate innovation;

- **"Attracting & Developing" a wide variety of talented individuals,** capable of integrating and developing in the Dassault Systèmes culture and respecting its values; developing these talented individuals by giving the priority to a "learning through doing" approach, in other terms learning through sharing experiences and learning in real conditions; developing the appeal of jobs and careers of Dassault Systèmes, by highlighting the societal and technological dimensions of the Group; lastly, combining the talented individuals and providing each of them with the possibility to maximize their full potential through their involvement in projects consistent with their competencies and desires;
- **"Welcoming"** the employees joining the Group through acquisitions. For this purpose, Dassault Systèmes has defined a process and a methodology designed to guide new employees in understanding the Dassault Systèmes organization, processes and culture, by giving each of them new development opportunities within the Company;
- **"Valuing" acknowledging and rewarding performance** and the contribution made to delivering the corporate strategy, while encouraging a passion for innovation and favoring the collective and social dimensions advocated by the values of Dassault Systèmes;
- **"Securing"** the Company's human resources, real estate and other property, and intellectual property (see paragraph 1.6.1.2 "Challenges to the Company's Intellectual Property Rights") and its ecosystem (clients and partners), guaranteeing the professional ethics and employer/employee dialogue, in order to secure the sustainable nature of Dassault Systèmes, its jobs and partnerships.

2.1.2 Organizing to support growth and the delivery of the strategy

The Dassault Systèmes Group is organized according to its major fields of activity: R&D; Sales; Marketing; administration and other functions, located in three large geographic regions: Europe, Americas and Asia. Its workforce is made up of employees, service providers and 3DPLM Ltd, a company in which the Group owns less than 50%.

In 2014, the Group continued its growth by acquiring new companies, and further expanding the scope of skills development opportunities for it employees.

The data related to the characteristics of the Group's workforce presented in this report was established using the employee reporting method defined in paragraph 2.1.7 "Methodology for Employee Reporting".

Overview and growth of Total Workforce

As of December 31, 2014, the Total Workforce was 13,312, up 24.9% compared to December 31, 2013. The number of employees over the last three years is set forth below:

Years ended December 31,	Employees	Service Providers	3D PLM	Total Workforce	Percent change
2014	11,013*	474	1,825	13,312	24.9%
2013	8,587	378	1,689	10,654	5.3%
2012	8,101	428	1,593	10,122	6.0%

* Indicator verified by the independent verifier.

Overview and growth of Employee Headcount

Growth of the Company

As of December 31, 2014, the Employee Headcount was 11,013 full-time equivalent employees, located in 40 countries and coming from 116 different countries, up 28% from December 31, 2013. This growth is mainly external due to the significant acquisitions made during 2014 namely Accelrys, Quintiq and RTT (see paragraph 1.2.2.1 "Acquisitions in 2014 and 2013").

Distribution by geographic region

	Europe		Americas		Asia		Total	
Years ended December 31,	Employees	%	Employees	%	Employees	%	Employees	%
2014	5,787	53%	3,449	31%	1,777	16%	11,013*	100%
2013	4,480	52%	2,866	33%	1,241	15%	8,587	100%

* Indicator verified by the independent verifier.

The change in the distribution of the headcount between 2013 and 2014 is explained by a difference in growth between the different geographic regions: +29% in Europe, +20% in the Americas and +43% in Asia resulting from the location of the Employees joining the Group following the acquisitions made by the Group in 2014.

Distribution by activity

Similarly, in 2014, the highest level of growth in the Employee Headcount was recorded in Sales and Marketing and Services as a result of these acquisitions, 63% of the Employee Headcount represented by these categories.

	Europe		Americas		Asia		Total		Total	
	Employees 2014	%	Employees 2014	%	Employees 2014	%	Employees 2014	%	Employees 2013	%
R&D	2,133	37%	1,121	33%	264	15%	3,518	32%	2,913	34%
Sales, marketing and services	2,901	50%	1,858	53%	1,332	75%	6,091	55%	4,611	54%
Administration and other	753	13%	470	14%	181	10%	1,404	13%	1,063	12%
TOTAL AT DECEMBER 31	**5,787**	**100%**	**3,449**	**100%**	**1,777**	**100%**	**11,013***	**100%**	**8,587**	**100%**

* Indicator verified by the independent verifier.

Distribution by gender

The proportion of women in the Group, stable between 2013 and 2014, may seem relatively low. This is mainly explained by the low number of women in engineering schools which is still one of the main sources of recruitment for Dassault Systèmes.

	Europe		Americas		Asia		Total		Total	
	Employees 2014	%	Employees 2014	%	Employees 2014	%	Employees 2014	%	Employees 2013	%
Women	1,301	22%	861	25%	424	24%	2,586	23%	1,947	23%
Men	4,486	78%	2,588	75%	1,353	76%	8,427	77%	6,640	77%
TOTAL AT DECEMBER 31	**5,787**	**100%**	**3,449**	**100%**	**1,777**	**100%**	**11,013***	**100%**	**8,587**	**100%**

* Indicator verified by the independent verifier.

Other characteristics of Employee Headcount (Indicator verified by the independent verifier in 2014)

Breakdown by type of contract remained relatively stable. 98% of the Employee Headcount had permanent contracts in 2014 versus 99% in 2013.

In 2014, Managers represented 19% of the Dassault Systèmes Headcount versus 21% in 2013. This reduction is explained by the fact that the proportion of managers in the companies acquired in 2014 is lower (16%).

The breakdown of the following information is presented in paragraph 2.1.8 "Additional data concerning the Group's Employee Headcount". The main items are as follows:

- at December 31, 2014, 14% of the women employed by Dassault Systèmes and 21% of the men working for the Company are Managers, versus 16% and 22% respectively in 2013. The reduction in the overall proportion of managers is automatically translated in the same manner both for men and women;
- the distribution of the Company's employees by age and seniority remained stable between 2013 and 2014.

Outside service providers and sub-contracting

Dassault Systèmes regularly calls on outside service providers when it requires resources with specific know-how, for projects with a limited duration.

The cost of using outside Service Providers in 2014 amounted to €75.1 million, versus €66.2 million in 2013, an insignificant amount in relation to the Dassault Systèmes revenue (€2.29 billion in 2014 and €2.07 billion in 2013).

At December 31, 2014, 474 outside service providers (data expressed in full-time equivalents) worked for the Group:

	Europe		Americas		Asia		Total	
Year ended December 31,		%		%		%	Employees	%
2014	217	46%	177	37%	80	17%	474	100%
2013	192	51%	138	36%	48	13%	378	100%

Dassault Systèmes only establishes contractual relationships with sub-contractors that respect the fundamental laws and regulations concerning labor law and environmental protection (see paragraph 2.1.6 "Principles of Corporate Social Responsibility and commitments to ensuring respect for basic rights").

Organization

Work time

In each country where Dassault Systèmes has operations, the length of the workweek is determined according to the local regulations in force. It is generally set at 40 hours. This is the case in particular 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 under the system of annual working days *(forfait jours)* or the hourly system *(mode horaire)*. Employees under 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 in force within each company.

Full-time and part-time

98% of the Employee Headcount work on a full-time basis. 6% of women and 1% of men work on a part-time basis. These figures are relatively stable versus 2013. Full details of the following information are presented in paragraph 2.1.8 "Additional data concerning the Group's Employee Headcount".

Absenteeism (Indicator verified by the independent verifier in 2014)

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 information presented below covers a part of the Group's French companies (Dassault Systèmes SA, Dassault Systèmes Provence SAS, Dassault Data Services SAS, Netvibes SAS, Archivideo SA and 3DVIA SAS), which represent 30% of the Employee Headcount:

- in 2014, the reasons for employees not reporting for work, excluding annual leave, are as follows: illness: 9,806 days, maternity and paternity leave: 4,827 days; workplace and work-related travel: 834 days. The resulting absenteeism rate is 2.2%, a slight decrease from 2013 (2.5%);
- the total number of authorized absences (such as parental leave and leave for family events excluding paid leave) was 2,803 days at end 2014, or 0.4% of the number of days theoretically worked. This rate was 0.6% in 2013.

In the Group's other main countries, the rate of absenteeism is as follows: 0.9% in the United States versus 1.2% in 2013; 2.9% in Canada versus 3.5% in 2013; 2.9% in Germany versus 3.9% in 2013; 1.3% in the United Kingdom versus 1% in 2013; 0.5% in Japan versus 1.5% in 2013; 1.8% in China versus 1.5% in 2013. The rate remains very low in India and Korea (less than 1%), where absenteeism for reasons of short-term illness is difficult to ascertain as it is included in paid leave.

2.1.3 Attracting and developing talented individuals within the Group and developing relationships with the outside environment

2.1.3.1 Attracting talented individuals

Recruitment is a priority for Dassault Systèmes, in order to meet requirements generated by its growth. The Group aims to be acknowledged as an exemplary operator that contributes to the development of employability in all its forms (jobs, apprenticeships and internships) and forges relationships with major educational establishments and universities in the major countries in which the Group operates. A set of actions are consequently being undertaken in the vast majority of the countries where the Group has facilities. (see also paragraph 2.1.1.3 "Developing relations with the social, regional and community environment").

Dassault Systèmes seeks to recruit most of its employees locally, thus contributing to economic growth in each of the 40 countries in which it operates. At December 31, 2014, two-thirds of the Group's Employee Headcount was located outside France and the Group had employees from 116 different countries.

In general, all available positions are published internally and externally and priority is given to internal promotion over external recruitment where the skill level is equal.

To work for Dassault Systèmes, it is important to have a passion for technological innovation, a desire to work with other people and an appetite for a challenge.

Moreover, Dassault Systèmes offers its employees an attractive working environment in premises most of which boast excellent green ratings (57% of the Employee Headcount in 2014 compared with 52% in 2013) and infrastructures conducive to teamwork.

Employee arrivals and departures

Employee arrivals

	Europe		Americas		Asia		Total		Total	
	Employees 2014	%	Employees 2014	%	Employees 2014	%	Employees 2014	%	Employees 2013	%
Permanent contracts	1,650	86%	1,003	98%	715	99%	3,368	92%	1,286	89%
Temporary contracts	272	14%	16	2%	7	1%	295	8%	163	11%
TOTAL	**1,922**	**100%**	**1,019**	**100%**	**722**	**100%**	**3,663***	**100%**	**1,449**	**100%**

* Indicator verified by the independent verifier.

The companies acquired in 2014 represent over two-thirds of the Group's new employees and largely explain the characteristics described hereafter.

Among the 3,663 employees hired in 2014, the vast majority were done so on a permanent basis as in 2013 and managerial positions represented 11% of hires in 2014 versus 7% in 2013.

On average, the number of new hires was 43% in 2014 compared to the Employee Headcount at the end of 2013.

The age pyramid for new employees in 2014 remains relatively stable (see paragraph 2.1.8 "Additional information concerning the Group's Employee Headcount").

Lastly, 27% of new hires in 2014 were women, stable with regard to 2013.

	Europe		Americas		Asia		Total		Total	
	Employees 2014	%	Employees 2014	%	Employees 2014	%	Employees 2014	%	Employees 2013	%
Women	500	26%	297	29%	208	29%	1,005	27%	368	25%
Men	1,422	74%	722	71%	514	71%	2,658	73%	1,081	75%
TOTAL	**1,922**	**100%**	**1,019**	**100%**	**722**	**100%**	**3,663***	**100%**	**1,449**	**100%**

* Indicator verified by the independent verifier.

Employee departures

In 2014, 1,149 employees left the Company. Departures were split as follows:

	Europe		Americas		Asia		Total		Total	
	Employees 2014	%	Employees 2014	%	Employees 2014	%	Employees 2014	%	Employees 2013	%
Permanent contracts	395	77%	449	96%	161	96%	1,005	87%	735	85%
Temporary contracts	120	23%	18	4%	6	4%	144	13%	126	15%
TOTAL	**515**	**100%**	**467**	**100%**	**167**	**100%**	**1,149***	**100%**	**861**	**100%**

* Indicator verified by the independent verifier.

On average, attrition rate was 10.5% in 2014 versus 9.6% in 2013. Excluding temporary contracts, the rate is 10.1% in 2014 and 8% in 2013.

2.1.3.2 Developing, training and managing the careers of Dassault Systèmes employees

In 2014, Dassault Systèmes SA deployed the "**3D**EXPERIENCE University" solution by using its **3D**EXPERIENCE platform in order to create a network made up of the Group's talented individuals, offering them programs adapted to their position and in relation to the requirements and objectives of each employee.

Furthermore, activities are supported by the "Passion to Learn" community, a virtual center enabling exchanges of ideas and opinions about the learning process and modules accessible from the "**3D**EXPERIENCE University". This enables employees to stay informed and exchange views concerning the publication of new modules, put questions to experts about the modules available or those which they feel need creating as well as asking all necessary questions about using the **3D**EXPERIENCE platform and its content.

The manager development program has been enhanced this year in order to meet the requirements for managing matrix teams spread across the globe. A new initiative was launched through the "**3D**EXPERIENCE University" with the aim being to showcase different management styles thanks to a program delivered in a virtual classroom enabling expertise and knowledge to be shared between the trainer in France and students in Asia. This program is due to be used on a larger scale in 2015 for all types of training.

Significant changes have been made to sales training courses this year. Programs designed for managers were delivered to 150 employees. The deployment of training courses concerning the sales process and the tools available in various formats: face-to-face, e-learning and virtual classroom made it possible for the Group to reach the whole sales population throughout the world.

In line with 2013, over 500 employees from across the world from the finance, legal and sales administration departments attended two three-day training sessions at the BA College (Business Administration College) within the framework of the "**3D**EXPERIENCE University". In addition to training sessions covering financial and legal subjects, modules focusing on new technologies, and, in particular, the cloud, are offered to ensure that employees understand the new challenges presented by the introduction of these technologies in the Dassault Systèmes product portfolio.

Lastly, the R&D College training programs were significantly enhanced in 2014 to train developers with regard to the application web development technologies in order to deliver the best "on the cloud" products on the **3D**EXPERIENCE platform.

In 2014, 104,927 hours of "professional" training (management, languages, etc.) were delivered in the main countries of the Group (see paragraph 2.1.7 "Methodology for Employee Reporting"). This amount of hours represents all training that can be recorded in a similar manner between the different countries without taking into account other learning conditions, falling outside this formal context, such as on-the-ground learning, workshops and virtual exchange communities. The training courses related to the Dassault Systèmes portfolio of solutions are not included in this amount of hours because they are very often managed by the organizations themselves (R&D, Marketing and Industries, etc.) and are not always recorded in a centralized manner.

The ratio of training hours per employee was up by 18% between 2013 and 2014. The number of hours of online training recorded increased considerably. Their use increased and their recording was extended to other training courses. They are accessible from the"**3D**EXPERIENCE University" and built into the employee career development path. The percentage of these online training courses increased to 7% in 2014 versus 1% in 2013, reaching a wider audience throughout the whole world.

Lastly, the breakdown of hours between managers/non-managers and between men and women remained relatively stable in 2014. Training hours for women represent 25% of the total number of hours, while they represent 23% of the Group's total headcount. This percentage is 24% for managers who represent 19% of the Employee Headcount, the latter benefiting in particular from a dedicated training management program.

Distribution of training hours by type	Europe France/ United Kingdom/ Germany	Americas United States/ Canada	Asia Japan/ China/India/ South Korea	2014 total	%	2014 ratio[(1)]	2013 total	%	2013 ratio[(1)]
Management	4,333	2,101	497	6,931	7%		9,212	11%	
Job skills	33,854	19,527	12,020	65,401	62%		41,379	50%	
Health, safety and environment	332	-	-	332	0%		1,112	1%	
Language	6,879	923	2,813	10,615	10%		4,626	6%	
Computer skills (Dassault Systèmes internal tools)	895	442	1,117	2,454	2%		2,538	3%	
Personal development	4,515	4,078	1,062	9,655	9%		10,727	13%	
Ethics and Compliance	2,166	2,365	839	5,370	5%		10,562	13%	
DIF (French-specific)	4,169	-	-	4,169	4%		2,808	3%	
TOTAL	**57,143**	**29,436**	**18,348**	**104,927[(2)]**	**100%**	**13,3 HOURS[(1)]**	**82,964**	**100%**	**11.5 HOURS[(1)]**
Distribution of training hours by category									
Managers	13,433	6,878	4,675	24,986	24%		20,538	25%	
Non-Managers	43,710	22,558	13,673	79,941	76%		62,426	75%	
TOTAL	**57,143**	**29,436**	**18,348**	**104,927[(2)]**	**100%**		**82,964**	**100%**	
Distribution of training hours by men/women									
Men	41,435	22,212	15,033	78,680	75%		62,600	75%	
Women	15,708	7,224	3,315	26,247	25%		20,364	25%	
TOTAL	**57,143**	**29,436**	**18,348**	**104,927[(2)]**	**100%**		**82,964**	**100%**	

(1) Ratio = average number of hours per employee (excluding acquisitions).
(2) Indicator verified by the independent verifier.

Promoting diversity and gender balance

The Code of Business Conduct demonstrates the extent to which the Dassault Systèmes culture is based on mutual respect, fairness, and the diversity of its employees. Within this context, recruitment, training, promotion, assigning and more generally, all work-related decisions are based on competencies, talent, achievements and employee motivation, without any form of discrimination, harassment or bullying.

Professional equality between men and women

Dassault Systèmes encourages hiring both men and women, developing access for women in various businesses, and ensuring fair treatment for women's career advancement.

A certain number of initiatives were launched in 2014 not only to increase the proportion hired but also to track the development of women at Dassault Systèmes and increase the percentage of women managers (at December 31, 2014, 14% of the women employed by Dassault Systèmes are Managers). A 3DS WIN (3DS WOMEN INITIATIVE) internal community was put in place in 2012 to coordinate a network of women and men determined to encourage, inspire and mentor women to develop their careers with Dassault Systèmes.

The Dassault Systèmes Executive Committee is comprised of two women and eight men while the Board of Directors had four women members and five men at the end of 2014.

Dassault Systèmes endeavors to comply with applicable regulations regarding professional equality and non-discrimination in the different countries where it has employees. The French, American, Canadian, Japanese, English and German companies of Dassault Systèmes, which employ close to 80% of the Company's employees included in the Employee Headcount, are subject to specific employment anti-discrimination and gender-equality laws.

For example, 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 for a three-year period.

It covers the following themes: hiring and developing the professional gender balance, the equal compensation and pay policy between women and men, promotion and career development, work-life balance, awareness and communication actions in favor of changing mindsets and behavior.

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, a report on the situation comparing general employment conditions and training for men and women is prepared each year in accordance with the law. It has been available on the intranet site since 2010.

Some French subsidiaries have also implemented agreements or action plans on equality or the promotion of diversity (Dassault Systèmes Provence SAS, Dassault Data Services SAS, Archivideo SA).

In the United States, Dassault Systèmes ensures compliance with regulations regarding equality in the workplace (hiring, training, promotions, compensation, dismissals 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, Vet100 and Affirmative Action reports) to the U.S. authorities each year.

Disabled persons

The French, American, Canadian, Japanese, English and German companies of Dassault Systèmes, which employ close to 80% of the Employee Headcount, are subject to specific laws in this area. This is also the case for most of the other European countries where employees are located.

In France, since the first agreement entered into in 2003 within Dassault Systèmes SA for employing employees with disabilities, which created conditions favorable for their integration, a number of agreements have been renewed, the last of which was signed by all labor unions on December 21, 2012, for the period 2013-2015.

These agreements reflect Dassault Systèmes SA's desire to make the hiring, training and continued employment of the disabled a major component of its policy.

As of December 31, 2014, 48 disabled persons were employed by Dassault Systèmes SA versus 38 in 2013; 43 under permanent employment contracts, 3 under apprenticeships and 3 under internships.

Furthermore, a large number of actions concerning employee support, internal communication, training and awareness have been conducted: improving workstations, presentations, videos, sessions aimed at developing awareness with regard to welcoming and the onboarding of disabled employees, etc. Actions with outside service providers are also conducted as are partnerships with institutions in the protected sector and the provision of services on the 3DS Paris Campus.

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

Since 2011, Dassault Data Services SAS has committed itself each year to adopt measures supporting the integration and employment of disabled persons. In 2014, the following actions were conducted: initiatives in favor of recruitment, adapting workstations, training and awareness, and initiatives in partnership with protected sectors.

There are no specific agreements on this topic for the other French subsidiaries.

In the United States, the regulations regarding job equality (see the paragraph above "Professional equality between men and women") apply in cases of discrimination against disabled employees. It is, however, not permissible to ask about the type of the employee's disability. As a result, no data is provided.

Intergenerational agreements

In application of French law, an intergenerational agreement was signed at Dassault Systèmes SA on October 8, 2013 for a three-year period.

This agreement follows on from the agreement on employing senior employees (agreement signed in 2010), building on the measures initiated to anticipate career changes, develop and transfer skills and manage the transition between working life and retirement. It has now been enhanced by a component aimed at facilitating the recruitment and integration of young people within the Company.

An intergenerational agreement has also been put in place at Dassault Data Services SAS, Dassault Systèmes Provence SAS for a three-year period and there are corporate action plans at Netvibes SAS, Archivideo SA and 3DVIA SAS in particular.

2.1.3.3 Developing relations with the social, regional and community environment

Company relations with secondary and post-secondary education

Dassault Systèmes' relations with the world of education are aimed at constantly updating teaching methods and fostering the skills and talents expected by its clients. This effort was stepped up in 2014.

Facilitating educational innovation

Educational practices have continued to be upgraded more rapidly leading to the course and educational material being made free of charge to the Company's academic clients so that they incorporate and become familiar with these innovations.

Cooperation with LEGO® Education has resulted in the creation of a program enabling secondary school children and students beginning higher education to experience collaborative innovation learning. Called "BE an ENGINEER", this program is aimed at encouraging the very young to undertake technical studies and students to continue in these fields.

The "3D MOOCS Studio" project has led to making available a set of tools and methods enabling teachers to improve the interactivity of their online lessons (MOOC: *Massive Open Online Course*) and reduce the high drop-out rates that are typical of the first large-scale e-learning experiments.

Lastly, the "internet objects" methods have been applied to teaching in order to create new educational uses. Thus, didactic equipments, such as miniature robots, can be synchronized remotely via internet through their digital avatar simulated by CATIA solution. This type of practice – the remotely controlled laboratory – leads to numerous new learning scenarios such as remote access to equipment which is not available in emerging countries.

Research into innovative educational methods has been supported. Consequently, the PLACIS project, funded by the *Agence nationale de la recherche en France* (ANR), aimed at creating training courses for engineers in complex systems saw its deployment extended in Europe thanks to funding from the European Union's ERASMUS+ program. Within the same context, the funding of EURLAB, the European project, conducted by the *Lycée Louis Armand* (a high school located in Nogent-sur-Marne) in France, will initially involve secondary school pupils in Germany and Italy. The Group contributes to this collaborative robotics project between remote sites by providing its cloud technology and expertise in their educational applications to the consortium of participating establishments.

All of these activities were supported by the Group's active collaboration in a number of scientific associations, such as the American Society for Engineering Education (ASEE), the European Society for Engineering Education (SEFI), the International Federation of Engineering Education Societies (IFEES), the Global Engineering Deans Council (GEDC), the Indian Society for Technical Education (ISTE) and the European SchoolNet, promoting new methods in teaching sciences and technology in secondary school. The National Academy of Engineering and the *Association Française d'Ingénierie des Systèmes* (French Association of Systems Engineering) are just two of the new learned societies with which Dassault Systèmes cooperates.

Facilitating open innovation, collective intelligence

Dassault Systèmes has provided its support to community projects, in order to bring together players sharing a common interest on the same platform and create the 3D educational experiences of tomorrow.

With regard to industry skills, teachers, companies and academics have joined forces to develop virtual 3D laboratories to teach skills in wind power. Leading academic establishments (CESI, INSA, ENI), professional training organizations (AFPA and ORT), the *Académie de Créteil* and the regional WindLab have teamed up to overhaul educational methods by favoring learning in real situations and through trial and error, thanks to simulation and measuring the results obtained. This project is called EAST: *Environnement d'Apprentissage Scientifique et Technique* (Scientific and Technical Learning Environment) and for which Dassault Systèmes provides solutions softwares such as 3DVIA Studio Pro.

Furthermore, the DaVinci 3D project provides enthusiasts with the opportunity to work in a completely open and participatory manner, in order to reproduce the inventions and machines of Leonardo de Vinci in 3D. Enthusiasts, engineers, designers and scientists from across the world, from all generations, meet up, discuss, help each other via an online community and digitize these inventions using codex left by the genius inventor. In just a few months, dozens of 3D machines were created, some of which are now publicly displayed in Château du Clos Lucé.

Training the engineers and technicians required by Dassault Systèmes' customers

At the end of 2014, the number of pupils and students using one or more of the Group's technologies in an educational context was estimated at 4 million, essentially in secondary and further education. The Company's efforts have led to the overall broadening of the user community as well as developing and modernizing their uses.

Georgia Tech, the leading university in the United States in terms of the number of graduating engineers, has extended its use of the **3D**EXPERIENCE platform to 10,000 students and teachers. They benefit from a wide choice of uses ranging from programs for high school students to advanced engineering applications for complex systems. A special effort was made in India with regard to the programs aimed at increasing the employability of new engineering graduates. This effort, conducted in consideration of the World Bank's initiatives, resulted in a teacher training program ("FEAT": Faculty Enablement through Avant-garde Technology), concerning assistance with developing University/Business relationships (*e.g.* at Chitkara University, one of the major technical universities in Northern India) and awarding several "3DSAcademy member" labels acknowledging the quality of the training delivered in relation to the Dassault Systèmes tools.

During the year the number of SOLIDWORKS academic licenses passed the 2 million mark.

The numerous teaching programs were intense. In order to encourage greater interest in the sciences and technology, and contribute towards reversing the trend of disinterest among young people for these disciplines in France, the multidiscipline competition called *Course en Cours,* has maintained its level of participation across France – 11,500 secondary and high school students – and the leading French high schools abroad are following suit. The Company extended its sponsorship program for teams of students engaged in extracurricular scientific and technical activities such as the "First robotics" competition which saw 20,000 high school and university students use Dassault Systèmes software. In Singapore, 600 pupils use SOLIDWORKS in an international project called

"Destination Zero Carbon" and 12,000 students involved in the "Formula Student/Formula SAE" international competition have used CATIA or SOLIDWORKS.

12,622 students obtained the official Certified SOLIDWORKS Associates (CSWA) certification proving the employability of their skills using this software.

The Group's audience on social media grew significantly reaching the figure of 664,000 "fans" on Facebook.

Company commitment to associations

Dassault Systèmes is involved with associations to support the virtual economy and encourage sustainable innovation. To promote the development of the digital economy in France and in Europe, Dassault Systèmes is a founding member of AFDEL (*Association Française des Éditeurs 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.

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 has evolved into helping participants structure and manage businesses providing modeling services, and subsequently into creating demand for such services.

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 2014, the Workers' Council thus received €9.1 million, compared to slightly more than €8.5 million in 2013 and €7.9 million in 2012.

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.

2.1.4 Welcoming employees who have joined the Group via recently acquired companies

Due to the strong growth, speeding up the onboarding of employees joining the Group is a major challenge.

For this purpose, Dassault Systèmes has defined a methodology and processes aimed at putting in place an induction plan specific to each company acquired, motivating and building the loyalty of talented individuals, providing each employee with greater room for development within the Group.

This methodology is based in particular on the **3D**EXPERIENCE platform as well as the online communities which facilitate dynamic access to the information concerning the Company, organizations and projects, while highlighting the responsibilities, competencies and contributions of each person.

A team of employees from Dassault Systèmes as well as the acquired company is formed in order to conduct this convergence project focusing on different processes: Sales and Marketing, R&D and Customer Support, Finance, Human Resources, IT and Working Environment.

2.1.5 Acknowledging performance and rewarding contribution to delivering the strategy

As part of the performance evaluation process, each employee meets with his or her manager on a formal basis at least three times a year to assess the results of the past year, define goals for the coming year and, on a half-yearly basis, discuss the rewards granted to the employee for his or her performance and contribution to the development of Dassault Systèmes.

Dassault Systèmes also values other types of initiatives with particular attention paid to the spirit of innovation as well as collective and social actions:

- the innovations developed within the Group by the teams are then showcased through "3DS INNOVATION Forwards", which every year rewards the most innovative projects conducted by employees throughout the world;
- actions are conducted to highlight the importance of the work done by the personnel while also enhancing employee quality of life;
- Dassault Systèmes also highlights the actions aimed at contributing to the sustainable development of its ecosystem by participating in social and societal actions.

Performance and compensation

Compensation

The compensation 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 appraised by his or her 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 2014, the salary increases granted by Dassault Systèmes depended on performance and market changes in each country where the Company has activities.

Total gross annual payroll paid by the Company (including for employees of 3DPLM Ltd) amounted to €822.7 million in 2014, compared to €690.1 million in 2013, an increase of 19% for the year principally driven by growth in the Group's total headcount.

Payroll taxes for the Group amounted to €228.9 million in 2014 compared to €195.5 million in 2013. In 2014, payroll taxes included an amount directly related to a grant of performance shares. No performance shares were granted in 2013.

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 2014, Dassault Systèmes SA renegotiated its agreements with labor unions for employee profit-sharing and regulatory profit-sharing for a period of three years, covering 2014, 2015 and 2016.

Employee profit-sharing for the year 2013, which was paid in 2014 at Dassault Systèmes SA, amounted to €18.4 million (€16.7 million in 2012). The total amount of the contribution by Dassault Systèmes SA for regulatory profit-sharing for the year 2013, which was paid in 2014, was €15.5 million (€13.3 million in 2012).

The results of operations recorded by Dassault Systèmes SA for the year 2014, and which will be submitted for approval at the Annual General Meeting of Shareholders on May 28, 2015 should permit the distribution of employee profit-sharing and regulatory profit-sharing of €17,921,048 each.

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

	2014		2013		2012	
(in thousands of euros)	**Amount**	**% payroll**	Amount	% payroll	Amount	% payroll
Contractual employee profit-sharing *(intéressement)*	17,921	10.5%	18,422	12.0%	16,786	11.8%
Regulatory profit-sharing *(participation)*	17,921	10.4%	15,512	10.2%	13,291	9.4%
TOTAL	**35,842**	**20.9%**	**33,934**	**22.2%**	**30,077**	**21.2%**

Payroll percentages are calculated on a capped payroll base as per the current profit sharing agreements.

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 and Dassault Systèmes Provence SAS, the amount of contractual employee profit-sharing paid in 2014 in respect of year 2013 represented 7.3% and 3.9% of the payroll respectively, and the regulatory profit-sharing represented 2.5% and 20.3%. Optional profit-sharing agreements were also signed in 2013 and contractual profit-sharing agreements in 2014 in Netvibes SAS and 3DVIA SAS. Lastly, Archivideo SA also signed an employee profit-sharing agreement in 2014.

Other plans

In Canada, there is a "Deferred Profit-Sharing Plan" (DPSP) which allows a portion of profits to be distributed to employees registered on the "Registered Pension Plan" (RPP).

Recognizing the flair for innovation and showcasing collective initiatives advocated by the values of Dassault Systèmes

3DS INNOVATION Forwards

Every year, the 3DS INNOVATION Forwards reward the most innovative projects led by Dassault Systèmes' teams worldwide. Launched in 2004, the initiative encourages a spirit of innovation within the Group, promotes recognition, and deepens understanding of the corporate strategy. The proposed projects are designed to provide solutions for the Company's strategic issues: contributing to the response to the challenges of industries, creating new user experiences enabling them to see the advantages of the products made by the Dassault Systèmes brands, participating in the Company's commitment to its customers and partners, increasing the value of the **3D**EXPERIENCE platform, offering new experiences that contribute to the development of the Group's employees and its business activities, etc.

All Dassault Systèmes employees are invited to submit a full description of the project within an on-line community, set up on the **3D**EXPERIENCE collaborative platform. The projects can be seen by everyone and are selected via a collective vote and jury made up of members of the Executive Committee. There were 354 applicants in the 2014 edition of the competition representing 2,338 employees and 23 winning teams.

Initiatives to reward work and improve the lives of employees

Since 2010, a satisfaction survey has been open to all Dassault Systèmes employees worldwide. This survey enables employees to give their opinion about various themes such as well-being at work, mutual respect, pride in working for Dassault Systèmes, etc. Following this annual survey, various targeted initiatives are implemented over the year at global and local levels in order to reward good practices while improving quality of life at work.

These initiatives include the *Managers's Café* in France, where managers share their good practices or daily problems; actions concerning the work/life balance and preventing stress, where the participants have benefited from useful recommandations; and awards ceremonies in specific departments (*e.g.* "Finance Awards") or countries (*e.g.* "Korea Recognition Awards", "U.S. Years of Service Anniversary and Star Award Recognition Programs") to recognize the work undertaken by certain teams or employees.

Collective company and social initiatives

Most of the Group's subsidiaries organize programs contributing to sustainable development within their community *e.g.* voluntary work days with local associations organized by the SIMULIA employees, DELMIA employees' food drive, participating in the PanMassachussets Challenge race, an event organized to raise money for a cancer research institute (Dana Farber).

Other similar initiatives can be noted as well. In the U.S. and Canada, Dassault Systèmes employees can take part in two community service half-days in the year. For example in 2014, Montreal office workers helped clean the banks of the Lachine Canal and worked as volunteers in a restaurant whose profits are given to associations in the city.

In South Korea, Dassault Systèmes contributes to the WISET professional training program supported by the government and whose objective is to help women who have interrupted their career to be able to study for a job in science, engineering and technologies. The Company has allowed them to use its facility and its CATIA software.

Lastly, in France, Dassault Systèmes took part in the *Rêves de Gosse: Tour 2014* initiative which offers "extraordinary" children (sick children) the opportunity to go on a first flight organized by amateur and professional pilots. Within this context, the Disability Task Force took part in the event: running a Dassault Systèmes stand; organizing internal awareness events for the employees; financing two promotional films; and co-organizing, with the Dassault Systèmes SA Works Council, a *Vols Découvertes* (Discovery Flights) Day for the the disabled children of Dassault Systèmes employees.

2.1.6 Safeguarding business ethics, employer-employee dialogue and personal safety

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 added-value. 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. The Code of Business Conduct, which is backed up by specific policies, is intended to serve as the reference for each Company employee to guide his/her behavior and his/her interactions in connection with his/her activities.

This commitment is also borne out by the policy of making new employees aware of ethics and compliance and by targeted training courses taken by the employees most exposed to ethical risks in their daily duties.

The online ethics and compliance training, created in 2013, is now an integral part of the onboarding program for all new employees. This course comprises 14 modules, each of which is broken down into a theory section followed by practical applications in a question/answer format. The topics dealt with include the fight against corruption, the protection of intellectual property, respect for confidentiality, ethics in the workplace, competition law, information systems security, personal data protection, and conflicts of interest etc.

The fight against corruption

The Code of Business Conduct prohibits Group employees from:

- exchanging gifts or invitations in order to favor or influence a commercial decision, whether it be taken by a customer, partner, supplier or employees of the Group;
- using Dassault Systèmes' funds or assets to pay bribes or kickbacks or make payments of a similar nature liable directly or indirectly to benefit third parties, including shareholders or companies, whether they are partners, customers, suppliers, service or other companies or organizations, with the goal of benefiting from preferential treatment; and
- using Group funds to make a contribution of any kind to political candidates or parties.

These principles are supplemented by an "anti-corruption policy", which applies in each Dassault Systèmes company.

Principles of Enterprise Social Responsibility and commitments to ensuring respect for basic rights

The Code of Business Conduct requires Dassault Systèmes' employees to comply with international standards, such as the Universal Declaration of Human Rights of the United Nations and the various Basic Conventions of the International Labor Organization. With respect to the Group's activities, the risk of these basic standards being violated is very low and the actions undertaken to support human rights are not specifically reported on.

The Group also promotes corporate responsibility with respect to its ecosystem, based on the acknowledgment of and compliance with basic laws on social rights and environmental protection; the general terms and conditions of the sub-contracting and purchase agreements of Dassault Systèmes' major companies include specific commitments:

- the Dassault Systèmes SA model contracts oblige its service providers to follow the social and environmental responsibility principles which Dassault Systèmes uphold. They are available at the following link: http://www.3ds.com/fileadmin/COMPANY/Ethics-and-compliance/Principes-de-Responsabilite-Sociale.pdf;
- the agreements between Group entities in the United States, Canada, France, the United Kingdom, Germany, India, and other European countries (which account for more than 60% of the Group's Employee Headcount) and their service providers contain clauses regarding respect for employees' rights.

Dassault Systèmes requests that its suppliers and partners comply with the provisions of the basic conventions of the International Labor Organization, in particular the principles of eradicating child labor by requiring children 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, freedom to unionize and the protection of labor union rights, and the freedom to collectively negotiate labor contracts. The Company also asks them to commit to ban all forms of discrimination (with respect to recruitment, professional development and the end of labor relations), to fight against corruption, and to respect applicable law on the protection of the environment.

Impact of products and services on the health and safety of the Group's customers

The direct impact of Dassault Systèmes' products and services on the health and safety of its customers is very limited given their non-material nature. They are therefore not specifically reported on.

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.

In France, 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 each year:

	Dassault Systèmes SA	Dassault Data Services SAS	Dassault Systèmes Provence SAS	Archivideo SA	Netvibes SAS	3DVIA SAS
Number of collective agreements in effect at 12/31/2014	40	22	14	1	2	2
Number of collective agreements signed during 2014*	8	3	3	1	2	1

* These agreements may cover several topics such as the Mandatory Annual Negotiations, equality and professional gender balance, organizing working time, replacing collective by-laws related to the Universal Transmission of Assets, optional employee profit-sharing and compulsory profit-sharing.

In Germany, collective agreements are negotiated and signed with the Group Council and the Workers' Council of each Company site (Stuttgart, Hanover, Aix-la-Chapelle and Berlin). At December 31, 2014, there were 8 agreements in effect in Stuttgart, 27 in Hanover, one in Aix-la-Chapelle, three in Berlin and 14 with the Group Council.

In 2014, Dassault Systemes Deutschland GmbH signed eight agreements at the level of the Group Council of which several concern employee salaries, data confidentiality, training and human resources management. Also, three agreements were signed in Stuttgart, one in Aix-la-Chapelle and three in Berlin on similar topics.

In the other main countries where the Group operates: United Kingdom, United States, Canada, Japan, China and India, there is no personnel representation or trade union in Dassault Systèmes. In South Korea, as in all companies with over 30 people, an employee representative Committee is elected each year. Its role is to participate organizing the Company's social activities.

Furthermore, as part of the conversion project of Dassault Systèmes SA into a European company, a Special Negotiation Body ("SNB") has been formed in order to negotiate with the top management the terms and conditions of the employees involvement inside the European company. The negotiations started in October 2014 and should be completed by the signature of an agreement on these terms and conditions. After the conversion into a European company, Dassault Systèmes will have a new Committee for dialogue with its European employees (the European Works Council) in addition to the existing Works Council.

Health and safety

In accordance with the provisions of its Code of Business Conduct, the Group undertakes to comply with all applicable laws and regulations on health and safety in the workplace.

Coverage of healthcare costs

The Group ensures that each of its employees has medical coverage in compliance with local practices in the countries where it has activities. Moreover, the Group offers supplementary health coverage, for example in France, the United Kingdom, the United States, Canada, South Korea, Japan and India.

Health and medical checkup

The Group applies the provisions laid down by the countries where it has activities.

For example, in France, its employees undergo regular medical checkups. On the 3DS Paris Campus, a medical team composed of two physicians and four nurses looks after the health and well-being of all on-site employees. In Japan, South Korea, China, India and the United States, individual medical checkups are offered (this service is included in the health coverage plan). Lastly, there are no specific provisions in the United Kingdom, Canada or Germany.

Work accidents

Given the nature of Dassault Systèmes' activity, few work accidents are recorded. In France, in 2014, nine work or travel accidents resulted in absence from work for more than one day. There were nine in the United States and three in Germany, while no days were recorded in the United Kingdom, Canada, Japan, South Korea, China, and India.

Health, Safety and Working Conditions Committee and specific actions

In France, three Group companies have a Health, Safety and Working Conditions Committee (*CHSCT* in French), which meets several times during the year in each entity.

An agreement on preventing psychosocial risks was signed on June 11, 2010 for a three-year period within Dassault Systèmes SA. Following this agreement, a series of actions were started and the workshops that had been set up have continued to work on the following themes: "life balance and using means of communication" and "workload and organization". The results of the work of the two working groups were reported to the Works Council and the CHSCT on March 20, 2014. The actions recommended by these groups were shared with all employees early April 2014. The results of the working groups efforts' provided a basis to spearhead the initiatives referred to in paragraph 2.1.5 *"Acknowledging performance and rewarding contribution to delivering the strategy"*.

At Dassault Systèmes Provence SAS, the main actions concerning the prevention of psychosocial risks were conducted in 2014. Four working groups, each one made up of ten people, were set up to work on different themes such as "Objectives, planning and reporting", "Helping each other, support and sharing expertise", "Value recognition, career and skills development", "Planning and organizing techniques". Lastly, top management followed a training course "Awareness and prevention of psychosocial risks" in December 2014.

In addition, in certain countries (such as Canada and Germany), employee representatives are responsible for communicating with the management of the relevant legal entities on employee health and safety.

2.1.7 Methodology for Employee Reporting

Scope

In general, employee reporting covers all Dassault Systèmes companies at year end. Nevertheless, as indicated below, the scope covered for certain indicators may be more limited.

Key employee indicators

For its social reporting requirements, the Group chose key indicators set out in paragraphs 2.1.2 "Organizing to support growth and the delivery of the strategy" and 2.1.8 "Appendices regarding the Group's Employee Headcount". They were chosen on the basis of the indicators in Article R. 225-105-1 of the French Commercial Code and the specific indicators in the Group's Human Resources policy.

In this respect, Dassault Systèmes has defined the following concepts:

- "Employee Headcount", which means employees of Dassault Systèmes SA and subsidiaries in which it has at least a 50% shareholding; and
- "Total Workforce" which includes the Employee Headcount, employees of companies in which it has less than a 50% shareholding and outside service providers who have worked more than a full month at period end. At December 31, 2014, employees of companies in which the Group has less than a 50% shareholding 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, as the notions generally used in France to define socioprofessional categories (non-managers and managers) are not used outside France, and over two-thirds of the Dassault Systèmes employees work abroad, the Group has decided to use the following categories: "Managers" who are in charge of the teams, and the "Non-Managers" who do not manage a team and are specialists in a specific field.

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 occupational illnesses.

Gathering and consolidating employee data

Special attention must be made to the following points:

- the data pertaining to employees and movements are taken from human resources and financial management software, both of which are deployed among all the companies and represent 100% of the reporting perimeter;
- the information pertaining to the compensation policy relates to Employee Headcount. The data relating to the total payroll and payroll taxes is provided by the Dassault Systèmes finance department and covers the Employee Headcount and the employees of companies in which the Group has a shareholding below 50%, including employees at 3DPLM Ltd;
- the data relating to employees and the amount of the payments made to outside service providers is provided by the finance department. It concerns services referred to as "Times and Material", supporting a Dassault Systèmes activity corresponding to its core business and in respect of which the employees are present for at least one month, paid on an hourly, daily or monthly basis;
- the information pertaining to policies on business ethics, fighting corruption, the Company's social responsibility principles and commitments ensuring basic rights and the impacts of products and services on the health and safety of the Group's customers is provided by the ethics and compliance department and covers 100% of the reporting scope;
- the data relating to the main policies concerning industrial relations, health and safety, anti-discrimination initiatives, employee and regulatory profit-sharing and other reward systems, working time, absenteeism, fostering diversity and gender balance, and social projects result from additional discussions held with the Human Resources managers in Dassault Systèmes' major countries with over 150 employees (excluding companies acquired in 2014), namely France, the United States, Canada, Germany, the United Kingdom, Japan, South Korea, China and India, representing just under 85% of the Group's Employee Headcount in 2014. Absenteeism data includes sick leave, maternity and paternity leave, as well as work-related accidents. Employees absent for a period exceeding two years are no longer included in the absenteeism ratio. It should be noted that this data is strongly influenced by local regulations; in certain countries, sick leave is counted as paid holiday leave. As such, absenteeism should be considered on a country-by-country basis as it cannot be disclosed on a consolidated basis;
- the data relating to training for the countries with over 150 employees and mentioned above is extracted from the "**3D**EXPERIENCE University" solution, excluding companies acquired in 2014, covers 74% of the Group's Employee Headcount. Data recorded through the on-line training platform is also taken into account for the same companies;
- lastly, the scope is specified in the body of the text for the other data not previously disclosed: company relations with secondary and post-secondary education, Company commitment to associations, 3DS INNOVATION Forwards, Initiatives to reward work and improve the lives of employees.

2.1.8 Appendices regarding the Group's Employee Headcount

DISTRIBUTION BY AGE

	Europe		Americas		Asia		Total		Total	
	Employees 2014	%	Employees 2014	%	Employees 2014	%	Employees 2014	%	Employees 2013	%
< 30 years old	1,252	22%	372	11%	299	17%	1,923	17%	1,381	16%
31 to 40 years old	1,980	34%	1,013	29%	816	46%	3,809	35%	2,836	33%
41 to 50 years old	1,656	29%	1,066	31%	507	28%	3,229	29%	2,647	31%
> 51 years old	899	15%	998	29%	155	9%	2,052	19%	1,723	20%
TOTAL AT DECEMBER 31	**5,787**	**100%**	**3,449**	**100%**	**1,777**	**100%**	**11,013***	**100%**	**8,587**	**100%**

* Indicator verified by the independent verifier.

EMPLOYEE TENURE

	Europe		Americas		Asia		Total		Total	
	Employees 2014	%	Employees 2014	%	Employees 2014	%	Employees 2014	%	Employees 2013	%
Temporary contract	168	3%	6	0%	4	0%	178	2%	89	1%
Less than 5 years	2,708	47%	1,505	44%	1,159	65%	5,372	49%	4,154	48%
6 to 15 years	1,916	33%	1,451	42%	533	30%	3,900	35%	3,080	36%
More than 16 years	995	17%	487	14%	81	5%	1,563	14%	1,264	15%
TOTAL AT DECEMBER 31	**5,787**	**100%**	**3,449**	**100%**	**1,777**	**100%**	**11,013***	**100%**	**8,587**	**100%**

* Indicator verified by the independent verifier.

DISTRIBUTION BY SOCIO-PROFESSIONAL CATEGORY

	Europe		Americas		Asia		Total		Total	
	Employees 2014	%	Employees 2014	%	Employees 2014	%	Employees 2014	%	Employees 2013	%
Women										
"Managers"	167	13%	157	18%	50	12%	374	14%	314	16%
"Non-Managers"	1,134	87%	704	82%	374	88%	2,212	86%	1,633	84%
TOTAL WOMEN	**1,301**	**100%**	**861**	**100%**	**424**	**100%**	**2,586**	**100%**	**1,947**	**100%**
Men										
"Managers"	957	21%	558	22%	256	19%	1,771	21%	1,494	22%
"Non-Managers"	3,529	79%	2,030	78%	1,097	81%	6,656	79%	5,146	78%
TOTAL MEN	**4,486**	**100%**	**2,588**	**100%**	**1,353**	**100%**	**8,427**	**100%**	**6,640**	**100%**
TOTAL AT DECEMBER 31	**5,787**		**3,449**		**1,777**		**11,013***		**8,587**	

* Indicator verified by the independent verifier.

FULL-TIME AND PART-TIME

Years ended December 31	Europe Employees 2014	%	Americas Employees 2014	%	Asia Employees 2014	%	Total Employees 2014	%	Total Employees 2013	%
Full-time	5,568	96%	3,432	99%	1,766	99%	10,766	98%	8,394	98%
Part-time	219	4%	17	1%	11	1%	247	2%	193	2%
TOTAL	**5,787**	**100%**	**3,449**	**100%**	**1,777**	**100%**	**11,013***	**100%**	**8,587**	**100%**
Women										
Full-time	1,155	89%	848	98%	417	98%	2,420	94%	1,807	93%
Part-time	146	11%	13	2%	7	2%	166	6%	140	7%
TOTAL WOMEN	**1,301**	**100%**	**861**	**100%**	**424**	**100%**	**2,586**	**100%**	**1,947**	**100%**
Men										
Full-time	4,413	98%	2,584	100%	1,349	100%	8,346	99%	6,587	99%
Part-time	73	2%	4	0%	4	0%	81	1%	53	1%
TOTAL MEN	**4,486**	**100%**	**2,588**	**100%**	**1,353**	**100%**	**8,427**	**100%**	**6,640**	**100%**
TOTAL	**5,787**		**3,449**		**1,777**		**11,013***		**8,587**	

* Indicator verified by the independent verifier.

AGE DISTRIBUTION OF NEW ARRIVALS

	Europe Employees 2014	%	Americas Employees 2014	%	Asia Employees 2014	%	Total Employees 2014	%	Total Employees 2013	%
< 30 years old	778	41%	238	23%	256	35%	1,272	35%	574	40%
31 to 40 years old	713	37%	314	31%	329	46%	1,356	37%	508	35%
41 to 50 years old	353	18%	292	29%	119	16%	764	21%	254	17%
> 51 years old	78	4%	175	17%	18	3%	271	7%	113	8%
TOTAL	**1,922**	**100%**	**1,019**	**100%**	**722**	**100%**	**3,663***	**100%**	**1,449**	**100%**

* Indicator verified by the independent verifier.

2.1.9 NRE correspondence table

Article R. 225-105-1 of the French Commercial Code	Paragraphs	Page
Employment		
Total employees and distribution by gender, age and geographic location	2.1.2	39
	2.1.8	54
New hires and departures	2.1.3	41
	2.1.8	54
Compensation	2.1.5	48
Organization of working time		
Absenteeism	2.1.2	39
Labor Relations		
Organization of employee relations and employee communications, consultation and negotiation procedures	2.1.6	50
Summary of collective agreements	2.1.6	50
Health and Safety		
Health and safety conditions	2.1.6	50
Summary of agreements reached with labor unions or employee representatives regarding health and safety	2.1.6	50
Work accidents frequency and seriousness, and professional illnesses	2.1.6	50
Training		
Training policies	2.1.3	41
Total training time	2.1.3	41
Equal treatment		
Measures for the equal treatment of men and women	2.1.3	41
Measures for the employment of disabled persons	2.1.3	41
Anti-discrimination policy	2.1.3	41
Promotion of and respect for the provisions of the basic conventions of the International Labor Organization on		
Respect for the freedom of association and the right to collective negotiation	2.1.6	50
Eliminating discrimination at work	2.1.3	41
Eliminating forced labor	2.1.6	50
Eliminating child labor	2.1.6	50
Information on societal commitments and commitments to sustainable development		
Regional, economic and social impact of the business in terms of employment and regional development, on nearby or local populations	2.1.3	41
Relations with individuals and organizations interested by the Company's business (job placement associations, educational establishments, environmental protection associations, etc.), partnership and sponsorship	2.1.3	41
Sub-contractors and suppliers: social responsibility. Taking social and environmental issues into account in the purchasing policy. Importance of sub-contracting. Taking suppliers' and sub-contractors' social and environmental responsibility into account in relations with them	2.1.2	39
Good citizen practices (actions to prevent corruption and measures to protect the health and safety of consumers) and other measures to support human rights	2.1.6	50

Summary of information not published

Information not published due to lack of relevancy	Explanation
Frequency/severity rate of work accidents. Professional illnesses.	Given the nature of Dassault Systèmes' activity, the number of work accidents is low and consists of only a few cases per year. This indicator is not calculated.

2.2 Environmental Responsibility

Dassault Systèmes' environmental responsibility is characterized by the indirect positive and negative impacts of the use of its software by its customers, and by its direct negative impact of its activities on the environment (see paragraph 1.4.1.1 "Summary"):

- Dassault Systèmes' software solutions allow its customers to reduce the environmental impact of their products from the design stage. They can help reduce the consumption of raw materials through digital modeling, optimize energy consumption and working processes and manage the compliance of products with environmental standards. This is the potentially positive impact of Dassault Systèmes' products on the environment;
- the use of the Group's software by its customers generates indirect energy consumption for Dassault Systèmes. This consumption is the potentially indirect negative impact of Dassault Systèmes' products on the environment;
- all of Dassault Systèmes' operations are located in offices (see paragraph 1.2.3 "Facilities Strategy") and in data centers. For its activities, the Group uses computer hardware and employees are required to travel regularly to the Group's sites, and to visit customers and partners. The Group's environmental impact is therefore mainly generated by the energy consumption of its buildings and data centers; the greenhouse gas emissions produced by employee travel; and the electrical and electronic waste generated by computer-based activities. These three indicators are "primary" for Dassault Systèmes. Other indicators are monitored by the Group but with less criticality in relation to the activity carried out (see paragraph 2.2.2.3 "Dassault Systèmes and environmental management – Environmental Management").

In the light of these various contributions, Dassault Systèmes is working on the development of a model to define its overall net positive impact on the environment.

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 meets criteria set forth under the European SEVESO directive regarding sites at risk due to dangerous substances, or is classified under ICPE (Classified Installation for the Protection of the Environment or *installations classées – et présentant des risques – pour la protection de l'environnement*);
- the Company does not believe that it is directly exposed to climate change issues in the short or medium-term;
- Dassault Systèmes' business does not have any 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 for which the Group believes there exists a minor environmental risk, 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 representing investments and expenses in the consolidated financial statements.

In 2014, no provisions or guaranties for environmental risks were recorded in the Group's consolidated financial statements. In addition, no expense was recognized in the financial statements related to a court judgment regarding environmental issues or actions taken to remediate any environmental damage.

To anticipate any regulatory risks related to environmental matters, Dassault Systèmes' legal department and Public Affairs and Sustainable Development department closely follow environmental regulations which may have an effect on its business.

2.2.2 Environmental Report

Despite the limited direct environmental impact of its business relative to its operations, 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 has implemented a strategy for optimizing and transforming its activities to reduce its environmental impact.

2.2.2.1 *3DEXPERIENCE Platform for Sustainability:* Apps and Solutions for sustainable development

Companies today face a series of challenges that are both technological and ecological. Dassault Systèmes **3D**EXPERIENCE platform helps its customers achieve their combined sustainability and business goals through a portfolio of sustainability Applications enriching several of its Industry Solutions Experiences, based on:

3D Modeling Technologies

The Company's portfolio of modeling technologies makes it possible to create scientifically accurate representations of the environmental impacts of product. These technologies also offer techniques to reduce these impacts, such as eco-design for predictive environmental assessment and virtual prototyping, which improve the carbon footprint, energy consumption, human health impacts, and overall sustainability of products and systems. For example, SOLIDWORKS Sustainability features an integrated Life Cycle Assessment (LCA) dashboard that estimates the environmental implications of each design decision using several environmental indicators. ASSA ABLOY, the global leader in door-opening solutions, used SOLIDWORKS Sustainability to reduce product environmental impact and material usage while cutting their product material and energy costs by 15%.

Virtual+Real Technologies

Technologies that enable real-time realistic simulation can help optimize the physical world in virtual universes, leading to reduced environmental impacts. For complex products, the Company's simulation technologies aid in performance testing and light weighting that allows engineers to verify functionality and integrity while optimizing material usage. Factory and production systems can be executed with minimal material and energy expenditure to enable "green" manufacturing. Ultimately, end consumer usage can be simulated to examine and reduce environmental impacts across the entire life cycle. For example, packaging designer Amcor used SIMULIA to simulate complex design interactions, resulting in a 27% reduction of carbon footprint and plastic resin usage while maintaining product integrity.

Intelligent Information Technologies

The searching, sorting, filtering, navigating, real-time analysis and understanding of large amounts of environmental data is central to the achievement of sustainable innovation. With the scope of data requirements expanded from the enterprise to the entire value chain, so-called *extended producer responsibility* demands both sophisticated and scalable access to these big data, allowing information intelligence applications that can dashboard environmental impacts across the extended enterprise. For example, the EXALEAD search-based infrastructure enables the management of structured and unstructured environmental data, providing decision support to execute corporate sustainability and impact-reduction strategies. Central to the success of these sustainability strategies is social listening: NETVIBES enables customers to gauge public sentiment about sustainability trends and campaigns.

Connectivity Technologies

Connecting data and people by breaking down silos in organizations is key to achieving sustainability strategies. Connectivity technologies allow companies to build internal and external communities to manage sustainability efficiently. They also make it possible to connect product data with governmental data to proactively manage adherence to government and industry environmental regulations and standards, such as the Restriction of Hazardous Substances (RoHS) directive and the management of conflict minerals. Dassault Systèmes' solution for environmental compliance and materials intelligence help maintain a proactive risk minimization strategy, and make it possible to engage the people and communities that are critical to the success of sustainability strategies. For example, Agilent Technologies, a leader in test and measurement systems in electronics and bio-analytic instruments, uses ENOVIA Materials Compliance Management (MCM), an automated, enterprise-wide materials compliance data tracking system, to demonstrate compliance with stringent environmental regulations for more than 1,800 products and 160,000 parts from more than 7,000 suppliers.

Dassault Systèmes is a forerunner in creating **3D**EXPERIENCE for sustainable innovation to help customers achieve a positive environmental impact on the planet and grow their businesses sustainably. Our **3D**EXPERIENCE platform lets innovators truly understand the impact of their ideas and processes on people and the environment, to realize the vision of a more sustainable world.

2.2.2.2 Industry Collaborations on sustainability

In addition to aiding its customers directly, the Company engages in several industry collaborations in order to leverage its expertise and leadership for the furthering of sustainable collaboration:

- International Aerospace Environmental Group (IAEG™). The IAEG™ is a self-governed trade association that represents most of the global commercial aerospace industry, such as Boeing and Airbus, as well as the global defense aerospace industry, such as Lockheed Martin, Northrop Grumman and Safran group. Dassault Systèmes is working with the IAEG™ to aid in the development of chemical material declaration and reporting systems, supplier sustainability surveys, and the aerospace sector's official guidance for the measurement of greenhouse gases (GHGs) under the World Resources Institute's GHG Protocol;
- Sustainable Apparel Coalition (SAC). The SAC is a trade organization comprised of brands, retailers, manufacturers, government, and non-governmental organizations and academic experts, representing more than a third of the global apparel and footwear market, and is working to reduce the environmental and social impacts of apparel and footwear products around the world. Dassault Systèmes is engaged with the SAC to provide its leadership in life cycle assessment (LCA)-based design and footprinting methodologies, and to advise and assist its customers in challenges involved with a proactive adoption of the SAC's Higg Index, a suite of assessment tools that standardizes the measurement of the environmental and social impacts of apparel and footwear products across the product lifecycle and throughout the value chain;
- Sustainability and Health Initiative for NetPositive Enteprise (SHINE). SHINE consists of a consortium of sustainability-focused companies, including Owens Corning, Eaton Corporation, Abbott Laboratories, Johnson & Johnson and Dassault Systèmes, and is led by the Center for Health and the Global Environment, part of the School of Public Health at Harvard. The goal of SHINE is to revolutionize corporate sustainability strategy by managing Handprints, or positive impacts, in addition to Footprints (negative impacts), the comparison of which determines if an enterprise can be called Net Positive. Dassault Systèmes is contributing significant support and thought leadership to aid in the development of a new accounting standard and management methodology for environmental Handprinting.

2.2.2.3 Dassault Systèmes and environmental management

Environmental Management

The Public Affairs and Sustainable Development department is responsible for environmental reporting, determining how to reduce the Company's environmental impact, and creating awareness among employees regarding the importance of sustainable development.

Dassault Systèmes has formed an international team to strengthen the steps taken to reduce the Company's environmental impact. A "Sustainability Leader" in each geographical region is responsible for ensuring the collection of environmental data, the review of environmental matters in his/her region, the follow up on environmental indicators, and, for the Group's principal sites, the creation of a local environmental management system. Each Sustainability Leader is supported by a "Green Team" made up of volunteers at each site. The Green Team supports actions for reducing the site's environmental impact.

The Group carried out a project to analyze the material nature of its indicators, focusing, in particular, on the key "primary" indicators related to its activity. The Dassault Systèmes primary indicators are: electricity consumption, greenhouse gas emissions and waste electronic and electrical equipment. The remaining indicators are deemed "secondary" and relate to paper consumption, water consumption and general waste. (See paragraph 2.2.2.4 "Methodology for Environmental Reporting").

Employees invested in the Group's environmental strategy

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

In 2014, the process was enhanced across all geographical regions with the implementation of local initiatives to raise employee awareness of environmentally-friendly gestures. For example, on the 3DS Boston Campus, the North American Green Team organized the Spring Green Week. During this event, employees were taught about energy efficiency and the recycling of electrical and electronic waste. On the Providence site and the 3DS Boston Campus, the employees were also made aware of the impact of transport, and have been encouraged to ride their bike to work.

The communication week dedicated to sustainable development was renewed in 2014 on the 3DS Paris Campus, with the theme of *Consommer autrement…oui mais comment?* (Consuming differently…yes, but how?) in collaboration with the Public Affairs and Sustainable Development department and the Consumer Packaged Goods & Retail team; during this week, employees were invited to participate in the "Perfect Shelf" experimental solution, an application developed by Dassault Systèmes, and were made aware of the importance of sustainable consumption with a 3D representation of a virtual supermarket shelf. The objective of the experience was to put forth the so-called "sustainable" products on the shelves and to guide the choice of consumers to such products.

Finally, in November 2014, in recognition of Disability Week and for a one-month period, a *Collecte Solidaire – Agissons Ensemble* (Giving for Others – Let's Act Together) event was jointly organized on the 3DS Paris Campus by the Dassault Systèmes SA *Mission Handicap* (Disability Task Force) and the Public Affairs and Sustainable Development department. Employees were asked to bring their obsolete electrical and electronic equipment and appliances no longer in working order. The collected equipment was sent for recycling by a company in the protected worker sector in the French department of Les Yvelines and 860 kg of equipment was recycled by disabled employees.

2.2.2.4 Company Environmental Indicators

The Group published two categories of indicators: "primary" indicators, which are directly linked to the Group's business and "secondary" indicators (see paragraph 2.2.2.5 "Methodology for Environmental Reporting").

Data presented in the environmental report covers Dassault Systèmes SA and all companies in respect of which it has a shareholding exceeding 50%. Data from companies acquired during 2014 and from sites with fewer than 35 employees is excluded. See paragraph 2.2.2.5 "Methodology for Environmental Reporting".

Energy consumption

Consideration of environmental matters in the Company's operational locations

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

Since 2008, the Group has implemented a policy of setting up its activities in offices certified by the local environmental standard. In 2014, 57% of employees worked in offices certified by standards such as *Haute Qualité Environnementale* (High Environmental Quality) in France and LEED in the United States, or sites which applied an environmental management system such as ISO 14001. These certifications allow the Company to use environmentally-friendly buildings.

Environmental performance is one of the criteria used to select and fit new buildings.

Dassault Systèmes' world headquarters located at the 3DS Paris Campus in Vélizy-Villacoublay (France) are certified as NF Service Sector Buildings – HQE under the HQE (High Environmental Quality) system. 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. 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.

The exterior of the 3DS Boston Campus is certified LEED Gold, and in 2014 the campus received LEED Platinum certification for its interior. LEED is an American certification awarded to buildings designed with the goal of optimizing environmental performance. To optimize its energy consumption, the 3DS Boston Campus is equipped with condensation heaters, high-yield air conditioning, and daylight sensors.

In 2014, the employees at the Krakow site in Poland and the personnel working at the Providence facility in the United States moved into LEED Gold certified buildings. Just like the 3DS Boston Campus, these buildings are equipped with energy and water saving technology and they also favor the penetration of natural light.

In the rest of the world, the buildings in Singapore, Shanghai (China), Pune (India), Montreal (Canada) and Stuttgart (Germany) are certified according to local environmental standards.

Energy

The information below concerns electricity and natural gas consumption on Dassault Systèmes sites and in its data centers. Natural gas consumption represents 6% of total energy consumption. The Company does not use renewable energy on its sites but has included in certain of its energy contracts, for example at the Stuttgart and Munich sites in Germany, the purchase of electricity produced by renewable resources.

Electricity consumption (in mWh)	**2014**	2013
Europe	31,380	32,600
of which 3DS Paris Campus	*21,000*	*22,000*
Americas	21,260	22,130
Asia	2,000	2,980
TOTAL	**54,640***	**57,710***

* Indicator verified by the independent verifier.

Electricity consumption of the 3DS Paris Campus fell by 5% between 2013 and 2014. This reduction is mainly due to favorable weather during the whole of 2014.

In all regions, electricity consumption decreased between 2013 and 2014 on a like-for-like basis, despite the increase in the Group's activities. This energy efficiency is mainly due to favorable weather, moves into environmentally-friendly buildings and heightened employee awareness on environmentally-friendly gestures.

Dassault Systèmes has located part of its servers at several data centers throughout the world. Energy consumption in these centers is included in the total electricity consumption above. In 2010, the Group launched a process to virtualize its servers. 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 48% for 2012 according to a study conducted by Gartner. Dassault Systèmes is far ahead in this area with more than 80% of the servers at its principal data center already virtualized.

Greenhouse Gas Emissions

Group transportation optimization 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, use train travel rather than air travel for trips under three hours in length, and use economy class for air travel (the carbon footprint of business class being substantially greater than for economy class).

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 Resources Institute (WRI).

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.

	2014 Metric Tons CO_2 emissions	2013 Metric Tons CO_2 emissions
SCOPE 1		
Emissions due to on-site natural gas and fuel consumption	**670**	**670**
Total emissions due to the use of company vehicles	**2,340**	**2,100**
Emissions due to the use of company vehicles in Europe	2,100	1,900
Emissions due to the use of company vehicles in the Americas	–	–
Emissions due to the use of company vehicles in Asia	240	200
Emissions due to the use of refrigerants	**870**	**535**
TOTAL SCOPE 1	**3,880**	**3,305**
SCOPE 2		
Total emissions due to purchases of electricity	**10,090**	**11,190**
Emissions due to purchases of electricity in Europe	3,230	3,550
Emissions due to purchases of electricity in the Americas	5,655	6,000
Emissions due to purchases of electricity in Asia	1,205	1,640
TOTAL SCOPE 2	**10,090**	**11,190**
SCOPE 3		
Total emissions due to employee business air travel	**21,870**	**18,965**
Emissions due to employee business air travel in Europe	8,020	7,920
Emissions due to employee business air travel in the Americas	9,210	7,595
Emissions due to employee business air travel in Asia	4,640	3,450
Total emissions due to employee business travel by train	**1,446**	**1,570**
Emissions due to employee travel by train in Europe	235	217
Emissions due to employee travel by train in the Americas	1	3
Emissions due to employee travel by train in Asia	1,210	1,350
Total emissions due to employee travel by personal car in connection with work	**2,045**	**1,905**
Emissions due to employee travel using their personal vehicles in Europe	525	525
Emissions due to employee travel using their personal vehicles in the Americas	1,040	945
Emissions due to employee travel using their personal vehicles in Asia	480	435
TOTAL SCOPE 3	**25,361**	**22,440**
TOTAL GREENHOUSE GAS EMISSIONS (SCOPES 1 + 2 + 3)	**39,331***	**36,935***

* Indicator verified by the independent verifier.

Greenhouse gas emissions grew by 6% between 2013 and 2014 mainly driven by the increase in the Group's activities leading to business travel growth.

In terms of carbon intensity by employee, greenhouse gas emissions decreased to 5.20 tCO_2 per employee in 2014 compared to 5.30 tCO_2 per employee in 2013. This reduction can be explained by favorable weather during the whole of 2014 and by initiatives implemented by the Sustainability Leaders and Green Teams in each region.

Specific waste treatment

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 desktop computers, 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".

Specific waste

	2014	2013
% of specific waste recycled according to environmental standards	**100**	**100**
Quantity of WEEE[(1)] recycled according to environmental standards (in kg)		
Europe	9,420	13,700
of which 3DS Paris Campus	*8,325*	*13,140*
Americas	3,020	4,350
Asia	510	2,100
TOTAL	**12,950***	**20,150***

* Indicator verified by the independent verifier.
(1) WEEE: Waste Electronic and Electrical Equipment.

In 2013 and 2014, all WEEE were recycled according to environmental standards.

Water consumption

Water consumption (in cubic meters)	**2014**	2013
Europe	29,980	26,000
of which 3DS Paris Campus	*20,624*	*20,000*
Americas	31,910	30,000
Asia	4,870	4,970
TOTAL	**66,760**	**60,970**

The data related to water consumption presented above is mainly based on estimates and as such may differ from actual water consumption (see paragraph 2.2.2.5 "Methodology for Environmental Reporting – Limitations on environmental reporting").

Paper and packaging

Paper consumption (in metric tons)	**2014**	2013
Europe	28	34
of which 3DS Paris Campus	*18*	*22*
Americas	13	15
Asia	8	8
TOTAL SHARES	**49**	**57**

On the 3DS Paris Campus, total paper consumption amounted to 18 metric tons in 2014 compared with 22 metric tons in 2013. On a per-employee basis, this consumption fell from 9.8 kg in 2013 to 7.8 kg per employee in 2014, representing a 20% decrease. This decrease was mainly due to the ongoing digitalization of data at the 3DS Paris Campus and the efficient management of paper consumption by employees.

On the 3DS Paris Campus, the paper used is "FSC certified", an eco-label which ensures sustainable forest management. At a global level, 95% of employees use paper that is recycled or "FSC" or "PEFC" certified, compared to 93% in 2013.

Packaging at Dassault Systèmes consists principally of packaging for the Company's software products. The supplier responsible for packaging complies with "REACH" ("Registration, Evaluation, Authorization 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.

General waste treatment

In light of the nature of its business, Dassault Systèmes generates primarily ordinary waste such as paper, cardboard and plastic.

The table -below indicates the percentage of employees with access to recycling facilities by geographic region:

Percentage of employees with access to recycling facilities at their work location	**2014**	2013
Europe	89%	94%
of which 3DS Paris Campus	*100%*	*100%*
Americas	100%	98%
Asia	100%	87%
% OF EMPLOYEES WITH ACCESS TO RECYCLING FACILITIES AT THEIR WORK LOCATION	**94%**	**95%**

The Cracow site in Poland, integrated into the environmental reporting scope in 2014, does not carry out recycling.

The waste treatment service provider of the 3DS Paris Campus was unable to communicate any actionable intelligence related to the waste quantity recycled on site in 2014. Various options are currently under discussion to solve the problem.

2.2.2.5 Methodology for Environmental Reporting

Methodology and scope of environmental reporting

The Dassault Systèmes Methodology for Environmental Reporting is summarized in the "Environmental reporting protocol". The protocol defines:

- the distinction between primary environmental indicators and secondary indicators;
- the methodology for collecting and consolidating environmental information;
- the scope for collecting environmental data.

In application of the provisions of Article 225 of the law referred to as "*Grenelle II*", the environmental reporting target scope includes Dassault Systèmes SA and all the companies in respect of which it has a shareholding exceeding 50%. It should be noted that companies acquired during the period (primarily Accelrys, Quintiq and RTT), which represent approximately 20% of employee headcount as of December 31, 2014 and which will not be integrated until 2015 (after a complete operating year), are excluded from the 2014 environmental reporting scope.

The environmental reporting scope currently comprises all the sites with over 35 employees, or 86% of the target scope described above, compared to 85% in 2013.

Environmental indicators determined using this methodology for 2014 are presented in paragraph 2.2.2.4 "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 changes in applicable regulations into account.

Collecting and consolidating environmental data

Environmental data was collected by the Sustainability Leaders and consolidated by the Public Affairs and Sustainable Development department, based on the reporting protocol. For selected questions, such as business travel and data concerning electronic waste, external service providers were also consulted.

To simplify the consolidation of environmental data, a dedicated software application was rolled out. This new solution facilitates the structuring and standardization of environmental data (regarding all parameters but scope 3 data related to greenhouse gas emissions), like-for-like comparisons and an increase in the frequency of information collection from annual to quarterly. The deployment of this application was finalized in 2014 and has strengthened the management of environmental performance on a global scale.

Primary indicators are collected on a quarterly basis by the Sustainability Leaders and are reviewed and published in a quarterly report issued by the Public Affairs and Sustainable Development department. These indicators are presented in detail in this report. They are also checked by the independent verifier and are subject to limited assurance.

Secondary indicators are collected on a half-yearly basis by the Sustainability Leaders and variances are reviewed by the Public Affairs and Sustainable Development department.

Limitations on environmental reporting

In certain cases, information cannot be provided on the bases of actual consumption *e.g.* for the sites with service charges related to water consumption and recharging the refrigerant to use the air-conditioning system are included in the lease and, for some foreign subsidiaries representing a small contribution in the ratio, and for which the data related to travel is not available on the basis of the same format as the rest of the scope. In these cases, the Environmental Reporting Protocol specifies the procedure to follow in order to make the estimations required (*e.g.* an estimation of water and energy consumption is made on the basis of the averages recorded on the other sites in the geographic area based on the number of employees or square meters taken up). As a result, actual consumption may be different from estimates.

Regarding waste treatment, waste treatment and collection are handled for most subsidiaries by local government, which does not furnish any information on collected waste. It is therefore not possible to provide any information on the amount of waste generated. Dassault Systèmes has nevertheless inquired of all subsidiaries included in the 2014 reporting scope as to whether recycling was put in place. Consequently, the Group produces information on the percentage of sites adopting waste recycling rather than on the quantity of waste treated (see paragraph 2.2.2.4 "Company Environmental Indicators – Specific waste treatment").

2.2.2.6 NRE correspondence table

Article R. 225-105-1 of the French Commercial Code	Paragraphs	Page
General policy on environmental issues		
Organizing the Company to take into account environmental issues. If need be, environmental assessment or certification processes	2.2.2.3	59
Employee training and information actions regarding environmental protection	2.2.2.3	59
Resources devoted to the prevention of environmental risks and pollution	2.2.1	57
Amount of provisions and guarantees for environmental risks	2.2.1	57
Pollution and waste management		
Measures for preventing, recycling or eliminating waste	2.2.2.4	60
Sustainable use of resources		
Water consumption	2.2.2.4	60
Consumption of raw materials	2.2.2.4	60
Measures taken to improve the efficiency of the use of raw materials	2.2.2.4	60
Energy consumption	2.2.2.4	60
Measures taken to improve energy efficiency and the use of renewable energy	2.2.2.4	60
Climate change		
Greenhouse gas emissions	2.2.2.4	60

Summary of information not published

Information not published due to lack of relevancy	Explanation
Consideration of noise pollution Land use Water supply in accordance with local constraints Adaptation to the consequences of climate change Biodiversity protection	Given Dassault Systèmes' activity, these topics are not covered. The Group is not aware of any noise pollution that could negatively impact the environment, nor is it aware of any impact on biodiversity. With regards to land use, the Group is only a commercial user, and the Group is not aware of any local constraints with regards to water supply. The Group does not believe that it is at risk with regards to climate change in the near-or mid-term.

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

In our quality as an independent verifier accredited by the COFRAC[1] under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company Dassault Systèmes, we present our report on the consolidated social, environmental and societal information established for the year ended on the 31st December 2014, presented in chapter 2 of the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the article L.225-102-1 of the French Commercial code *(Code de commerce)*.

Responsibility of the company .

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R. 225-105-1 of the French Commercial code *(Code de commerce)*, in accordance with the protocols used by the company, consisting in HR reporting instructions and an environmental reporting protocol in their versions dated October 2014 and December 2014, respectively (hereafter referred to as the "Criteria"), and of which a summary is included in section 2.1.7 (social reporting) and in section 2.2.2.5 (environmental reporting) of the management report, as well as available at the company's headquarters.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11 of the French Commercial code *(Code de commerce)*. In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial code *(Code de commerce)* (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria (Limited assurance on CSR Information).

Our verification work was undertaken by a team of four people between October 2014 and March 2015 for an estimated duration of seven weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000 [2].

(1) Scope available at www.cofrac.fr

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information

1. Attestation of presence of CSR Information

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial code *(Code de commerce)*.

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial code *(Code de commerce)*.

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial code *(Code de commerce)* with the limitations specified in the Methodological Note in sections 2.1.7 and 2.2.2.5 of chapter 2 of the management report, notably the fact that entities with less than 35 employees and entities acquired in 2014 are not included in the environmental reporting.

Based on this work, and given the limitations mentioned above, we confirm the presence in the management report of the required CSR information.

2. Limited assurance on CSR Information

Nature and scope of the work

We undertook a dozen interviews with the people responsible for the preparation of the CSR Information in the different departments, including people in the Human Resources, Public Affairs and Sustainable Development, Products and Services functions, who are in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important[(3)]:

- at the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;
- at the level of the representative sample of entities that we selected[(4)] based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample reviewed therefore represented on average 36% of the workforce and between 40% and 68% for quantitative environmental information[(5)].

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

Paris-La Défense, the 23rd March 2015

French original signed by:

Independent Verifier

ERNST & YOUNG et Associés

Eric Mugnier	Bruno Perrin
Partner, sustainable development	Partner

(3) **Environmental and societal information:**

Indicators (quantitative information): energy consumption (in MWh), greenhouse gas emissions (in tonnes of CO_2 equivalent), quantity of waste electrical and electronic equipment recycled according to environmental norms (in kg).

Qualitative information: general environmental policy (organisation, evaluation or certification procedures), measures for preventing, recycling and eliminating waste, sustainable use of resources and climate change (energy consumption, measures taken to improve energy efficiency and the use of renewable energy), importance of sub-contracting and the consideration of environmental and social issues in purchasing policies and relations with suppliers and subcontractors, business ethics (actions undertaken to prevent bribery and corruption), territorial, economic and social impact (impact on neighbouring or local populations).

Social information :

Indicators (quantitative information): workforce size and breakdown by geography, age, gender, type of contract (long/short term), percentage of female managers, absenteeism, hiring and terminations, turnover rate, total number of training hours and breakdown by type of training, by category, by gender, and the ratio of hours of training per employee.

Qualitative information: employment (total headcount and breakdown, hiring and terminations, remunerations and their evolution), the organisation of working time, absenteeism, social relationships (the organisation of social dialogue, collective bargaining agreements), health and safety conditions at work, training policies, diversity and equality of treatment and opportunities (measures undertaken for gender equality, the employment and inclusion of people with disabilities, anti-discrimination policies and actions).

(4) The entities Dassault Systèmes S.A. and Dassault Data Service (Vélizy, France site); the entity Dassault Systemes K.K. (Tokyo, Japan site).

(5) The coverage rate of our work is 36% of the workforce for the social data, 68% for the quantities of computers and servers recycled, 40% for electricity consumption, and 44% for greenhouse gas emissions.

3

FINANCIAL REVIEW AND PROSPECTS

CONTENTS

3.1 Operating and Financial Review

3.1.1 General

The executive overview in paragraph 3.1.1.1 "Executive Overview for 2014" highlights selected aspects of the Company's financial results for 2014. 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: (i) non-IFRS revenue data excludes the effect of adjusting the carrying value of acquired companies' deferred revenue; and non-IFRS expense data excludes, (ii) the amortization of acquired intangibles, (iii) share-based compensation expense and related social charges , (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. Specifically, the Company's constant currency revenue data calculations take into account the estimated impact of changes in the currency exchange rates compared 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 2014 *(all revenue growth comparisons are in constant currencies)*

Summary Overview

Dassault Systèmes, the **3D**EXPERIENCE company, provides software applications and services, designed to support companies' innovation processes. The Company's software applications and services span design from ideation, to early 3D digital conceptual design drawings to full digital mock-up; virtual testing of products; end-to-end global industrial operations including manufacturing management and operations planning & optimization; and in marketing and sales from digital marketing and advertising to end-consumer shopping experience.

Since the introduction three years ago of its market vision of **3D**EXPERIENCE and its Social Industry Experience strategy, the Company has undergone a deep transformation in its go-to-market strategy, in the packaging of its software applications, and in its regional organization structure to better position itself on the estimated $32 billion market opportunity it sees. See also Section 1.4.2 "Principal Markets".

2014 was a significant year of progress for Dassault Systèmes in this regard, with the advancement of its purpose, offer, growth drivers and organizational goals. More specifically, key research and development releases, brand addressable market expansions and organizational strengthening during 2014 included:

- in February 2014, the Company made available a new major release, introducing a platform, the **3D**EXPERIENCE platform, a new user interface and on premise and on the Cloud offerings for companies of all sizes. The on premise offering included 41 Industry Process Experiences and 183 processes while the Cloud offering was comprised of 14 Industry Process Experiences and 60 processes, representing one-third of the total on premise portfolio at the time;

- well aligned with its expanded purpose and addressable market vision, 2014 was an active period of strategic engagements with selected companies leading to investments totaling €952.9 million on a net cash basis to acquire companies in several major areas of focus:
  - **(i)** addressing the life science sector where the Company introduced a new brand, BIOVIA, based upon the acquisition of Accelrys. In addition to a leading presence in life science, BIOVIA has a strong list of customers in Aerospace, in Chemicals as well as High Tech and Consumer Packaged Goods thanks to its work in materials sciences,
  - **(ii)** addressing marketers with the RTT acquisition, rebranded as 3DEXCITE, offering professional high end 3D visualization, marketing solutions and computer generated imagery services (as well as serving engineering and simulation users). Its customer base includes a number of the world's leading automotive companies as well as global industry leaders in aerospace and consumer goods, and
  - **(iii)** addressing global business operations planning with the acquisition of Quintiq, with offerings spanning production, logistics and workforce planning applications.

  In total, the Company is building a comprehensive product innovation platform for businesses and people from upstream experience thinking to sales and marketing;
- the Company expanded its worldwide executive management team and continued to align its business on its Social Industry Experience strategy, resulting in further strengthening of both its local/regional geographic and sales organizations as well as global functions to address a much broader market opportunity and importantly to bring greater value to its customers leveraging global assets and local presence.

From a customer perspective, 2014 was a period of strong growth with clients in its largest industry, Transportation and Mobility with end-user software revenue increasing double-digits in constant currencies. In addition, the Company benefited from solid demand with companies in High Tech and more broadly across new industries, leading to further broadening of the Company's reach by end-market verticals. New industries have increased to 27% of total end-user software revenue in 2014 from 25% in 2013.

Summary Financial Overview

In parallel, 2014 was a year of progressive improvement in the Company's financial results, benefiting from broad-based strengthening of its performance from both a geographic and industry perspective, leading to financial results well in line with the Company's objectives.

In addition, the Company achieved the two strong operational commitments (non-IFRS) it had established at the outset of 2014: (i) to deliver organic two-digit growth in new licenses revenue on a constant currency basis for the full year, and (ii) to deliver organic operating margin expansion of 150 basis points excluding currency effects.

Total Revenue

IFRS total revenue increased 14%. Non-IFRS total revenue increased 16%, with software revenue growth of 13% and services and other revenue growth of 46%. Excluding acquisitions and divestitures, non-IFRS total revenue and software revenue increased 5% and 6%, respectively. (All growth rates in constant currencies.)

Revenue By Region

On a regional basis and in constant currencies, non-IFRS revenue in Europe increased 14%, led by Germany, the United Kingdom and Southern Europe; revenue in the Americas increased 20%, with an improved new business dynamic in the direct sales channel, well supported by indirect sales; and in Asia, revenue increased 15% led by Korea, China and Japan. By region, Europe represented 46%, the Americas 29% and Asia 25% of total revenue.

Revenue By Industry

From an industry perspective, the Company experienced strong new business activity in multiple industries during 2014, most notably Transportation & Mobility, High Tech, Life Sciences, Consumer Packaged Goods, Energy, Process & Utilities, and Architecture, Engineering & Construction.

Software Revenue

Software revenue growth reflected a solid dynamic for both new licenses and maintenance renewal trends. On a non-IFRS basis and in constant currencies, total software revenue increased 13%, with non-IFRS new licenses revenue increasing 18% and non-IFRS recurring software revenue increasing 11%. On an organic basis excluding acquisitions and divestitures, new licenses revenue increased 10% led by the Company's direct sales and its CATIA and ENOVIA product lines, and recurring software revenue increased 5% principally reflecting growth in maintenance.

Recurring Software Revenue

The Company continued to benefit from a high level of recurring software revenue, representing 71% of total software revenue in 2014 and comprised principally of maintenance and rental software revenue.

Operating Income

IFRS operating income of €430.8 million decreased 14%, while non-IFRS operating income increased 7% to €699.2 million. Excluding net negative currency effects, non-IFRS operating income would have increased approximately 13%.

Operating Margin

More broadly, the Company was focused on driving global operational efficiency leading to non-IFRS organic operating margin. The non-IFRS operating margin was 29.8% compared to 31.5% in 2013 and reflected the negative impact of currencies of approximately 80 basis points as well as dilution from acquisitions. On an organic basis before taking into account acquisition and currency impact, the non-IFRS operating margin increased an estimated 150 basis points in 2014, reflecting the focus on operational improvements.

Earnings per Share

IFRS diluted net income per share of €1.14 per share compared to €1.38 (after the two-for-one stock split effected on July 17, 2014) in 2013 principally reflecting higher acquisition related costs. Non-IFRS diluted net income per share increased 4% to €1.82 or an estimated 10% excluding net negative currency impacts.

Acquisitions

2014 financial results reflect several acquisitions most notably Accelrys in April 2014, RTT in January 2014, Quintiq in September 2014 as well as the full year impact of Apriso which was acquired in July 2013.

2015 Business Outlook

For a discussion of the Company's 2015 business outlook, see paragraph 3.2 "2015 Financial Objectives and Multi-Year Growth Plan". For further information regarding risks facing the Company, see paragraph 1.6.1 "Risks Related to the Company's Business".

Other Financial Highlights

At December 31, 2014, cash, cash equivalents and short-term investments totaled €1.18 billion and long-term debt was €350.0 million compared to €1.80 billion and €360.0 million, respectively at December 31, 2013.

For the fiscal year 2014, the Company principal uses of cash were for acquisitions of €952.9 million, net of cash acquired; share repurchases of €171.7 million, cash dividends of €35.8 million and capital expenditures of €45.4 million. The Company received cash for stock options exercised of €57.9 million.

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 and related social charges, other operating income and expense, net, certain one- time items included in financial revenue 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, for financial planning and analysis, evaluation of its operating performance, mergers and acquisition analysis and valuation, operational decision-making and for setting financial objectives for future periods. Compensation of its senior management 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 obligations assumed under 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 and related social charges: 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, 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 revenue and other, net: under IFRS, the Company has recognized certain one-time items in financial revenue and other, net comprised of gains and losses on disposals of non-consolidated equity 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 revenue 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 revenue 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: the Company restructured certain activities which resulted in immediate adjustment of the income tax provision. The Company's IFRS financial statements reflect the impact of these one-time tax effects.

In its supplemental non-IFRS financial information, 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 or overstates 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, 2014 IFRS	Adjustment(1)	2014 non-IFRS	2013 IFRS	Adjustment(1)	2013 non-IFRS	% Change IFRS	% Change non-IFRS(2)
Total Revenue	**€2,294.3**	**€52.4**	**€2,346.7**	**€2,066.1**	**€6.7**	**€2,072.8**	**11%**	**13%**
Total revenue by activity								
Software revenue	2,035.0	43.6	2,078.6	1,880.8	6.7	1,887.5	8%	10%
Services and other revenue	259.3	8.8	268.1	185.3	–	185.3	40%	45%
Total revenue by geography								
Americas	659.1	18.3	677.4	567.2	2.4	569.6	16%	19%
Europe	1,052.8	22.7	1,075.5	937.8	2.4	940.2	12%	14%
Asia	582.4	11.4	593.8	561.1	1.9	563.0	4%	5%
Total software revenue by product line								
CATIA software revenue	838.6	–	838.6	818.9	–	818.9	2%	2%
ENOVIA software revenue	262.8	–	262.8	249.4	–	249.4	5%	5%
SOLIDWORKS software revenue	447.7	–	447.7	409.5	–	409.5	9%	9%
Other software revenue	485.9	43.6	529.5	403.0	6.7	409.7	21%	29%
Total Operating Expenses	**1,863.5**	**(216.0)**	**1,647.5**	**1,563.1**	**(143.1)**	**1,420.0**	**19%**	**16%**
Share-based compensation expense	(43.3)	43.3	–	(35.5)	35.5	–		
Amortization of acquired intangibles	(133.4)	133.4	–	(100.9)	100.9	–		
Other operating income and expense, net	(39.3)	39.3	–	(6.7)	6.7	–		
Operating Income	**430.8**	**268.4**	**699.2**	**503.0**	**149.8**	**652.8**	**(14%)**	**7%**
Operating Margin	**18.8%**		**29.8%**	**24.3%**		**31.5%**		
Financial revenue and other, net	15.0	(1.8)	13.2	18.0	(0.4)	17.6		
Income before Income Taxes	**445.8**	**266.6**	**712.4**	**521.0**	**149.4**	**670.4**	**(14%)**	**6%**
Income tax expense	(153.3)	(91.9)	(245.2)	(165.8)	(56.2)	(222.0)	(8%)	10%
(of which certain one-time tax restructuring effects)	*2.1*	*(2.1)*	–	*4.2*	*(4.2)*	–		
Non-controlling interest	(1.2)	(0.5)	(1.7)	(2.9)	–	(2.9)		
Net Income attributable to shareholders	**€291.3**	**€174.2**	**€465.5**	**€352.3**	**€93.2**	**€445.5**	**(17%)**	**4%**
Diluted Net Income per Share(3)	**€1.14**	**€0.68**	**€1.82**	**€1.38**	**€0.37**	**€1.75**	**(17%)**	**4%**

(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 revenue and other, net reflect the exclusion of certain one-time items included in financial revenue 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 millions)	Year ended December 31, 2014 IFRS	Adjustment	2014 non-IFRS	2013 IFRS	Adjustment	2013 non-IFRS
Cost of revenue	€343.2	€(1.1)	€342.1	€261.4	€(0.9)	€260.5
Research and development	409.7	(16.9)	392.8	375.5	(14.8)	360.7
Marketing and sales	748.5	(13.9)	734.6	665.2	(12.0)	653.2
General and administrative	189.4	(11.4)	178.0	153.4	(7.8)	145.6
Total share-based compensation expense(4)		**€(43.3)**			**€(35.5)**	

(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 255.3 million diluted shares for 2014 and 255.2 million diluted shares for 2013, adjusted to reflect the two-for-one stock split effected on July 17, 2014.
(4) The increase in share-based compensation expense in 2014 principally reflected the fact that no performance shares were granted in 2013.

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 estimates. 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 assumptions and estimates used in the preparation of its consolidated financial statements: revenue recognition, share-based payments, purchase price allocation for business combinations, goodwill and other intangible assets, income taxes and reasonable estimates about the ultimate resolution of the Company's tax uncertainties. See Note 2 to the consolidated financial statements for a description of these accounting policies.

3.1.2 Consolidated Information: 2014 Compared to 2013

Revenue

The Company's total revenue is comprised of (i) software revenue, which is its primary source of revenue, representing 89% of total revenue in 2014, and (ii) services and other revenue, which represented 11% of total revenue in 2014.

(in millions, except percentages)	**Year ended December 31, 2014**	% change	% change in constant currencies	Year ended December 31, 2013
Total Revenue	**€2,294.3**	**11%**	**14%**	**€2,066.1**
Total revenue by activity				
Software revenue	2,035.0	8%	11%	1,880.8
Services and other revenue	259.3	40%	41%	185.3
Total revenue by geographic region*				
Americas	659.1	16%	17%	567.2
Europe	1,052.8	12%	12%	937.8
Asia	582.4	4%	14%	561.1

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

IFRS total revenue increased 14% in constant currencies. Non-IFRS total revenue increased 16%, on software revenue growth of 13% and services and other revenue growth of 46% in constant currencies. Excluding acquisitions and divestitures, non-IFRS total revenue and software revenue increased 5% and 6%, respectively in constant currencies.

Software Revenue

Software revenue is primarily comprised of new licenses revenue and periodic licenses, maintenance and other software-related 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 or subscription) licenses, for which the customer pays periodic fees to keep the license active. Access to maintenance and unspecified product updates or upgrades requires payment of a fee, which is recorded as maintenance revenue. Periodic (rental or subscription) 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. Other software-related revenue is comprised of the Company's product development revenue relating to the development of additional functionalities of standard products requested by customers.

(in millions, except percentages)	Year ended December 31, 2014	2013
Software revenue		
New licenses revenue	€579.4	€500.1
Periodic licenses, maintenance and other software-related revenue	1,455.6	1,380.7
Total software revenue	**€2,035.0**	**€1,880.8**
(as % of total revenue)	88.7%	91.0%

IFRS software revenue increased 8.2% and excluding currency effects, increased 11%. Similarly, non-IFRS software revenue increased 10.1% and 13% excluding currency effects and totaled €2.08 billion compared to €1.89 billion in 2013. Excluding acquisitions and divestitures, and currency impacts, non-IFRS software revenue increased 6%.

IFRS new licenses revenue increased 15.9%, and 17% in constant currencies well supported by organic growth estimated at 10% in constant currencies.

IFRS recurring software revenue increased 5.2% and 9% in constant currencies. Maintenance renewal rates continued to be high for existing product lines and acquisitions. Non-IFRS recurring software revenue increased 7.7% and 11% in constant currencies and totaled €1.49 billion in 2014 compared to €1.38 billion in 2013. Excluding acquisitions and currency impacts, non-IFRS recurring software revenue increased 5% on growth in maintenance and mixed rental results. Non-IFRS recurring software revenue represented 71% of total software revenue in 2014 and 73% in 2013.

Other software-related revenue totaled €11.3 million in 2014 compared to €8.0 million in 2013.

Services and Other Revenue

Services and other revenue have historically been comprised of revenue from consulting services in methodology for design, deployment and support, training services and engineering services. With the Company's new brand, 3DEXCITE (renaming of RTT following its acquisition), services and other revenue also include content-related digital production for use in 3D visualization, advertising, sales and marketing.

(in millions, except percentages)	Year ended December 31, 2014	2013
Services and other revenue	**€259.3**	**€185.3**
(as % of total revenue)	11.3%	9.0%

Services and other revenue increased 39.9% and approximately 41% in constant currencies, reflecting the higher service and content revenue component of 2014 acquisitions, most notably, 3DEXCITE and Quintiq. Excluding acquisitions, services and other revenue decreased, as the Company focused on working with system integrators, for deployment-related services engagements.

Non-IFRS services and other revenue increased 44.7% and approximately 46% in constant currencies. The non-IFRS services gross margin improved to 15.8% from 11.9%, benefiting from the higher service margin profile of various acquisitions as well as ongoing operational improvements.

Operating expenses

(in millions)	Year ended December 31, 2014	2013
Operating expenses	**€1,863.5**	**€1,563.1**
Adjustments*	(216.0)	(143.1)
Non-IFRS operating expenses*	**€1,647.5**	**€1,420.0**

* 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 19.2% (IFRS) and 16.0% (non-IFRS). The increase in total operating expenses was driven by growth in personnel principally through acquisitions. Total headcount increased 24.9% during 2014 to 13,312 from 10,654 at the end of 2013.

Excluding acquisitions and acquisition-related costs, non-IFRS operating expenses increased 1% in 2014 compared to 2013, with an estimated net favorable currency impact of approximately two percentage points.

Cost of Software Revenue (excluding amortization of acquired intangibles)

The cost of software revenue includes principally software personnel costs, licensing fees paid for third-party components integrated into the Company's own products, preparation costs for user manuals and delivery costs.

(in millions, except percentages)	Year ended December 31, 2014	2013
Cost of software revenue (excluding amortization of acquired intangibles)	**€117.3**	**€97.7**
(as % of total revenue)	5.1%	4.7%

Cost of software revenue (excluding amortization of acquired intangibles) increased €19.6 million or 20.1%. The increase in cost of software revenue was due to growth in personnel and growth in other expenses. The increase in personnel-related costs reflected both internal growth and acquisitions. The growth in other expenses was principally driven by acquisitions.

Cost of Services and Other Revenue

The cost of services and other revenue includes principally personnel and other costs related to organizing and providing consulting, deployment services, content creation and educational services less the technical support provided to sales operations.

	Year ended December 31,	
(in millions, except percentages)	**2014**	2013
Cost of services and other revenue	**€225.9**	**€163.7**
(as % of total revenue)	9.8%	7.9%

Cost of services and other revenue increased €62.2 million or 38.0% due to growth in personnel and related costs from acquisitions. The 2014 acquisitions, most notably 3DEXCITE and Quintiq have a higher proportion of services revenue and related cost of services as a percentage of total revenue.

Excluding the impact of acquisitions cost of services and other revenue decreased as the Company continued to focus on driving operational improvements in its core service organization.

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 primarily in France, the United States and Germany, as well as in India, the United Kingdom, Malaysia, Poland, Netherlands, 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 recognized 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)	**2014**	2013
Research and development expenses	**€409.7**	**€375.5**
(as % of total revenue)	17.9%	18.2%

R&D expenses increased on a net basis by 9.1% or €34.2 million reflecting growth in R&D personnel and in other R&D expenses from acquisitions. Growth of R&D expenses was offset in part by an increase in government grants and other governmental programs supporting R&D which totaled €43.1 million in 2014, including a one-time R&D tax credit benefit, compared to €27.4 million in 2013. Currency had a net positive impact estimated at two percentage points on R&D expense growth.

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)	**2014**	2013
Marketing and sales expenses	**€748.5**	**€665.2**
(as % of total revenue)	32.6%	32.2%

Marketing and sales expenses increased €83.3 million or 12.5% and reflected growth in personnel headcount principally from acquisitions and growth in other expenses from acquisitions. Currency had a net positive impact estimated at one percentage point on marketing and sales expense growth.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel costs of the finance, human resources and other departments, including legal; third-party professional fees and other expenses; travel expenses; related infrastructure costs, including information technology resources as well as other expenses.

	Year ended December 31,	
(in millions, except percentages)	**2014**	2013
General and administrative expenses	**€189.4**	**€153.4**
(as % of total revenue)	8.3%	7.4%

General and administrative expenses increased €36.0 million or 23.5%, largely reflecting an increase in related costs from acquisitions, while also reflecting a 2013 one-time benefit from the resolution of tax proceedings. Currency had a net positive impact estimated at one percentage point on general and administrative expense growth.

Amortization of Acquired Intangibles

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

	Year ended December 31,	
(in millions)	**2014**	2013
Amortization of acquired intangibles	**€133.4**	**€100.9**

Amortization of acquired intangibles increased €32.5 million or 32.2%, reflecting the 2014 acquisitions of RTT in January, Accelrys in April and Quintiq in September as well as the acquisition of Apriso in July 2013.

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)	**2014**	2013
Other operating income and expense, net	**€(39.3)**	**€(6.7)**

Other operating income and (expense), net, increased €(32.6) million in 2014 and reflected increases of €(13.4) million in third-party professional fees in connection with acquisitions, €(7.9) million in restructuring costs, and €(3.5) million of relocation costs. In addition, the increase in other operating income and (expense), net reflected a €5.6 million gain on sales of subsidiaries in 2013. See Note 8 to the consolidated financial statements.

Operating income

	Year ended December 31,	
(in millions)	**2014**	2013
Operating income	**€430.8**	**€503.0**

Operating income decreased 14.4%, or €72.2 million and principally reflected an increase in amortization of intangibles of €32.5 million, higher other operating income and (expenses), net of €(32.6) million and an estimated net negative currency impact of 5 percentage points or €48.5 million. Reflecting these factors, the operating margin decreased to 18.8% from 24.3% in 2013.

On a non-IFRS basis, operating income totaled €699.2 million for 2014, compared to €652.8 million for 2013. Currency had a significant impact on operating income, with an estimated six percentage points or €(32.1) million net negative currency headwind.

The non-IFRS operating margin was 29.8% for 2014. In comparison to 2013, where the non-IFRS operating margin was 31.5%, approximately 80 basis points of the decrease is attributable to a net negative currency impact, which was more than offset by an estimated 150 basis points increase on an organic basis excluding currency effects. The increase in the non-IFRS organic operating margin excluding currency effects helped mitigate the dilutive impact of acquisitions estimated at 240 basis points.

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 foreign currencies; and (iii) one-time items, net principally composed of net gains or losses on sales of investments.

	Year ended December 31,	
(in millions)	**2014**	2013
Financial income and (expense) and other, net	**€15.0**	**€18.0**

2014 financial income (expense) and other, net was mainly comprised of net financial interest income of €17.1 million (2013: €18.2 million); exchange losses of €(4.1) million (2013: €(0.5) million), and certain one-time items related to the sales of non-consolidated equity investments of €1.8 million (2013: €0.4 million). See Note 9 to the consolidated financial statements.

On a non-IFRS basis, financial income (expense) and other, net decreased to €13.2 million for 2014 compared to €17.6 million in 2013, reflecting a net negative impact of €(3.6) million due to net exchange loss of €(4.1) million for 2014, compared to a net exchange loss of €(0.5) million for 2013.

Income tax expense

	Year ended December 31,	
(in millions, except percentages)	**2014**	2013
Income tax expense	**€153.3**	**€165.8**
Effective consolidated tax rate	34.4%	31.8%

IFRS income tax expense decreased €12.5 million in total in 2014 compared to 2013, of which €23.9 million of the change is due to lower pre-tax income in 2014, partially offset by an €11.6 million impact due to an increase in the effective tax rate to 34.4% for 2014 from 31.8% for 2013. The increase in the effective tax rate is principally due to higher tax credits in 2013. See Note 10 to the consolidated financial statements for an explanation of the differences between the effective tax rates and the taxes computed at the statutory French tax rate of 38% for 2014 and 2013.

On a non-IFRS basis, income tax expense increased 10.5% to €245.2 million for 2014, compared to €222.0 million for 2013, principally due to growth of non-IFRS pre-tax income to €712.4 million compared to €670.4 million for 2013 and to a lesser extent to an increase in the effective tax rate to 34.4% compared to 33.1% for 2013.

Net income and diluted net income per share

	Year ended December 31,	
(in millions, except per share data)	**2014**	2013
Net income attributable to shareholders	**€291.3**	**€352.3**
Diluted net income per share*	€1.14	€1.38
Diluted weighted average number of shares outstanding*	255.3	255.2

* 2013 adjusted to reflect the two-for-one stock split effected on July 17, 2014.

IFRS diluted net income per share decreased 17.4% compared to 2013. Currency had an estimated net negative impact of 6 percentage points or €0.08 per diluted share on IFRS diluted net income per share growth.

Non-IFRS net income per diluted share increased 4.0% to €1.82 per share, compared to €1.75 per share on a split-adjusted basis for 2013. Currency had an estimated negative impact of 6 percentage points or €0.10 per diluted share on non-IFRS net income per share growth.

3.1.3 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 the Company's business seasonality and clients' decision process. Service and other revenue activity can also vary by quarter. The Company's total revenue is however less sensitive to quarterly variation due to its significant level of recurring software revenue, which includes maintenance as well as software rentals and cloud subscriptions. The significant level of recurring software revenue serves as a stabilizing factor when new licensing activity is impacting revenue and net income. Acquisitions and divestitures can also cause the different elements of revenue to vary from quarter to quarter.

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 2014, revenue for the fourth, third, second and first quarters represented, respectively, 29.3% (27.4% in 2013), 24.5% (23.9% in 2013), 24.3% (25.2% in 2013) and 21.9% (23.5% in 2013) of the Company's total revenue for the year, with the mix of revenues by quarter reflecting the timing of acquisition activity during 2014.

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 1.6.1.15 "Variability in Quarterly Operating Results".

3.1.4 Capital Resources

Cash and cash equivalents and short-term investments amounted to €1.18 billion as of December 31, 2014 compared to €1.80 billion as of December 31, 2013. The Company's net financial position was €825.5 million at December 31, 2014, compared to €1.44 billion at December 31, 2013, and was comprised of cash, cash equivalents and short-term investments, less long-term debt.

In 2014 the Company's principal sources of liquidity were cash from operations amounting to €499.5 million and proceeds from exercise of stock options amounting to €57.9 million. During 2014 cash obtained from operations was used primarily to fund acquisitions in the amount of €952.9 million net, repurchase Company shares in the amount of €171.7 million and distribute cash dividends aggregating to €35.8 million. In addition, the Company made additions to property, equipment and intangibles of €45.4 million, and repaid borrowings in the amount of €20.6 million. (See also the Consolidated Statements of Cash Flows in paragraph 4.1.1 "Consolidated Financial Statements".)

In 2013 the Company's principal sources of liquidity were cash from operations of €506.8 million, and proceeds from the new long-term credit facility of €350.0 million, as well as net proceeds from sales of short-term investments of €91.4 million and proceeds from exercise of stock options amounting to €40.2 million. During 2013 cash obtained from operations was used primarily to fund acquisitions and other related investments in the amount of €213.4 million net of cash acquired, complete share repurchases in the amount of €56.9 million, and distribute cash dividends aggregating to €34.8 million. (See also the Consolidated Statements of Cash Flows in paragraph 4.1.1 "Consolidated Financial Statements".)

Exchange rate fluctuations had a positive translation effect, on cash and cash equivalent balances, of €38.0 million as of December 31, 2014, compared to a negative translation effect of €35.8 million as of December 31, 2013.

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 2015 Financial Objectives and Multi-Year Growth Plan

The Company confirms its initial 2015 non-IFRS financial objectives which were announced on February 5, 2015, when the preliminary, unaudited annual results for 2014 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 2015.

The Company's initial 2015 non-IFRS financial objectives are as follows:

- non-IFRS revenue growth objective range of about 11% to 12% in constant currencies (€2.70 billion to €2.72 billion based upon the 2015 currency exchange rate assumptions below);
- non-IFRS operating margin of about 29.8%, stable compared to 2014;
- non-IFRS earnings per share range of about €2.04 to €2.09, representing a growth objective range of about 12% to 15%, based upon the exchange rate assumptions below;
- these financial objectives are based upon exchange rate assumptions of U.S. dollar 1.20 per euro and Japanese yen 140.00 per euro for 2015.

The Company's objectives are prepared and communicated only on a non-IFRS basis. The 2015 annual non-IFRS objectives set forth above do not take into account the following accounting elements and are based upon the 2015 currency exchange rate assumptions above: deferred revenue write-downs currently estimated at approximately €35 million for 2015; share-based compensation expense currently estimated at approximately €19 million for 2015 and amortization expense for acquired intangibles currently estimated at approximately €160 million for 2015. These objectives do not include any impact from other operating income and expense, net principally comprised of acquisition, integration and restructuring expenses. These estimates do not include any new stock option or share grants, or any new acquisitions or restructurings completed after February 5, 2015.

On June 13, 2014 in conjunction with its 2014 Capital Markets Day, Dassault Systèmes unveiled its next multi-year growth plan with the initiation of a 2019 non-IFRS EPS goal of about €3.50 (on a split-adjusted basis), commenting that this goal represents about a 15% compound annual growth rate and is top-line driven with multiple key revenue growth drivers. The EPS goal assumes a relatively stable share count over the five-year period, and is based upon exchange rates for the U.S. dollar of $1.37 and Japanese yen of JPY140 in comparison to the euro.

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 "Risk factors".

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.

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FINANCIAL STATEMENTS

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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 28, 2015.

4.1 Consolidated Financial Statements

In compliance with Article 28 of the European Regulation n°. 809/2004 of the European Commission, the consolidated financial statements for 2012 and 2013 are incorporated by reference in this Annual Report as stated on page 2 hereof.

4.1.1 Consolidated Financial Statements

Consolidated Statements of Income

(in thousands, except per share data)	Notes	Year ended December 31, 2014	2013
New licenses revenue		€579,360	€500,073
Periodic licenses, maintenance and other software revenue		1,455,625	1,380,725
Software revenue	4	**2,034,985**	**1,880,798**
Services and other revenue		259,295	185,325
TOTAL REVENUE		**2,294,280**	**2,066,123**
Cost of software revenue		(117,332)	(97,657)
Cost of services and other revenue		(225,919)	(163,683)
Research and development		(409,660)	(375,527)
Marketing and sales		(748,428)	(665,136)
General and administrative		(189,440)	(153,413)
Amortization of acquired intangibles		(133,376)	(100,945)
Other operating income and expense, net	8	(39,309)	(6,719)
OPERATING INCOME		**430,816**	**503,043**
Interest income and expense, net	9	17,131	18,248
Other financial income and expense, net	9	(2,195)	(285)
INCOME BEFORE INCOME TAXES		**445,752**	**521,006**
Income tax expense	10	(153,302)	(165,836)
NET INCOME		**€292,450**	**€355,170**
Attributable to:			
Equity holders of the Company		€291,241	€352,279
Non-controlling interest		€1,209	€2,891
Earnings per share*			
Basic net income per share	11	€1.16	€1.41
Diluted net income per share	11	€1.14	€1.38

* 2013 figures have been restated to reflect the two-for-one stock split effected on July 17, 2014 (see Note 23 Shareholders' Equity).

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

Consolidated Statements of Comprehensive Income

(in thousands)	Notes	Year ended December 31, 2014	2013
NET INCOME		**€292,450**	**€355,170**
Gain on available for sale securities	23	–	169
Losses on cash flow hedges	23	(1,508)	(12,963)
Foreign currency translation adjustment		187,036	(72,277)
Income tax on items to be reclassified		575	4,343
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax		**186,103**	**(80,728)**
Remeasurements of defined benefit pension plans	22	(30,870)	7,066
Income tax on items not being reclassified		9,712	(2,746)
Other comprehensive income not being reclassified to profit or loss in subsequent periods, net of tax		**(21,158)**	**4,320**
OTHER COMPREHENSIVE INCOME, NET OF TAX		**164,945**	**(76,408)**
TOTAL COMPREHENSIVE INCOME, NET OF TAX		**€457,395**	**€278,762**
Attributable to:			
Equity holders of the Company		€451,510	€278,137
Non-controlling interest		€5,885	€625

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

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Consolidated Balance Sheets

(in thousands)	Notes	Year ended December 31, 2014	2013
Assets			
Cash and cash equivalents	12	€1,104,206	€1,737,860
Short-term investments	12	71,286	65,785
Trade accounts receivable, net	13	627,662	472,624
Income tax receivable		78,626	54,866
Other current assets	13	97,782	88,896
TOTAL CURRENT ASSETS		**1,979,562**	**2,420,031**
Property and equipment, net	14	136,737	100,448
Non-current financial assets	15	69,526	48,203
Deferred tax assets	10	79,575	87,471
Intangible assets, net	17	1,170,626	658,788
Goodwill	18	1,532,031	872,952
TOTAL NON-CURRENT ASSETS		**2,988,495**	**1,767,862**
TOTAL ASSETS		**€4,968,057**	**€4,187,893**

(in thousands)			
Liabilities and equity			
Trade accounts payable		€130,327	€84,972
Accrued compensation and other personnel costs		246,623	211,052
Unearned revenue		636,750	488,961
Income tax payable		16,870	20,845
Other current liabilities	19	108,618	82,364
TOTAL CURRENT LIABILITIES		**1,139,188**	**888,194**
Deferred tax liabilities	10	218,628	102,714
Borrowings, non-current	20	350,000	360,019
Other non-current liabilities	19	300,737	212,815
TOTAL NON-CURRENT LIABILITIES		**869,365**	**675,548**
Common stock		128,182	126,933
Share premium		484,208	425,972
Treasury stock		(187,085)	(105,732)
Retained earnings and other reserves		2,489,667	2,316,293
Other items		28,488	(152,939)
Parent shareholders' equity		**2,943,460**	**2,610,527**
Non-controlling interest		16,044	13,624
TOTAL EQUITY	**23**	**2,959,504**	**2,624,151**
TOTAL LIABILITIES AND EQUITY		**€4,968,057**	**€4,187,893**

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

Consolidated Statements of Cash Flows

(in thousands)	Notes	Year ended December 31, **2014**	2013
Net income		**€292,450**	**€355,170**
Adjustments for non-cash items	24	187,748	168,478
Changes in operating assets and liabilities	24	19,255	(16,801)
Net cash provided by operating activities		**499,453**	**506,847**
Additions to property, equipment and intangibles	14, 17	(45,393)	(42,390)
Purchases of short-term investments		(95,141)	(174,203)
Proceeds from sales and maturities of short-term investments		94,783	265,596
Payment for acquisition of businesses, net of cash acquired	16	(952,913)	(213,418)
Other		(2,197)	(4,221)
Net cash used in investing activities		**(1,000,861)**	**(168,636)**
Proceeds from exercise of stock options		57,893	40,194
Cash dividends paid	23	(35,764)	(34,794)
Repurchase of treasury stock	23	(171,660)	(56,928)
Borrowings	20	-	350,000
Repayment of borrowings	20	(20,685)	(22,237)
Net cash (used in) provided by financing activities		**(170,216)**	**276,235**
Effect of exchange rate changes on cash and cash equivalents		37,970	(35,886)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(633,654)**	**578,560**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**1,737,860**	**1,159,300**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**€1,104,206**	**€1,737,860**
Supplemental disclosure			
Income taxes paid		€189,434	€143,172
Cash paid for interest		€5,205	€5,148

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

Consolidated Statements of Shareholders' Equity

					Other items					
(in thousands)	Common stock	Share premium	Treasury stock	Retained earnings and other reserves	Available-for-sale securities	Cash flow hedges	Foreign currency translation adjustment	Parent shareholders' equity	Non-controlling interest	Total Equity
JANUARY 1, 2013	**€125,097**	**€314,402**	**€(57,399)**	**€2,029,318**	**€(169)**	**€5,752**	**€(80,060)**	**€2,336,941**	**€16,229**	**€2,353,170**
Net income	–	–	–	352,279	–	–	–	352,279	2,891	355,170
Other comprehensive income, net of tax	–	–	–	4,320	169	(8,705)	(69,926)	(74,142)	(2,266)	(76,408)
COMPREHENSIVE INCOME, NET OF TAX	**–**	**–**	**–**	**356,599**	**169**	**(8,705)**	**(69,926)**	**278,137**	**625**	**278,762**
Dividends	741	67,232	–	(99,537)	–	–	–	(31,564)	(3,230)	(34,794)
Exercise of stock options	1,095	44,338	–	–	–	–	–	45,433	–	45,433
Treasury stock transactions	–	–	(48,333)	(8,595)	–	–	–	(56,928)	–	(56,928)
Share-based payments	–	–	–	34,017	–	–	–	34,017	–	34,017
Other changes	–	–	–	4,491	–	–	–	4,491	–	4,491
DECEMBER 31, 2013	**€126,933**	**€425,972**	**€(105,732)**	**€2,316,293**	**€–**	**€(2,953)**	**€(149,986)**	**€2,610,527**	**€13,624**	**€2,624,151**
Net income	–	–	–	291,241	–	–	–	291,241	1,209	292,450
Other comprehensive income, net of tax	–	–	–	(21,158)	–	(3,475)	184,902	160,269	4,676	164,945
COMPREHENSIVE INCOME, NET OF TAX	**–**	**–**	**–**	**270,083**	**–**	**(3,475)**	**184,902**	**451,510**	**5,885**	**457,395**
Dividends	802	70,330	–	(103,431)	–	–	–	(32,299)	(3,465)	(35,764)
Exercise of stock options	1,188	49,457	–	–	–	–	–	50,645	–	50,645
Treasury stock transactions	(741)	(61,551)	(81,353)	(28,015)	–	–	–	(171,660)	–	(171,660)
Share-based payments	–	–	–	29,950	–	–	–	29,950	–	29,950
Other changes	–	–	–	4,787	–	–	–	4,787	–	4,787
DECEMBER 31, 2014	**€128,182**	**€484,208**	**€(187,085)**	**€2,489,667**	**€–**	**€(6,428)**	**€34,916**	**€2,943,460**	**€16,044**	**€2,959,504**

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

Notes to the Consolidated Financial Statements for Years Ended December 31, 2014 and 2013

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Note 1 Description of Business

The "Company" or the "Group" refers to Dassault Systèmes SA and its subsidiaries. The Company provides end-to-end software applications and services, designed to support companies' innovation processes, from specification and design of a new product, to its manufacturing, supply and sale to the customer, through all stages of digital mock-up, simulation, and realistic 3D virtual experiences representing user experience.

The Company's global customer base includes companies 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. To serve its customers, the Company has developed a broad software applications portfolio, comprised of social and collaborative applications, 3D modeling applications, 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 Euronext Paris. These consolidated financial statements were established under the responsibility of the Board of Directors on March 20, 2015.

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 are fully consolidated. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Companies over which the Company exercises significant influence are accounted for under the equity method. Intercompany transactions and balances are eliminated.

Impact of recently issued accounting standards

The following standards which became mandatory from January 1, 2014 and were published in the Official Journal of the European Union at December 31, 2014 were applied for the first time in 2014:

- 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 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 was already published in the Official Journal of the European Union at December 31, 2014:

- IFRIC 21 "Levies", mandatory for financial years beginning on or after June 17, 2014. The interpretation addresses when an entity should recognize a liability to pay a government levy. The adoption of IFRIC 21 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, 2014, notably IFRS 15 "Revenue from contracts with customers", expected to be effective as of January 1, 2017, with early adoption permitted. The Company is currently assessing the impact of IFRS 15 on its consolidated financial statements and plans to adopt the new standard on the required effective date.

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. Areas involving the use of significant estimates and assumptions mainly include: 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 recoverable amount of goodwill; determining the nature, fair value and useful life of acquired intangible assets in a business combination; determining assumptions to estimate the fair value of share-based payments; assessing the recognition of deferred tax assets; and making reasonable estimates about the ultimate resolution of the Company's tax uncertainties based on current tax laws and the Company's interpretation thereof. 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 other software revenue, 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.

New Software Licenses, Periodic Licenses, Maintenance and Other Software 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.

Other software revenue mainly 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 licenses, maintenance and other software 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 in methodology for design, deployment and support, and training services. 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.

Stock options are measured at fair value 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.

Performance shares are measured at fair value based on the quoted price of the Company's common stock on the date of grant. The fair value may also include the impact of a market condition based on an option-pricing model.

Cost of software revenue

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

Research and development

Research costs are expensed as incurred.

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.

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, costs directly related to acquisitions, 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 and forward contracts, which are designated and serve as hedges, are recorded at their fair market value. Fair value is measured based on the following fair value hierarchy: 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 interest income and expense, net.

Non-Current Financial Assets – Non-current financial assets include, principally, available-for-sale equity securities at fair value, loans, deposits and other non-current receivables 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 and computer software. Costs related to intangible assets are capitalized and amortized using the straight-line method over their estimated useful lives, which range from two to 16 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 charged or credited to equity in other comprehensive income in the period in which they arise.

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 service costs, past service costs and net interest expense or income, 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 a single operating segment, the sale of software solutions, whose aim is to offer customers an integrated innovation process, from the development of a new concept to the realistic experience of the resultant product, through all stages of detailed design, scientific simulation and manufacturing, thanks to the **3D**EXPERIENCE platform.

The assessment of the operating segment's performance is based on the Group's supplemental non-IFRS financial information (see paragraph 3.1.1.2 "Supplemental Non-IFRS Financial Information"). The accounting policies used differ from those described in Note 2 Summary of Significant Accounting Policies as follows:

- the measure of operating segment revenue and income includes the whole revenue that would have been recognized by acquired companies had they remained stand-alone entities but which is partially excluded from Group revenue to reflect the fair value of obligations assumed;
- the measure of operating segment income excludes share-based compensation expense and associated payroll taxes (see Note 6 Personnel Costs and Note 7 Share-based Payments), amortization of acquired intangibles, and other operating income and expense, net (see Note 8 Other Operating Income and Expense, Net).

(in thousands)	Year ended December 31, 2014	2013
TOTAL REVENUE FOR OPERATING SEGMENT	**€2,346,660**	**€2,072,781**
Adjustment for unearned revenue of acquired companies	(52,380)	(6,658)
TOTAL REVENUE	**€2,294,280**	**€2,066,123**

(in thousands)	Year ended December 31, 2014	2013
INCOME FOR OPERATING SEGMENT	**€699,174**	**€652,762**
Adjustment for unearned revenue of acquired companies	(52,380)	(6,658)
Share-based compensation expense and related payroll taxes	(43,293)	(35,397)
Amortization of acquired intangibles	(133,376)	(100,945)
Other operating income and expense, net	(39,309)	(6,719)
OPERATING INCOME	**€430,816**	**€503,043**

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

(in thousands)	Total revenue	Total assets	Additions to property, equipment and intangibles
2014			
Europe	€864,599	€2,558,112	€17,371
of which France	*439,108*	*1,524,100*	*14,405*
of which Germany	*211,131*	*447,885*	*1,030*
Americas	903,602	1,986,717	23,151
of which the United States	*850,581*	*1,769,637*	*22,525*
Asia	526,079	423,228	8,371
of which Japan	*373,838*	*175,173*	*2,727*
TOTAL	**€2,294,280**	**€4,968,057**	**€48,893**
2013			
Europe	€796,239	€2,616,507	€16,388
of which France	*460,129*	*2,151,410*	*14,824*
of which Germany	*159,217*	*230,987*	*580*
Americas	789,294	1,263,015	15,403
of which the United States	*737,993*	*968,596*	*9,100*
Asia	480,590	308,371	10,599
of which Japan	*353,802*	*169,536*	*6,754*
TOTAL	**€2,066,123**	**€4,187,893**	**€42,390**

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)	**2014**	2013
Europe	€1,052,804	€937,844
of which France	*229,522*	*241,611*
of which Germany	*340,223*	*290,649*
Americas	659,022	567,196
of which the United States	*574,994*	*480,356*
Asia	582,454	561,083
of which Japan	*293,065*	*310,751*
TOTAL REVENUE	**€2,294,280**	**€2,066,123**

Note 4 Software Revenue

Software revenue is comprised of the following:

	Year ended December 31,	
(in thousands)	**2014**	2013
New licenses revenue	€579,360	€500,073
Periodic licenses and maintenance revenue	1,444,327	1,372,702
Other software revenue	11,298	8,023
SOFTWARE REVENUE	**€2,034,985**	**€1,880,798**

Breakdown of software revenue by main product line is as follows:

	Year ended December 31,	
(in thousands)	**2014**	2013
CATIA software revenue	€838,527	€818,850
SOLIDWORKS software revenue	447,683	409,545
ENOVIA software revenue	262,849	249,372
Other	485,926	403,031
SOFTWARE REVENUE	**€2,034,985**	**€1,880,798**

Note 5 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)	**2014**	2013
Research and development	€43,099	€27,368
Costs of services and other revenue	-	1,556
TOTAL GOVERNMENT GRANTS	**€43,099**	**€28,924**

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

Note 6 Personnel Costs

Personnel costs

Personnel costs, excluding share-based payments (€30.3 million in 2014 and €35.4 million in 2013, see Note 7 Share-based Payments) and associated payroll taxes (€13.0 million in 2014 and nil in 2013), are presented in the following table:

	Year ended December 31,	
(in thousands)	**2014**	2013
Personnel costs	€(882,120)	€(755,516)
Social security costs	(215,836)	(195,528)
TOTAL	**€(1,097,956)**	**€(951,044)**

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, 2014, accumulated individual training rights were approximately 301,000 hours.

Note 7 Share-based Payments

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

	Year ended December 31,	
(in thousands)	**2014**	2013
Research and development	€(12,500)	€(14,850)
Marketing and sales	(11,077)	(11,911)
General and administrative	(5,828)	(7,812)
Cost of revenue	(850)	(824)
TOTAL COMPENSATION EXPENSE RELATED TO SHARE-BASED PAYMENTS	**€(30,255)**	**€(35,397)**

Changes during 2014 and 2013 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, 2013	**2,459,310**	**5,788,000**	**8,247,310**
Granted	–	–	–
Vested	(300,000)	(3,390,400)	(3,690,400)
Forfeited	(70,800)	(85,600)	(156,400)
UNVESTED AT DECEMBER 31, 2013	**2,088,510**	**2,312,000**	**4,400,510**
Granted	1,359,880	624,450	1,984,330
Vested	(888,750)	(2,272,000)	(3,160,750)
Forfeited	(70,800)	(54,600)	(125,400)
UNVESTED AT DECEMBER 31, 2014	**2,488,840**	**609,850**	**3,098,690**

* Restated to reflect the two-for-one stock split effected on July 17, 2014 (see Note 23 Shareholders' Equity).

As of December 31, 2014, total compensation cost related to unvested awards expected to vest but not yet recognized was €39.6 million, and the Company expects to recognize this expense over a weighted average period of 2 years, no later than February 21, 2018.

Performance shares

A summary of the Company's performance shares plans is as follows:

Plan	2010-02	2010-03	2010-04	2010-05	2014-A and 2014-B
Date of General Meeting of Shareholders	05/27/2010	05/27/2010	05/27/2010	05/27/2010	05/30/2013
Date of grant by Board of Directors	09/29/2011	09/29/2011	09/07/2012	09/07/2012	02/21/2014
Total number of shares granted	406,400	150,000	539,230	150,000	679,940
Restated total number of shares granted*	812,800	300,000	1,078,460	300,000	1,359,880
Acquisition period (in years)(1)	Three to four(2)	Two	Three to four(2)	Two	Four
Performance conditions	See Note(3)	See Note(4)	See Note(3)	See Note(4)	See Note(5)
Performance conditions is reached at December 31, 2014	Yes	Yes	Yes	Yes	N/A

* Restated to reflect the two-for-one stock split effected on July 17, 2014 (see Note 23 Shareholders' Equity).
(1) Subject to the condition that the beneficiary be an employee or a director of the Company at the acquisition date.
(2) Three years in France and four years abroad.
(3) Non-market performance conditions based on actually realized non-IFRS diluted earnings per share of the Group compared to the upper limit of the non-IFRS diluted earnings per share objective during three years (2011, 2012 and 2013 for 2010-02 Shares and 2012, 2013 and 2014 for 2010-04 Shares). The shares granted to the CEO are also subject to an additional performance condition related to variable compensation dependent on achieving performance criteria previously established by the Board of Directors.
(4) Performance condition related to the CEO's variable compensation dependent on achieving performance criteria previously established by the Board of Directors.
(5) Performance condition measured based on two alternative criteria, the evolution of the non-IFRS diluted earnings per share of the Group or the evolution of the price of the Dassault Systèmes share compared to the CAC 40 index (market condition) for each of the years 2015, 2016 and 2017. The shares granted to the CEO are also subject to an additional performance condition related to variable compensation dependent on achieving performance criteria previously established by the Board of Directors.

The weighted average fair value of shares granted in 2014 was €37.47 (€18.74 after the two-for-one stock split effected on July 17, 2014). It was estimated on the date of grant using a Monte-Carlo simulation model. The model simulates the performance of Dassault Systèmes share price and compares it against the performance of the CAC 40 index. Assumptions used are as follows: expected volatility rate of 21%, expected dividend yield of 1% and average risk-free interest rate of 0.42%.

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 eight 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.

Pursuant to an authorization granted by the shareholders at the General Meeting of Shareholders held on May 30, 2013, the Board of Directors decided to grant 312,225 options to subscribe to Dassault Systèmes shares (giving right to subscribe to 624,450 shares after the two-for-one stock split) to certain employees based outside of France of certain newly acquired companies on May 26, 2014, at an exercise price of €91 (€45.50 after the two-for-one stock split).

Such options 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 of the Company at the acquisition date and to the achievement of certain non-market performance objectives. The options expire eight years from grant date or shortly after termination of employment, whichever is earlier.

The weighted average grant-date fair value of options granted in 2014 was €16.47 (€8.24 after the two-for-one stock split). It was estimated on the date of grant using a Black-Scholes option pricing model. Assumptions used are as follows: weighted-average expected life of five years, expected volatility rate of 22%, expected dividend yield of 1% and average risk-free interest rate of 0.23%.

The expected volatility was determined using a combination of the historical volatility of the Company's stock and the implied volatility of the Company's exchange-traded options adjusted for other factors, such as a comparison to the Company's peer group.

4

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

	2014		2013	
	Number of shares*	**Weighted average exercise price***	Number of shares*	Weighted average exercise price*
OUTSTANDING AS OF JANUARY 1,	**7,094,974**	**€21.06**	**9,376,838**	**€20.98**
Granted	624,450	45.50	–	–
Exercised	(2,375,837)	21.32	(2,190,064)	20.75
Forfeited	(56,176)	29.22	(91,800)	21.02
OUTSTANDING AS OF DECEMBER 31,	**5,287,411**	**€23.73**	**7,094,974**	**€21.06**
Exercisable	4,677,561	€20.90	4,782,974	€19.87

* Restated to reflect the two-for-one stock split effected on July 17, 2014 (see Note 23 Shareholders' Equity).

A summary of the remaining contractual life and the exercise price of options outstanding as of December 31, 2014 is presented below:

SOP plan	Number of shares*	Remaining life (years)	Exercise price*
2008-02	2,093,242	2.91	€19.50
2010-01	1,725,288	3.40	23.50
2008-01	859,031	0.73	19.08
2014-01	609,850	7.41	45.50
OUTSTANDING AS OF DECEMBER 31, 2014	**5,287,411**	**3.23**	**€23.73**

* Restated to reflect the two-for-one stock split effected on July 17, 2014 (see Note 23 Shareholders' Equity).

Note 8 Other Operating Income and Expense, Net

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

	Year ended December 31,	
(in thousands)	**2014**	2013
Acquisition costs[1]	€(20,312)	€(6,936)
Restructuring costs[2]	(10,286)	(2,414)
Costs incurred in connection with relocation activities[3]	(6,438)	(2,931)
Other[4]	(2,273)	5,562
OTHER OPERATING INCOME AND EXPENSE, NET	**€(39,309)**	**€(6,719)**

(1) In 2014, transaction costs primarily relating to the acquisition of Realtime Technology AG ("RTT"), Accelrys and Quintiq. In 2013, transaction costs primarily relating to the acquisition of Apriso (see Note 16 Business Combinations).
(2) In 2014 and 2013, primarily composed of severance costs relating to the termination of employees following the Company's decision to rationalize its sales organization principally in Europe. In 2014, also includes severance costs related to the closure of offices in the Unites States.
(3) In 2014, primarily composed of expenses related to the reorganization of the 3DS Boston Campus in the United States. In 2013, primarily composed of costs related to the relocation of the Company's premises in Tokyo, Japan.
(4) In 2013, mainly composed of a gain recognized following the sale of a consolidated entity.

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, 2014 and 2013 are as follows:

	Year ended December 31	
(in thousands)	**2014**	2013
Interest income[1]	€22,869	€21,302
Interest expense[2]	(5,738)	(3,054)
INTEREST INCOME AND EXPENSE, NET	**17,131**	**18,248**
Foreign exchange losses, net[3]	(4,060)	(468)
Other, net	1,865	183
OTHER FINANCIAL INCOME AND EXPENSE, NET	**€(2,195)**	**€(285)**

(1) Interest income is primarily composed of interests on cash, cash equivalents and short-term investments.
(2) Mainly include interest expense of €4.4 million and €1.8 million for the years ended December 31, 2014 and 2013, respectively, due under a term loan facility agreement entered into in June 2013 for €350 million (see Note 20. Borrowings).
(3) In 2014, foreign exchange losses, net are primarily composed of realized and unrealized exchange gains and losses on receivables and loans denominated in U.S. dollars and Japanese yen.

Note 10 Income Taxes

Deferred tax assets and liabilities are as follows:

	Year ended December 31,	
(in thousands)	**2014**	2013
Deferred tax assets:		
Accelerated depreciation and amortization for financial statement purposes	€44,118	€41,619
Profit-sharing and pension accruals	42,551	27,747
Provisions and other expenses	77,276	59,887
Net tax loss and tax credit carryforward assets	58,125	44,657
TOTAL DEFERRED TAX ASSETS	**222,070**	**173,910**
Deferred tax liabilities:		
Amortization of acquired intangibles	(314,314)	(142,368)
Accelerated depreciation and amortization for tax purposes	(31,940)	(30,228)
Other	(14,869)	(16,557)
TOTAL DEFERRED TAX LIABILITIES	**(361,123)**	**(189,153)**
NET DEFERRED TAX LIABILITY	**€(139,053)**	**€(15,243)**

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

	Year ended December 31,	
(in thousands)	**2014**	2013
Current deferred tax assets	€51,618	€34,948
Non-current deferred tax assets	27,957	52,523
TOTAL DEFERRED TAX ASSETS	**79,575**	**87,471**
Current deferred tax liabilities	(12,411)	(15,081)
Non-current deferred tax liabilities	(206,217)	(87,633)
TOTAL DEFERRED TAX LIABILITIES	**(218,628)**	**(102,714)**
NET DEFERRED TAX LIABILITY	**€(139,053)**	**€(15,243)**

Non-current deferred tax liabilities mainly include the tax effect of intangible assets created through business combinations (primarily Accelrys, Quintiq and Apriso).

Change in deferred taxes can be summarized as follows:

	Year ended December 31,	
(in thousands)	**2014**	2013
NET DEFERRED TAX ASSET AS OF JANUARY 1,	**€(15,243)**	**€1,983**
Changes included in the income statement	39,887	14,787
Business combinations	(163,112)	(37,227)
Other changes included in shareholders' equity	9,352	3,877
Currency translation adjustments	(9,937)	1,337
NET DEFERRED TAX (LIABILITY) AS OF DECEMBER 31,	**€(139,053)**	**€(15,243)**

The components of income before income taxes are as follows:

(in thousands)	Year ended December 31, 2014	2013
France	€243,410	€261,062
Foreign	202,342	259,944
INCOME BEFORE INCOME TAXES	**€445,752**	**€521,006**

The significant components of income tax expense are as follows:

(in thousands)	Year ended December 31, 2014	2013
France	€(90,613)	€(114,401)
Foreign	(102,576)	(66,222)
CURRENT TAXES	**(193,189)**	**(180,623)**
Change in deferred taxes	39,887	14,787
INCOME TAX EXPENSE	**€(153,302)**	**€(165,836)**

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, 2014	2013
Taxes computed at the statutory rate of 38%	€(169,386)	€(197,982)
Foreign tax rate differentials	3,233	8,383
R&D tax credit and other tax credits(1)	15,831	14,701
Tax exempt income(2)	4,634	11,179
Adjustments of prior income tax provision	(1,754)	1,503
Other, net	(5,860)	(3,620)
INCOME TAX EXPENSE	**€(153,302)**	**€(165,836)**
Effective tax rate	***34.4%***	***31.8%***

(1) R&D tax credit and other tax credits derived mainly from research tax credits in France and in the United States.
(2) Income received by the Company in connection with certain intercompany financing arrangements is taxed at a reduced rate.

At December 31, 2014, there were unrecognized tax losses and tax credit carried forward of €97.4 million, which are scheduled to expire after 2020.

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, 2014	2013*
Net income attributable to equity holders of the Company	€291,241	€352,279
Weighted average number of shares outstanding	250,855,961	249,734,306
Dilutive effect of share-based payments	4,430,104	5,457,426
Diluted weighted average number of shares outstanding	255,286,065	255,191,732
Basic net income per share	**€1.16**	**€1.41**
Diluted net income per share	**€1.14**	**€1.38**

* Restated to reflect the two-for-one stock split effected on July 17, 2014 (see Note 23 Shareholders' Equity).

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, 2014	2013
Bank accounts	€71,864	€68,825
Cash equivalents	1,032,342	1,669,035
CASH AND CASH EQUIVALENTS	**€1,104,206**	**€1,737,860**

At December 31, 2014 and 2013, approximately 35% and 28% of cash and cash equivalents was denominated in U.S. dollars, respectively.

Short-term investments of €71.3 and €65.8 million at December 31, 2014 and 2013, respectively, were primarily comprised of bank certificates of deposit, mutual funds and fixed term deposits. At December 31, 2014 and 2013, short-term investments included approximately 53% and 50% 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

	Year ended December 31,	
(in thousands)	**2014**	2013
Trade accounts receivable	€648,732	€492,147
Allowance for trade accounts receivable	(21,070)	(19,523)
TRADE ACCOUNTS RECEIVABLE, NET	**€627,662**	**€472,624**

The maturities of trade accounts receivable, net, were as follows:

	Year ended December 31,	
(in thousands)	**2014**	2013
Less than 3 months past due	€96,694	€63,580
3 to 6 months past due	11,756	7,374
More than 6 months past due	9,593	4,769
TRADE ACCOUNTS RECEIVABLE PAST DUE	**118,043**	**75,723**
Trade accounts receivable not yet due	509,619	396,901
TOTAL TRADE ACCOUNTS RECEIVABLE, NET	**€627,662**	**€472,624**

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 2014 and 2013.

Other current assets

Other current assets consist of the following:

	Year ended December 31,	
(in thousands)	**2014**	2013
Prepaid expenses	€39,097	€33,568
Value added tax	35,302	32,762
Derivatives, current(1)	4,931	929
Other current assets	18,452	21,637
TOTAL OTHER CURRENT ASSETS	**€97,782**	**€88,896**

(1) See Note 21. Derivatives and Currency and Interest Rate Risk Management.

Note 14 Property and Equipment

Property and equipment consist of the following:

	Year ended December 31, 2014			Year ended December 31, 2013		
(in thousands)	Gross	Accumulated depreciation	Net	Gross	Accumulated depreciation	Net
Computer equipment	€151,990	€(104,034)	€47,956	€132,350	€(96,959)	€35,391
Office furniture and equipment	50,471	(28,676)	21,795	41,529	(25,805)	15,724
Leasehold improvements	92,328	(30,714)	61,614	69,654	(25,353)	44,301
Buildings	6,347	(975)	5,372	5,704	(672)	5,032
TOTAL	**€301,136**	**€(164,399)**	**€136,737**	**€249,237**	**€(148,789)**	**€100,448**

The change in the carrying amount of property and equipment as of December 31, 2014 is as follows:

(in thousands)	Computer equipment	Office furniture and equipment	Leasehold improvements	Buildings	Total
NET PROPERTY AND EQUIPMENT AS OF JANUARY 1, 2014	**€35,391**	**€15,724**	**€44,301**	**€5,032**	**€100,448**
Additions	23,307	7,348	14,862	–	45,517
Business combinations	10,487	3,885	6,957	–	21,329
Other changes	225	(1,130)	(704)	–	(1,609)
Depreciation for the period	(23,480)	(5,401)	(7,913)	(216)	(37,010)
Exchange differences	2,026	1,369	4,111	556	8,062
NET PROPERTY AND EQUIPMENT AS OF DECEMBER 31, 2014	**€47,956**	**€21,795**	**€61,614**	**€5,372**	**€136,737**

The change in the carrying amount of property and equipment as of December 31, 2013 is as follows:

(in thousands)	Computer equipment	Office furniture and equipment	Leasehold improvements	Buildings	Total
NET PROPERTY AND EQUIPMENT AS OF JANUARY 1, 2013	**€35,133**	**€19,425**	**€47,414**	**€5,871**	**€107,843**
Additions	21,561	3,068	5,982	267	30,878
Other changes	16	(666)	1,121	–	471
Depreciation for the period	(19,953)	(4,993)	(8,213)	(221)	(33,380)
Exchange differences	(1,366)	(1,110)	(2,003)	(885)	(5,364)
NET PROPERTY AND EQUIPMENT AS OF DECEMBER 31, 2013	**€35,391**	**€15,724**	**€44,301**	**€5,032**	**€100,448**

Note 15 Non-Current Financial Assets

Non-current financial assets consist of the following:

	Year ended December 31,	
(in thousands)	**2014**	2013
Tax receivable[(1)]	€22,194	€–
Loans receivable, non-current	14,487	13,012
Investments	12,422	9,531
Derivatives, non-current[(2)]	4,663	9,650
Deposits and other non-current financial assets	15,760	16,010
NON-CURRENT FINANCIAL ASSETS	**€69,526**	**€48,203**

(1) Tax payment following a tax reassessment which is disputed by the Group with the relevant authorities (see Note 25 Commitments and Contingencies).
(2) See Note 21. Derivatives and Currency and Interest Rate Risk Management.

Note 16 Business Combinations

2014 acquisitions

Realtime Technology AG (renamed "Dassault Systemes 3DExcite GmbH")

On January 13, 2014, the Company acquired 84% of Realtime Technology AG ("RTT"), and further increased its share to 100% as of December 31, 2014, for total cash consideration of approximately €190.8 million. Headquartered in Munich, Germany, RTT is a leading provider of professional high-end 3D visualization software, marketing solutions and computer generated imagery services.

The allocation of the purchase price resulted in €113.1 million of goodwill primarily composed of the synergies between RTT and the Company's activities, with the introduction of a new brand, 3DEXCITE, extending the Company's offerings to address marketing professionals in its core and target industries.

Accelrys Inc.

On April 29, 2014, the Company completed its acquisition of 100% of Accelrys Inc. ("Accelrys"), for cash consideration of approximately €541.5 million. Based in San Diego, United States, Accelrys is a leading provider of scientific innovation lifecycle management software for chemistry, biology and materials sciences industries.

The preliminary allocation of the purchase price resulted in €322.4 million of goodwill. The primary items that generated goodwill include mainly the value of the synergies between Accelrys and the Company's activities, with the creation of the BIOVIA brand, addressing science-based industries.

Quintiq Holding B.V.

On September 8, 2014, the Company completed its acquisition of 100% of Quintiq Holding B.V. ("Quintiq"), for cash consideration of approximately €259.8 million, including a contingent consideration of approximately €10 million to be paid in 2015 subject to performance achieved in 2014. Based in Bois-Le-Duc, the Netherlands, Quintiq is a global leader in operations management and optimization.

The preliminary allocation of the purchase price resulted in €86.0 million of goodwill. The primary items that generated goodwill include mainly the value of the synergies between Quintiq and the Company's activities.

Other acquisitions

In July 2014, the Company completed its acquisition of 100% of SIMPACK and Sobios SAS for total cash consideration of approximately €46.9 million. These transactions resulted in €25.6 million of goodwill.

Purchase price allocation

The estimated fair values of assets acquired and liabilities assumed in connection with the Accelrys and Quintiq acquisitions presented below are provisional. The Company is waiting for additional information necessary to finalize these fair values and the provisional measurements of fair value presented are subject to change. The Company expects to finalize the valuation and complete the purchase price allocation as soon as practical and no later than one year from the acquisition date.

The purchase prices of RTT, Accelrys, Quintiq and other acquisitions have been allocated to identifiable assets acquired and liabilities assumed based on estimated fair values at the date of the acquisition, as follows:

(in thousands)	RTT	Accelrys	Quintiq	Other acquisitions	Total
Cash and cash equivalents	€13,176	€46,762	€7,148	€6,518	€73,604
Trade accounts receivable	22,050	22,046	18,082	1,669	63,847
Other assets	8,727	15,688	10,326	2,451	37,192
Intangible assets acquired(1)	73,506	243,432	232,526	32,771	582,235
Unearned revenue(2)	(985)	(12,669)	(4,679)	(2,169)	(20,502)
Other liabilities	(13,582)	(27,742)	(27,035)	(13,025)	(81,384)
Deferred taxes, net	(25,205)	(68,432)	(62,562)	(6,913)	(163,112)
TOTAL IDENTIFIABLE NET ASSETS	**€77,687**	**€219,085**	**€173,806**	**€21,302**	**€491,880**
Goodwill	113,143	322,404	85,994	25,566	547,107
TOTAL PURCHASE PRICE	**€190,830**	**€541,489**	**€259,800**	**€46,868**	**€1,038,987**

(1) Intangible assets acquired are subject to amortization and include the following.

(in thousands)	RTT	Accelrys	Quintiq	Other acquisitions	Total
Software	€49,506	€58,595	€214,289	€18,859	€341,249
Customer relationships	20,000	184,115	18,237	13,912	236,264
Other	4,000	722	-	-	4,722
TOTAL INTANGIBLE ASSETS ACQUIRED	**€73,506**	**€243,432**	**€232,526**	**€32,771**	**€582,235**

(2) The carrying values of unearned revenue were reduced to reflect the fair value of obligations assumed. As a result, approximately €82.1 million of revenues that would have otherwise been recorded by these entities had they not been acquired by the Company will not be recognized in the Company's consolidated statements of income.

The unaudited financial information presented in the table below summarizes the combined results of operations for the year ended December 31, 2014 as if the acquisitions had occurred at the beginning of the period. This information is presented for informational purposes and does not purport to be indicative of the results that will be achieved in the future. This financial information reflects the adjustment to reduce unearned revenue to the fair value of the associated 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, 2014 (unaudited)
Revenue	€2,376,472
Net income	€243,648

In addition, the portion of acquired companies' revenue and net income generated since the acquisition date and included in the Company's consolidated financial statements as of December 31, 2014 is as follows:

(in thousands)	Year ended December 31, 2014
Revenue	€160,923
Net income	€(44,897)

2013 acquisitions

Apriso

On July 1, 2013, the Company completed its acquisition of 100% of Apriso for cash consideration of approximately €179.2 million (including €2.0 million to be paid at a later date). Headquartered in Long Beach, California, Apriso is a leading provider of manufacturing operations management software solutions.

The allocation of the purchase price resulted in €95.3 million of goodwill.

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	€14,838
Trade accounts receivable	10,382
Other assets	2,646
Intangible assets acquired(1)	94,730
Unearned revenue(2)	(3,452)
Other liabilities	(7,147)
Deferred taxes, net	(28,019)
TOTAL IDENTIFIABLE NET ASSETS	**83,978**
Goodwill	95,263
TOTAL PURCHASE PRICE	**€179,241**

(1) Intangible assets acquired are subject to amortization and include the following:

(in thousands)	
Software	€61,747
Customer relationships	32,983
TOTAL INTANGIBLE ASSETS ACQUIRED	**€94,730**

(2) The carrying value of Apriso's unearned revenue was reduced to reflect the fair value of the contracts in effect at the date of acquisition. As a result, approximately €2.4 million of revenues that would have otherwise been recorded by Apriso had this entity not been acquired by the Company will not be recognized in the Company's consolidated statements of income.

Other acquisitions

In 2013, the Company completed its acquisition of 100% of FE-DESIGN group, SIMPOE, Archivideo, SFE, Safe Technology and Strategic Business Solutions for total cash consideration of approximately €60.1 million (including €5.5 million to be paid at a later date). These transactions resulted in €33.9 million of goodwill.

Note 17 Intangible Assets

Intangible assets consist of the following:

	Year ended December 31, 2014			Year ended December 31, 2013		
(in thousands)	**Gross**	**Accumulated amortization**	**Net**	Gross	Accumulated amortization	Net
Software	€1,021,520	€(399,873)	€621,647	€639,881	€(315,541)	€324,340
Customer relationships	908,095	(366,521)	541,574	601,924	(270,872)	331,052
Other intangible assets	26,781	(19,376)	7,405	19,857	(16,461)	3,396
TOTAL INTANGIBLE ASSETS	**€1,956,396**	**€(785,770)**	**€1,170,626**	**€1,261,662**	**€(602,874)**	**€658,788**

The change in the carrying amount of intangible assets as of December 31, 2014 is as follows:

(in thousands)	Software	Customer relationships	Other intangible assets	Total intangible assets
NET INTANGIBLE ASSETS AS OF JANUARY 1, 2014	**€324,340**	**€331,052**	**€3,396**	**€658,788**
Business combinations	341,249	236,264	4,722	582,235
Other additions	3,077	253	46	3,376
Amortization for the period	(69,299)	(68,930)	(1,103)	(139,332)
Exchange differences	22,280	42,935	344	65,559
NET INTANGIBLE ASSETS AS OF DECEMBER 31, 2014	**€621,647**	**€541,574**	**€7,405**	**€1,170,626**

The change in the carrying amount of intangible assets as of December 31, 2013 is as follows:

(in thousands)	Software	Customer relationships	Other intangible assets	Total intangible assets
NET INTANGIBLE ASSETS AS OF JANUARY 1, 2013	**€281,726**	**€384,387**	**€4,988**	**€671,101**
Business combinations	94,778	35,029	25	129,832
Other additions	11,403	–	109	11,512
Amortization for the period	(48,645)	(57,631)	(1,668)	(107,944)
Exchange differences	(14,922)	(30,733)	(58)	(45,713)
NET INTANGIBLE ASSETS AS OF DECEMBER 31, 2013	**€324,340**	**€331,052**	**€3,396**	**€658,788**

Total intangible amortization expense was €139.3 and €107.9 million for the years ended December 31, 2014, and 2013, respectively. The future amortization expense relating to all intangible assets that are currently recorded on the consolidated balance sheet at December 31, 2014 is estimated to be the following:

(in thousands)	Estimated intangible assets' amortization expense
2015	€166,253
2016	153,257
2017	141,090
2018	132,594
2019 and thereafter	577,432

Note 18 Goodwill

The change in the carrying amount of goodwill as of December 31, 2014 and 2013 is as follows:

	Year ended December 31,	
(in thousands)	**2014**	2013
GOODWILL AS OF JANUARY 1,	**€872,952**	**€788,435**
Business combinations	547,107	129,134
Exchange differences and other changes	111,972	(44,617)
GOODWILL AS OF DECEMBER 31,	**€1,532,031**	**€872,952**

The Company performed annual impairment tests in the fourth quarter of 2014 and 2013; no impairment of goodwill was identified as a result of these tests.

For the purpose of the impairment test, the Company identified 11 cash-generating units ("CGUs") or groups of CGUs as of December 31, 2014, 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.

Goodwill allocated to each CGU or groups of CGUs is as follows:

(in thousands)	December 31, 2013	RTT acquisition	Accelrys acquisition	Quintiq acquisition	Other acquisitions	Exchange differences and other changes	December 31, 2014
CATIA	€169,199	€–	€–	€–	€–	€6,520	€175,719
SIMULIA	185,118	–	–	–	24,226	22,393	231,737
ENOVIA	134,001	–	–	–	–	15,822	149,823
DELMIA	119,896	–	–	85,994	–	12,603	218,493
GEOVIA	118,984	–	–	–	–	5,027	124,011
BIOVIA	–	–	322,404	–	1,340	45,383	369,127
3DEXCITE	–	113,143	–	–	–	–	113,143
Other	145,754	–	–	–	–	4,224	149,978
TOTAL	**€872,952**	**€113,143**	**€322,404**	**€85,994**	**€25,566**	**€111,972**	**€1,532,031**

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, representing approximately 40% of the Group's total goodwill as of December 31, 2014. 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 11.7% 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, 2014, 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 described 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, except GEOVIA for which an increase of 150 basis points in the pre-tax discount rate would cause the recoverable amount to equal the carrying amount.

Note 19 Other Liabilities

Other liabilities are comprised of the following:

(in thousands)	Year ended December 31, 2014	2013
Value added tax and other taxes	€62,880	€49,003
Provisions, current[1]	12,408	1,148
Borrowings, current[2]	9,984	20,039
Derivatives, current[3]	298	2,492
Other current liabilities	23,048	9,682
TOTAL OTHER CURRENT LIABILITIES	**€108,618**	**€82,364**
Post-employment benefits[4]	€114,915	€77,042
Provisions, non-current[1]	80,452	54,744
Accrual for deferred lease incentives	46,090	38,201
Employee profit sharing, non-current	25,774	24,992
Derivatives, non-current[3]	12,163	2,499
Other non-current liabilities	21,343	15,337
TOTAL OTHER NON-CURRENT LIABILITIES	**€300,737**	**€212,815**

(1) See reconciliation of provisions below.
(2) See Note 20. Borrowings.
(3) See Note 21. Derivatives and Currency and Interest Rate Risk Management.
(4) See Note 22 Post-employment Benefits.

The change in the carrying value of provisions as of December 31, 2014 is as follows:

(in thousands)	Tax risks	Claims, litigation and other	Restructuring	Total provisions
PROVISIONS AS OF JANUARY 1, 2014	**€44,116**	**€10,464**	**€1,312**	**€55,892**
Additions	19,007	13,342	15,614	47,963
Utilization	-	(5,444)	(7,687)	(13,131)
Reversal of unused amounts	(11,643)	(3,612)	(117)	(15,372)
Business combinations	11,998	367	2,265	14,630
Exchange differences	1,756	361	761	2,878
PROVISIONS AS OF DECEMBER 31, 2014	**€65,234**	**€15,478**	**€12,148**	**€92,860**

Note 20 Borrowings

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 1 month 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 2015.

In June 2013, the Company entered into a five-year term loan facility agreement for €350 million, which was immediately fully drawn down and bore interest at Euribor plus 0.75% per annum. In July 2014, the term loan facility's maturity was extended by one year and the facility now bears interest at Euribor plus 0.55% per annum.

The table below provides a breakdown of total borrowings by contractual maturity date as of December 31, 2014:

		Payments due by period		
(in thousands)	Total	Less than 1 year	1-3 years	3-5 years
Term loan facility in euros	€350,000	€–	€–	€350,000
Term loan facility in Japanese yen	9,984	9,984	–	–
TOTAL	**€359,984**	**€9,984**	**€–**	**€350,000**

Note 21 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 3 years when the maturity of interest rate swap instruments is less than 5 years. 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 "Financial and Market Risks".

Foreign currency risk

The Company transacts in various foreign currencies, primarily U.S. dollars and Japanese yen.

In 2014, revenue denominated in U.S. dollars represented approximately 33% of total revenue, compared with 32% in 2013. The Company's operating expenses denominated in U.S. dollars represented 34% of total operating expenses in 2014, compared with 32% in 2013.

As a result, the Company's net operating exposure to U.S. dollars amounted to €139.3 million in 2014 (6% of the Company's total revenue). The average value of the U.S. dollar was stable against the euro in 2014 following a decrease of 3% in 2013, resulting in a neutral impact on the Company's revenue and operating income in 2014, and a negative impact in 2013.

In 2014, revenue denominated in Japanese yen represented approximately 12% of total revenue, compared with 13% in 2013. The Company's operating expenses denominated in Japanese yen represented 5% of total operating expenses in 2014 and 2013.

As a result, the Company's net operating exposure to Japanese yen amounted to €198.8 million in 2014 (9% of the Company's total revenue), and this exposure was in part hedged through market instruments at a level of €124.4 million, as further described below. The average value of the Japanese yen decreased by approximately 8% against the euro in 2014, after a decrease in value of approximately 21% in 2013, resulting in a negative impact on the Company's revenue and operating income in 2014 and 2013.

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. 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 quarterly basis.

The table below sets forth, for the year ended December 31, 2014, 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, 2014			
(in thousands)	**U.S. dollars**	**Japanese yen**	**Euro and other currencies**	**Total**
Revenue	€768,248	€284,449	€1,241,583	€2,294,280
Operating expenses	(628,918)	(85,636)	(1,148,910)	(1,863,464)
NET POSITION	**€139,330**	**€198,813**	**€92,673**	**€430,816**
Hedge	–	124,377	–	124,377
NET POSITION AFTER HEDGE	**€139,330**	**€74,436**	**€92,673**	**€306,439**

With all other variables held constant, movements in euro/U.S.dollar exchange rates by +10% or -10% would have had an impact of €(12.7) and €15.5 million on operating income, respectively. In addition, with all other variables held constant, movements in euro/Japanese yen exchange rates by +10% or -10% would have had an impact of €(18.1) and €22.1 million on operating income, respectively.

To manage currency exposure, the Company generally uses foreign exchange forward contracts. 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 2014 and 2013, the portion of gains or losses from hedging instruments excluded from the assessment of effectiveness and the ineffective portions of hedges was nil.

At December 31, 2014 and 2013, the fair value of instruments used to manage the currency exposure was as follows:

	Year ended December 31,			
	2014		2013	
(in thousands)	**Nominal amount**	**Fair value**	Nominal amount	Fair value
Forward exchange contract Japanese yen/euros – sale(1)	€38,163	€2,438	€2,229	€929
Forward exchange contract euros/Indian rupees – sale(1)	28,901	2,320	28,464	(2,139)
Forward exchange contract U.S. dollars/Indian rupees – sale(1)	27,977	472	36,733	(1,813)
Forward exchange contract Japanese yen/U.S. dollars – sale(1)	5,507	946	–	–
Cross currency swaps Canadian dollars/euros(2)	73,412	1,863	70,370	4,972
Cross currency swaps Australian dollars/euros(2)	72,064	1,548	69,787	4,672
Other instruments(2)	37,861	(294)	27,258	(140)

(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. 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 2014 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 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 20. Borrowings) so that the interest payable effectively becomes fixed at 0.41% until June 2015.

In July 2013, the Company entered into interest rate swap agreements for a total amount of €350 million that have the economic effect of modifying forecasted interest obligations relating to the term loan facility entered into in June 2013 (see Note 20. Borrowings) so that the interest payable effectively becomes fixed at 0.93% from June 2014 until June 2018.

In July 2014, the maturity was extended by one year and the interest rate changed to Euribor plus 0.55% per annum.

In October 2014, the Company entered into interest rate swaps for a total amount of €350 million that have the economic effect of modifying forecasted interest obligations relating to the term loan facility, so that the interest payable effectively becomes fixed at 0.49% from June 2018 until July 2019.

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, 2014, cash and cash equivalents and short-term investments totaled €1,175.5 million, including €303.0 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 2014 of €3.8 million on financial income and a decrease in interest rates of 100 basis points would have had a negative impact of €2.0 million.

At December 31, 2014 and 2013, the fair value of instruments used to manage the interest rate risk was as follows:

	Year ended December 31,			
	2014		2013	
(in thousands)	**Nominal amount**	**Fair value**	Nominal amount	Fair value
Interest rate swaps in euros	€350,000	€(12,145)	€350,000	€(809)
Interest rate swaps in Japanese yen	9,984	(15)	30,058	(84)

Note 22 Post-employment Benefits

Contributions made to defined contribution plans were €16.2 million and €12.5 million in 2014 and 2013 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. 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, 2014			Year ended December 31, 2013		
	Europe	**U.S.**	**Asia**	Europe	U.S.	Asia
Discount rate	2.10%	4.05%	0.80%	3.50%	4.90%	1.20%
Average rate of compensation increase	2.50% – 3.00%	N/A	2.60%	2.50% – 3.00%	N/A	2.60%

Assumptions used to determine the net periodic benefit cost:

	Year ended December 31, 2014			Year ended December 31, 2013		
	Europe	**U.S.**	**Asia**	Europe	U.S.	Asia
Discount rate	3.50%	4.90%	1.20%	3.50%	3.80%	1.25%
Average rate of compensation increase	2.50% – 3.00%	N/A	2.60%	2.50% – 3.00%	N/A	2.50%

Components of net periodic costs

The components of net periodic benefit cost were as follows:

	Year ended December 31,	
(in thousands)	**2014**	2013
Current service cost	€(6,405)	€(5,829)
Interest cost on benefit obligations	(5,185)	(4,767)
Interest income on plan assets	2,626	2,164
Other	(549)	134
NET PERIODIC BENEFIT COST	**€(9,513)**	**€(8,298)**

Obligations and funded status

Changes in benefit obligations and plan assets as of December 31, 2014 and 2013 are as follows:

	Year ended December 31,	
(in thousands)	**2014**	2013
Benefit obligations at beginning of year	€139,304	€139,002
Current service cost	6,405	5,829
Interest cost on benefit obligations	5,185	4,767
Remeasurement losses (gains)(1)	30,558	(6,463)
Change in scope	1,042	1,813
Benefits paid	(3,026)	(2,266)
Exchange differences and other changes	5,777	(3,378)
BENEFIT OBLIGATIONS AT END OF YEAR	**€185,245**	**€139,304**
Fair value of plan assets at beginning of year	€62,262	€59,499
Employer contribution	3,154	2,268
Interest income on plan assets	2,626	2,164
Benefits paid	(1,245)	(1,100)
Remeasurement (losses) gains	(841)	756
Exchange rate differences and other changes	4,374	(1,325)
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	**€70,330**	**€62,262**
NET DEFINED BENEFIT LIABILITY	**€(114,915)**	**€(77,042)**

(1) Remeasurement gains and losses mainly arise from changes in financial assumptions.

The benefit obligation by geographical location is as follows:

	Year ended December 31,	
	2014	2013
Europe	66%	67%
United States	26%	24%
Asia	8%	9%
TOTAL BENEFIT OBLIGATIONS	**100%**	**100%**

The fair value of plan assets by geographical location is as follows:

	Year ended December 31,	
	2014	2013
Europe	47%	52%
United States	53%	48%
TOTAL FAIR VALUE OF PLAN ASSETS	**100%**	**100%**

Plan assets

The weighted average asset allocations are as follows:

	Year ended December 31,	
	2014	2013
Debt instruments	76%	77%
Equity instruments	24%	23%
TOTAL	**100%**	**100%**

Cash flows

The Company expects to make additional contributions to its pension plans in 2015 for €4 million.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

(in thousands)	Total
2015	€(3,148)
2016	(2,985)
2017	(3,797)
2018	(4,658)
2019	(5,937)
2020-2024	(44,445)

Note 23 Shareholders' Equity

Shareholders' equity activity

As of December 31, 2014, Dassault Systèmes SA had 256,364,077 common shares issued with a nominal value of €0.50 per share.

The General Meeting of Shareholders of May 26, 2014 decided to split the par value of the Dassault Systèmes share in two. Consequently, the Board of Directors meeting held on the same day decided to define July 17, 2014 as the effective date of this split. Thus, for all former shares of €1 of nominal value held as of July 17, 2014, shareholders received two new shares of par value €0.50 each.

Changes in shares outstanding as of December 31, 2014 and 2013 are as follows:

	Year ended December 31,	
(in number of shares)	**2014***	2013*
SHARES ISSUED AS OF JANUARY 1,	**253,865, 970**	**250,193,556**
Dividend paid in shares	1,604,620	1,482,350
Exercise of stock options	2,375,837	2,190,064
Cancellation of treasury stock	(1,482,350)	–
SHARES ISSUED AS OF DECEMBER 31,	**256,364,077**	**253,865,970**
Treasury stock as of December 31,	(4,770,624)	(3,330,072)
SHARES OUTSTANDING AS OF DECEMBER 31,	**251,593,453**	**250,535,898**

* Restated to reflect the two-for-one stock split effected on July 17, 2014.

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, 2014 and 2013.

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 €12.7 and €12.5 million as of December 31, 2014 and 2013, respectively, and represents a component of retained earnings in the consolidated balance sheet. The legal reserve is distributable only upon the liquidation of Dassault Systèmes SA.

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.

In 2014 and 2013, the Shareholders' Meeting approved the distribution of a dividend of €103.4 and €99.5 million for 2013 and 2012 respectively, and offered shareholders the option to receive payment of their dividend in the form of new Dassault Systèmes shares. Shareholders who opted to receive payment of the 2013 and 2012 dividend in the form of new Dassault Systèmes shares represented approximately 68% of Dassault Systèmes' shares, resulting in the issuance of 802,310 and 741,175 (1,604,620 and 1,482,350 after the two-for-one stock split) new ordinary shares in 2014 and 2013, respectively. The cash dividend was paid in 2014 and 2013 in an aggregate amount of €32.3 million and €31.6 million, respectively.

Dividends per share were €0.42 and €0.40 (after the two-for-one stock split) as of December 31, 2013 and December 31, 2012, respectively.

A dividend of €3.5 and €3.2 million was paid to non-controlling interest in 2014 and 2013 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 €150 per share or above a maximum annual aggregate amount of €500 million.

Components of other comprehensive income

	Year ended December 31,	
(in thousands)	**2014**	2013
Cash flow hedges:		
(Losses) Gains arising during the year	€(2,290)	€9,889
Less: reclassification adjustments for gains or losses included in the income statement	(782)	22,852
	€(1,508)	**€(12,963)**
Available-for-sale securities:		
Losses arising during the year	€–	€(165)
Less: reclassification adjustments for losses included in the income statement	–	(334)
	€–	**€169**

Note 24 Consolidated Statements of Cash Flows

Adjustments for non-cash items consist of the following:

(in thousands)	Notes	Year ended December 31, 2014	2013
Depreciation of property and equipment	14	€37,010	€33,380
Amortization of intangible assets	17	139,332	107,944
Non-cash share-based payment expense	7	29,950	34,017
Other		(18,544)	(6,863)
ADJUSTMENTS FOR NON-CASH ITEMS		**€187,748**	**€168,478**

Changes in operating assets and liabilities consist of the following:

(in thousands)	Year ended December 31, 2014	2013
(Increase) in trade accounts receivable	€(56,170)	€(24,887)
Increase (Decrease) in accounts payable	23,543	(4,511)
Increase (Decrease) in accrued compensation	418	(6,614)
(Decrease) in income tax payable	(50,567)	(16,181)
Increase in unearned revenue	86,712	36,979
Changes in other assets and liabilities	15,319	(1,587)
CHANGES IN OPERATING ASSETS AND LIABILITIES	**€19,255**	**€(16,801)**

Note 25 Commitments and Contingencies

Leases

The Company leases computer equipment, premises and office equipment under operating leases. Rent expense under operating leases was €61.9 million for the year ended December 31, 2014 and €52.4 million for the year ended December 31, 2013.

At December 31, 2014, future minimum annual rental commitments under non-cancelable lease obligations were as follows:

(in thousands)	Operating leases
2015	€70,282
2016	66,321
2017	63,430
2018	56,090
2019	51,825
2020 and thereafter	231,199
TOTAL FUTURE MINIMUM LEASE PAYMENTS	**€539,147**

3DS Paris Campus (Headquarters facilities in Vélizy-Villacoublay)

The Company has leased approximately 60,000 square meters of office space for its headquarters facilities located in Vélizy-Villacoublay, outside Paris, France since June 30, 2008. In February 2013, the Company entered into a new lease agreement for its headquarters facilities for a non-cancelable initial term of 10 years beginning with the delivery of an additional 13,000 square meters of office space expected by year end 2016. Future minimum rental payments until the end of the lease amount to approximately €272.8 million in the aggregate and have been included in the table presented above.

3DS Boston Campus

The Company has leased approximately 20,000 square meters of office space for its campus located in United States since June 1, 2011, regrouping the primary operating facilities of the Company's main American activities. The total rented space will progressively increase, reaching 30,000 square meters in 2017. Future minimum rental payments amount to approximately €102.8 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. The Company is subject to ongoing tax audits and tax reassessments in jurisdictions in which the Company has or had operations. A number of these reassessments, in particular those related to acquisition financing, are being challenged by the Company which is strongly confident in the technical merits of its positions and will continue to defend them with the relevant tax authorities. In this context, the Company made a €22.2 million payment to the French tax authorities in 2014 but disputed it with the relevant authorities.

It is not possible to determine with certainty the outcome of the dispute in these matters. However, in the opinion of management, after consultation with legal and tax counsel, the resolution of such litigation and proceedings should not have a material effect on the consolidated financial statements of the Company.

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Note 26 Related-Party Transactions

Compensation of key management personnel

The table below summarizes compensation granted to the members of the Group Executive Committee and to the Chairman of the Board as of December 31, 2014 and 2013:

	Year ended December 31,	
(in thousands)	**2014**	2013
Short-term benefits(1)	€11,074	€11,253
Share-based compensation(2)	12,442	16,626
COMPENSATION OF KEY MANAGEMENT PERSONNEL	**€23,516**	**€27,879**

(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).

In certain circumstances, 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 is also the Chief Executive Officer of the Industrial Group Marcel Dassault since January 2013. Until this date, he was the Chief Executive Officer of Dassault Aviation. 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 €14.1 and €13.4 million of software revenue for the years ended December 31, 2014 and 2013, respectively. The Company also provides service and support to Dassault Aviation. Such activity generated service revenues of €8.0 and €9.0 million in the years ended December 31, 2014 and 2013, respectively. The balances of trade accounts receivable with Dassault Aviation were €8.0 million, and €8.7 million at December 31, 2014 and 2013, respectively.

Note 27 Principal Dassault Systèmes Companies

The principal Dassault Systèmes SA subsidiaries included in the scope of consolidation as at December 31, 2014 are as follows:

Country	Consolidated companies	% of Interest
France	Dassault Data Services SAS	100%
Germany	Dassault Systemes Deutschland GmbH	100%
Germany	Dassault Systemes 3DExcite GmbH (formerly "Realtime Technology AG")	100%
Netherlands	Quintiq Applications B.V.	100%
Italy	Dassault Systemes Italia Srl	100%
Sweden	Dassault Systemes AB	100%
United Kingdom	Dassault Systemes UK Limited	100%
United Kingdom	Dassault Systemes Biovia Limited (formerly "Accelrys Ltd")	100%
Canada	Dassault Systèmes Canada Inc.	100%
Canada	Dassault Systemes Canada Software Inc. (formerly "Dassault Systemes Geovia Inc.")	100%
United States	Dassault Systemes Americas Corp.	100%
United States	Dassault Systemes Corp.	100%
United States	Dassault Systemes Simulia Corp.	100%
United States	Dassault Systemes Services, LLC	100%
United States	Dassault Systemes SolidWorks Corporation	100%
United States	RTT USA, Inc.	100%
United States	Dassault Systemes Biovia Corp. (formerly "Accelrys Software Inc.")	100%
China	Dassault Systèmes (Shanghai) Information Technology Co., Ltd	100%
India	3D PLM Software Solutions Limited	42%(1)
India	Dassault Systemes India Private Limited	100%
South Korea	Dassault Systemes Korea Corp.	100%
Japan	Dassault Systemes K.K.	100%
Japan	SolidWorks Japan K.K.	100%

(1) The Company determined that it has control over operating and financial policies of 3DPLM. As a result, 3DPLM is fully consolidated in the Company's consolidated financial statements.

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 captions or on information taken outside of the consolidated financial statements.

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 December 31, 2014, 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 December 31, 2014 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:

- the paragraph "Revenue recognition" of the 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;
- the paragraph "Business combinations and goodwill" of the Note 2 to the consolidated financial statements sets 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;
- the paragraph "Share-based payment" of the Note 2 to the consolidated financial statements sets 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 correct application of the above-mentioned accounting principles and methods, examined the assumptions used and their application, and verified that the information provided in the corresponding Notes 16, 17 and 7 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 March 23, 2015

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 2014 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, 2014 have been prepared in accordance with the 2014 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 2014, operating revenue increased 6.2% to €1,137.2 million from €1,070.5 million in 2013. Software revenue increased 1.9% to €886.4 million in 2014 from €870.0 million in 2013. The portion of revenue earned from export sales amounted to €942.2 million, or 83.7% of net sales.

Operating expenses increased 8.3% to €880.6 million in 2014, from €813.4 million in 2013. The main drivers of this change are:

- a 7.5% increase in other purchases and external expenses, mainly due to an increase in fees relating to the acquisition of Accelrys and Realtime Technology AG ("RTT") in 2014, which were rebilled in full to the acquiring subsidiary;
- a 13.8% increase in personnel costs coming from the increase in headcount, linked to the transfer of employees from Exalead SA, SolidWorks Europe SARL and Apriso SAS as part of the merger operations (Article 1844-5 of the French Civil Code, or *transmissions universelles de patrimoine*) and from salary increases;
- a 13.6% increase in depreciation and reserves, mainly to hedge client risk in Europe.

Operating income was relatively stable at €256.6 million.

Financial revenue for 2014 amounted to €30.2 million, compared with €129.6 million for the preceding year, a decrease of €99.4 million. This change was principally due to one-time dividends received from subsidiaries in 2013.

In 2014, income tax expense amounted to €45.2 million in 2014 as compared to €68.2 million in 2013. This change was chiefly driven by the utilization of prior year tax losses from merger operations *(transmissions universelles de patrimoine)*. Net income amounted to €183.0 million in 2014 compared with €263.4 million in 2013.

At December 31, 2014, cash and short-term investments stood at €954.9 million, compared with €1,615.1 million at December 31, 2013. This decrease was chiefly due to the financing of acquisitions in 2014.

4.2.1 Statement of income

(in thousands)	Notes	Years ended December 31 **2014**	2013
OPERATING REVENUE		€1,137,227	€1,070,511
Revenue	3	1,125,687	1,064,559
Of which exports		*942,156*	*881,573*
Other revenue		11,540	5,952
OPERATING EXPENSE		(880,631)	(813,435)
Other purchases and external expenses		(354,382)	(329,669)
Taxes, duties and similar payments		(20,095)	(17,748)
Personnel costs	4	(303,616)	(266,755)
Depreciation, amortization and provisions		(36,812)	(32,391)
Other operating expense		(165,726)	(166,872)
OPERATING INCOME		**256,596**	**257,076**
FINANCIAL INCOME AND EXPENSE, NET	**5**	**30,167**	**129,598**
CURRENT INCOME		**286,763**	**386,674**
EXCEPTIONAL INCOME/(LOSS)	**6**	**(22,752)**	**(21,083)**
REGULATED AND OPTIONAL EMPLOYEE PROFIT-SHARING		**(35,842)**	**(33,934)**
Contractual employee profit-sharing		(17,921)	(18,422)
Mandatory employee profit-sharing		(17,921)	(15,512)
INCOME TAX EXPENSE	**7**	**(45,164)**	**(68,216)**
NET INCOME		**€183,005**	**€263,441**

4.2.2 Balance sheet

(in thousands)	Notes	Years ended December 31 **2014 Net**	2013 Net
Assets			
NON-CURRENT ASSETS		**€2,552,145**	**€1,902,448**
Intangible assets	10	312,474	157,788
Property and equipment	11	37,612	36,278
Non-current financial assets	12	2,202,059	1,708,382
CURRENT ASSETS		**1,356,173**	**1,936,393**
Receivables	13	291,924	243,180
Marketable securities	14	947,409	1,612,759
Treasury shares	14	109,382	78,140
Cash and cash equivalents		7,458	2,314
PREPAID EXPENSES		**19,975**	**16,106**
UNREALIZED EXCHANGE LOSSES		**20,430**	**27,982**
TOTAL ASSETS		**€3,948,723**	**€3,882,929**

(in thousands)	Notes	Years ended December 31 **2014**	2013
Liabilities			
SHAREHOLDERS' EQUITY	**15**	**€2,802,674**	**€2,663,824**
Capital		128,182	126,933
Share and contribution premiums		755,799	697,563
Legal reserve		12,693	12,510
Retained earnings		1,710,502	1,550,675
Income (loss) for the fiscal year		183,005	263,441
Regulated provisions		12,493	12,702
PROVISIONS FOR CONTINGENCIES AND LOSSES	**16**	**78,119**	**85,497**
FINANCIAL LIABILITIES	**17**	**376,962**	**373,439**
TRADE PAYABLES	**19**	**648,450**	**724,374**
UNEARNED REVENUE	**20**	**40,418**	**35,447**
UNREALIZED EXCHANGE LOSSES		**2,100**	**348**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**€3,948,723**	**€3,882,929**

4.2.3 Notes to the Parent Company Financial Statements

CONTENTS

Note 1 Description of Business and Key Events of the Year

Description of business

Dassault Systèmes SA provides software solutions and consulting services, and operates as both a holding company and a provider of services for the Dassault Systèmes Group.

The Company's global customer base includes companies 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. To serve its customers, Dassault Systèmes SA 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 Euronext Paris. These financial statements were established under the responsibility of the Board of Directors on March 20, 2015.

Key Events of the Year

As part of its program to simplify the organization of its legal entities throughout the world, Dassault Systèmes SA carried out three merger operations *(transmissions universelles de patrimoine)* as per Article 1844-5 of the French Civil Code during the year:

- Exalead SA and SolidWorks Europe SARL, on April 1, 2014;
- Apriso SAS, on October 1, 2014.

Dassault Systèmes SA used cash on hand to finance, via capital contributions or loans, important acquisitions (Accelrys, RTT and Quintiq) made by select subsidiaries during the year.

The General Meeting of Shareholders of May 26, 2014 decided to split the par value of the Dassault Systèmes share in two. Consequently, the Board of Directors meeting held on the same day decided to define July 17, 2014 as the effective date of this split. Thus, for all former shares of €1 of nominal value held as of July 17, 2014, shareholders received 2 new shares of par value €0.50 each.

All per share data and information related to the number of shares reflect the two-for-one stock split.

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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 fiscal year ended December 31, 2014 have been prepared and are presented in accordance with the French General Chart of Accounts 2014. 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.

Significant accounting polices applied are as follows:

2.1 Revenue

Revenue recognition

Dassault Systèmes SA derives revenue from three primary sources: (1) new software licenses, periodic licenses, maintenance and other software revenue, 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; and (3) royalties from distribution agreements signed primarily with the Group's subsidiaries.

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

New Software License, Periodic License, Maintenance and Other Software Revenue – New software license revenue represents fees earned from granting customers licenses to use Dassault Systèmes SA's software. The license revenue from software commercialized by Dassault Systèmes SA consists of perpetual and periodic license sales of software products. Software license revenue is recognized (to the extent Dassault Systèmes SA has no remaining obligations to perform) when: evidence of an arrangement exists, delivery and acceptance have 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 Dassault Systèmes SA. In instances when any of the four criteria are not met, Dassault Systèmes SA 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.

Other software revenue mainly 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, maintenance and other software revenue are reported within software revenue; see Note 3 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 in methodology for design, deployment and support, and training services. 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.

2.2 Research and development 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.

2.3 Intangible assets, property and equipment

Intangible assets, property and equipment are recognized at cost, including ancillary expenses, 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 *(transmissions universelles de patrimoine)* are recorded as goodwill. Technical deficits are generally not depreciable items. However, the constituent components of the deficits undergo impairment testing. Intangible assets are amortized using the straight-line method over their expected useful life (three to five years for software and five to ten years for intellectual property).

The useful life of property and equipment is presented below:

	Depreciation period
Computer equipment	2.5 to 5 years
Fixtures and fittings	Over the term of the lease
Office furniture	10 years
Transportation equipment	4 years

Depreciation, whether calculated using the straight-line or declining balance method, is calculated over the useful life of the asset.

2.4 Non-current financial assets

Investments in subsidiaries are initially valued at cost. Expenses directly related to the acquisition of equity securities are included in the acquisition cost of these securities. Loans and advances to subsidiaries are valued at their net realizable value.

Periodically and at a minimum 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 loss is recognized if the net realizable value is less than the carrying value.

2.5 Marketable securities

Marketable securities are initially recorded at cost and are depreciated, when applicable, by referring to their quoted price in an active market at year end.

2.6 Receivables and payables

Trade receivables are reported at their net receivable value and trade payables are reported at their nominal value. For trade receivables, an allowance is recorded when the net realizable value is lower than the carrying value taking into account, in particular, aging and an assessment of collectability.

2.7 Foreign currency transactions

Transactions in foreign currencies are recorded in euros in the income statement at the monthly average exchange rate. Receivables, payables and cash in foreign currencies are converted to 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 of the cash and cash equivalents (except for marketable securities) generates an impact on the exchange gains or losses recorded in financial income (expense), net. This impact is shown in foreign exchange gains or losses, net.

2.8 Provisions for contingencies and losses

Provisions for contingencies and losses are recognized as liabilities to cover probable outflows of resources resulting from a present obligation. These provisions are estimated taking in account the most probable hypothesis at the closing date.

2.9 Derivatives

Dassault Systèmes SA can manage exposure to foreign currency and interest rates with regards 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. In order to mitigate foreign currency exposure, Dassault Systèmes SA uses only foreign exchange contracts or financial instruments for which total maximum losses are known from the outset.

Interest rate derivatives:

Financial income and expense resulting from the use of derivatives are 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 accounted for as follows:

- net unrealized losses are fully reserved;
- net gains 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.

2.10 Tax credit for encouraging competitiveness and jobs (CICE)

Dassault Systèmes SA recognizes the tax credit for encouraging competitiveness and jobs (the *Crédit d'impôt pour la compétitivité et l'emploi,* or CICE) as an offset to personnel costs.

Notes on the Income Statement

Note 3 Revenue Breakdown

(in thousands)	**12/31/2014**	12/31/2013
New licenses revenue	€92,639	€88,648
Periodic licenses and maintenance revenue	286,229	271,648
Royalties	507,501	509,754
SOFTWARE REVENUE	**886,369**	**870,050**
Services	23,106	25,679
Other revenue	216,212	168,830
TOTAL REVENUE	**€1,125,687**	**€1,064,559**

The breakdown of software revenue by geographic area is as follows:

(in thousands)	**12/31/2014**	12/31/2013
Europe	€531,520	€493,745
Asia	228,404	249,638
Americas	126,445	126,667
TOTAL SOFTWARE REVENUE	**€886,369**	**€870,050**

Note 4 Personnel Costs

Personnel costs are comprised of the following:

(in thousands)	**12/31/2014**	12/31/2013
Salaries and wages	€203,667	€180,114
Social security costs	99,949	86,641
TOTAL PERSONNEL COSTS	**€303,616**	**€266,755**

Average Headcount by Category

Salaried employees by category	**12/31/2014**	12/31/2013
Managers	2,478	2,269
Supervisors and technicians	94	85
Employees	175	187
TOTAL AVERAGE HEADCOUNT (IN FULL TIME EQUIVALENTS)	**2,748**	**2,541**

The three major merger operations *(transmissions universelles de patrimoine)* carried out in 2014 increased the headcount of Dassault Systèmes SA by 170 employees.

Tax credit for encouraging competitiveness and jobs (CICE)

The tax credit for encouraging competitiveness and jobs (the *Crédit d'impôt pour la compétitivité et l'emploi,* or CICE) is based on total compensation due for the current period. In 2014, an amount of €1.6 million of CICE was recognized (compared to €1.1 million in 2013), and was allocated to funding working capital requirements.

Compensation of Executives

The total gross compensation paid to executives by Dassault Systèmes SA during 2014 was as follows:

(in thousands)	**12/31/2014**	12/31/2013
Salaries	€3,909	€3,740
Benefits	21	17
Directors' fees*	57	80
TOTAL COMPENSATION OF EXECUTIVES	**€3,987**	**€3,837**

* Compensation is based on payments made. 2014 directors' fees represent €69,000 and will be paid in 2015.

Note 5 Financial Income and Expense, Net

Net financial income and expense is as follows:

(in thousands)	**12/31/2014**	12/31/2013
Interest income	€30,415	€121,625
Interest expense	(6,444)	(6,328)
INTEREST INCOME AND EXPENSE, NET	**23,971**	**115,297**
REVENUE FROM DISPOSALS OF INVESTMENT SECURITIES	**19,972**	**18,701**
NET FOREIGN EXCHANGE INCOME (EXPENSE), NET PROVISIONS FOR IMPAIRMENT	**(13,776)**	**(4,400)**
FINANCIAL INCOME AND EXPENSE, NET	**€30,167**	**€129,598**

Interest and related income is comprised primarily of dividends received from Group subsidiaries, as well as from interest income from investments. Non recurring dividends were received in 2013.

Note 6 Exceptional Income/Loss

Exceptional loss for the year ended December 31, 2014 was €(22.8) million compared to a loss of €(21.1) million at December 31, 2013. In 2014 Dassault Systèmes SA impaired a merger loss related to the utilization of tax losses carried forward coming from merger operations *(transmissions universelles de patrimoine)*. In 2013, the Company recognized a net loss on the sale of previously held investments.

Note 7 Income Tax

The tax group included 11 entities at the end of December 2014.

Under the tax integration agreement, it is agreed that the income tax expense of tax-integrated companies will be the same as it would have been if each subsidiary had not been a member of the Group. Without the tax integration agreements, the income tax expense of Dassault Systèmes SA, the head of the tax group, would have been €48.5 million in 2014.

The breakdown of income tax between current income and exceptional income for the year ended December 31, 2014, is as follows:

(in thousands)	Income before tax	Tax (expense) credit	Income after income tax
Current income	€286,763	€(81,011)	€205,752
Exceptional income	(58,594)	35,847	(22,747)
TOTAL	**€228,169**	**€(45,164)**	**€183,005**

The effective income tax rate for the year ended December 31, 2014 was 19.8% (2013: 20.6%). This decrease in the effective rate is explained in Note 6 Exceptional Income/Loss, as well as by the decrease in dividends received in 2014.

Note 8 Performance Shares

Pursuant to an authorization granted by the Combined General Meeting held on May 30, 2013, the Board of Directors held on February 21, 2014 decided to grant 529,940 performance shares to certain employees and executives, and 150,000 shares to the CEO as part of a plan of progressively associating him with the Company's capital (respectively 1,059,800 and 300,000 shares following the two-for-one stock split effected on July 17, 2014).

The main characteristics of the performance share plans outstanding at December 31, 2014 are shown in the table below:

Plan	2010-02	2010-03	2010-04	2010-05	2014-A	2014-B
Date of General Meeting	05/27/2010	05/27/2010	05/27/2010	05/27/2010	05/30/2013	05/30/2013
Date granted by the Board of Directors	09/29/2011	09/29/2011	09/07/2012	09/07/2012	02/21/2014	02/21/2014
Number of performance shares granted*	812,800(1)	-	1,078,460(1)	-	1,059,880	-
Number of shares granted to the Chief Executive Officer as part of the plan of progressively associating him with the Company's capital*	-	300,000	-	300,000	-	300,000
Vesting period (in years)(2)	3 or 4(3)	2	3 or 4(3)	2	4	4
Performance conditions	See Note(4)	See Note(5)	See Note(4)	See Note(4)	See Note(6)	See Note(6)
Performance conditions fulfilled at 12/31/2014	Yes	Yes	Yes	Yes	N/A	N/A

* Restated to reflect the two-for-one split of the Dassault Systèmes share carried out on July 17, 2014 (see Note 1 Description of Business and Key Events of the Year).
(1) Including 28,000 shares allocated to the Chief Executive Officer, subject to satisfaction of the additional performance conditions established for calculating his variable compensation.
(2) The shares will be fully vested provided that the beneficiary is still in the Company's employment on the vesting date.
(3) Three years in France or four years for certain employees on international assignment.
(4) Performance conditions based on actually realized non-IFRS diluted earnings per share of the Group compared to the upper limit of the non-IFRS diluted earnings per share objective for three fiscal years (2011, 2012 and 2013 for the 2010-02 Shares and 2012, 2013 and 2014 for the 2010-04 Shares). The vesting of shares granted to the Chief Executive Officer is also subject to a performance condition related to his variable compensation, which requires him to fulfill the performance criteria defined in advance by the Board.
(5) Performance condition related to the variable compensation of the Chief Executive Officer, which requires him to fulfill the performance criteria defined in advance by the Board.
(6) The fulfillment of the performance condition will be measured according to two alternative criteria reflecting the change in the non-IFRS diluted earnings per share of the Group or the change in the price of the Dassault Systèmes stock compared with the CAC 40 index for each of the three fiscal years from 2015 through 2017. The vesting of shares granted to the Chief Executive Officer is also subject to a performance condition related to his variable compensation, which requires him to fulfill the performance criteria defined in advance by the Board.

The expense related to personnel of subsidiaries of Dassault Systèmes SA will be recharged when the shares are definitively attributed to beneficiaries. During the vesting period, Dassault Systèmes SA accrues only for the costs related to the performance shares attributed to its own employees.

Note 9 Additional Information

Research and Development Expenses

In 2014, Dassault Systèmes SA recorded a total of €185.5 million of research and development expenses.

Statutory Auditors' Fees

The amount of Statutory Auditors' fees recorded in the income statement for the year is as follows:

(in thousands)	**12/31/2014**	12/31/2013
Certification of the individual and consolidated financial statements	€1,293	€1,261
Other services	561	709
TOTAL STATUTORY AUDITORS' FEES	**€1,854**	**€1,970**

Notes to the Balance Sheet

Note 10 Intangible Assets

(in thousands)	12/31/2013	Additions 2014	Disposals 2014	12/31/2014
Goodwill	€123,426	€179,058	€–	€302,484
Patents, licenses and trademarks	101,567	2,757	(2,090)	102,234
TOTAL GROSS VALUE	**224,993**	**181,815**	**(2,090)**	**404,718**
Goodwill	(2,280)	(17,947)	–	(20,227)
Patents, licenses and trademarks	(64,925)	(9,136)	2,044	(72,017)
TOTAL AMORTIZATION AND PROVISIONS	**(67,205)**	**(27,083)**	**2,044**	**(92,244)**
Goodwill	121,146	161,111	–	282,257
Patents, licenses and trademarks	36,642	(6,379)	(46)	30,217
TOTAL NET VALUE	**€157,788**	**€154,732**	**€(46)**	**€312,474**

The increase in goodwill derives from merger operations *(transmissions universelles de patrimoine)* in 2014 (see Note 1 Description of Business and Key Events of the Year).

Note 11 Property and Equipment

(in thousands)	12/31/2013	Additions 2014	Disposals 2014	12/31/2014
Machinery and equipment	€68,166	€10,628	€(10,490)	€68,304
Fixtures and fittings	24,194	2,732	(103)	26,823
Office furniture and equipment	14,531	1,956	(331)	16,156
TOTAL GROSS VALUE	**106,891**	**15,316**	**(10,924)**	**111,283**
Machinery and equipment	(52,485)	(10,089)	10,247	(52,327)
Fixtures and fittings	(9,089)	(2,469)	97	(11,461)
Office furniture and equipment	(9,039)	(1,169)	325	(9,883)
TOTAL DEPRECIATION	**(70,613)**	**(13,727)**	**10,669**	**(73,671)**
Machinery and equipment	15,681	539	(243)	15,977
Fixtures and fittings	15,105	263	(6)	15,362
Office furniture and equipment	5,492	787	(6)	6,273
TOTAL NET VALUE	**€36,278**	**€1,589**	**€(255)**	**€37,612**

Note 12 Non-current Financial Assets

(in thousands)	12/31/2013	Additions 2014	Disposals 2014	12/31/2014
Investments in subsidiaries	€1,552,318	€332,795	€(159,316)	€1,725,797
Loans and advances to subsidiaries	237,909	686,551	(408,266)	516,194
Treasury Shares	27,592	112,404	(62,293)	77,703
TOTAL GROSS VALUE	**1,817,819**	**1,131,750**	**(629,875)**	**2,319,694**
Provision for impairment	(109,437)	(14,000)	5,802	(117,635)
TOTAL PROVISION FOR IMPAIRMENT	**(109,437)**	**(14,000)**	**5,802**	**(117,635)**
Investments in subsidiaries	1,442,881	318,795	(153,514)	1,608,162
Loans and advances to subsidiaries	237,909	686,551	(408,266)	516,194
Treasury Shares	27,592	112,404	(62,293)	77,703
TOTAL NET VALUE	**€1,708,382**	**€1,117,750**	**€(624,073)**	**€2,202,059**

The increase in investments in subsidiaries mainly relates to the recapitalization of Dassault Systemes Americas Corp., Dassault Systemes Deutschland GmbH, and Dassault Systèmes International SAS related to the acquisitions of Accelrys, RTT, and Quintiq, respectively. Moreover, the decrease in investments in subsidiaries reflects the cancellation of the securities of these companies, following merger operations *(transmission universelle de patrimoine)* (see Note 1 Description of Business and Key Events of the Year).

Notes 13 Receivables

Receivables are as follows:

(in thousands)	Less than one year	Due dates over one year	12/31/2014	12/31/2013
TRADE ACCOUNTS RECEIVABLE, NET	**€116,453**	**–**	**€116,453**	**€102,446**
Trade accounts receivable and related items	138,723	–	138,723	119,225
Allowance for trade accounts receivable	(22,270)	–	(22,270)	(16,779)
OTHER CURRENT ASSETS	**171,539**	**3,932**	**175,471**	**140,734**
Current accounts receivable(1)	83,321	–	83,321	73,979
Income tax receivable	69,595	–	69,595	20,253
Intercompany credit notes	84	–	84	12,066
Value added tax	13,168	–	13,168	11,963
Foreign currency hedges	7	3,932	3,939	10,579
Capital transactions	531	–	531	7,781
Other	4,833	–	4,833	4,113
TOTAL RECEIVABLES	**€287,992**	**€3,932**	**€291,924**	**€243,180**

(1) See Note 18 Elements Concerning Related Companies.

The €19.5 million increase in trade accounts receivable results from an increase in billing to third-party customers in the fourth quarter of 2014 compared with the same period of 2013.

Note 14 Treasury

Marketable Securities

At December 31, 2014, marketable securities amounted to €947.4 million compared with €1,612.8 million at December 31, 2013. Marketable securities were denominated primarily in euros.

The decrease in marketable securities is attributable to the funding of acquisitions by Dassault Systèmes.

An amount of €946.4 million of marketable securities are held in monetary investments.

Treasury Shares

Share repurchases are intended to cover obligations resulting from performance share grants.

	Number of shares authorized and issued[1]	Average price[1] (in euros)	Total (in thousands)
TREASURY SHARES AS OF JANUARY 1, 2014	**2,191,260**	**€35.66**	**€78,140**
Transfer of shares	(888,750)	€31.52	(28,015)
Repurchase of treasury shares[2]	1,359,880	€43.57	59,257
TREASURY SHARES AS OF DECEMBER 31, 2014	**2,662,390**	**€41.08**	**€109,382**

(1) Restated to reflect the two-for-one split of the Dassault Systèmes share carried out on July 17, 2014 (see Note 1 Description of Business and Key Events of the Year).
(2) The Combined General Meetings of Shareholders of May 26, 2011, June 7, 2012, May 30, 2013 and May 26, 2014 authorized the Board of Directors to implement a l 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 €75 per share and that the aggregate amount may not exceed €500 million.

Note 15 Shareholders' Equity

Share Capital

Changes in share capital during the year ended December 31, 2014 were as follows:

	Number of shares authorized and issued	Par value (in euros)	Capital (in euros)
SHARES AS OF JANUARY 1, 2014	**126,932,985**	**1**	**126,932,985**
Shares issued pursuant to exercise of share subscription options	867,629	1	867,629
Capital increase[1]	802,310	1	802,310
Capital reduction[2]	(741,175)	1	(741,175)
SHARES AS OF JULY 16, 2014	**127,861,749**	**1**	**127,861,749**
SHARES AS OF JULY 17, 2014[3]	**255,423,498**	**0.50**	**127,861,749**
Shares issued pursuant to exercise of share subscription options	640,579	0.50	320,290
SHARES AS OF DECEMBER 31, 2014	**256,364,077**	**0.50**	**128,182,039**

(1) See "Dividend rights" below.
(2) Capital reduction due to the cancellation of securities as decided by the Board of Directors held on May 21, 2014.
(3) Two-for-one split of the Dassault Systèmes share (see Note 1 Description of Business and Key Events of the Year).

Shareholder base

On December 31, the share capital of Dassault Systèmes SA was held by:

(as a %)	**2014**	2013
Public	49.8	50.6
Groupe Industriel Marcel Dassault	41.1	41.1
Charles Edelstenne and beneficiaries(1)	6.1	6.1
Bernard Charlès	1.1	0.9
Treasury shares	1.9	1.3
TOTAL	**100**	**100**

On December 31, the voting rights in Dassault Systèmes SA were held by:

(in % of exercisable voting rights)(2)	**2014**	2013
Groupe Industriel Marcel Dassault	55.7	55.8
Public	34.7	34.9
Charles Edelstenne and beneficiaries(1)	8.3	8.3
Bernard Charlès	1.3	1.0
TOTAL	**100**	**100**

(1) At December 31, 2014, Mr. Edelstenne held 3,946,266 shares with all ownership rights and 3,296 shares through two family companies which he manages, representing a total of 1.54% of the capital and 2.09% of the exercisable voting rights, as well as 11,613,382 shares with "usage" rights *(usufruit)*. For the usage rights with respect to these 11,613,382 shares, representing 6.18% of the exercisable voting rights, Mr. Edelstenne can only exercise the right to vote on decisions of the General Meeting concerning the allocation of profits; 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.
(2) 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 General Meeting of Shareholders.

Stock Option Plans

A summary of stock option activity is as follows:

	2014		2013	
	Total of shares*	**Average price***	Total of shares*	Average price*
OUTSTANDING AS OF JANUARY 1,	**7,094,974**	**€21.06**	**9,376,838**	**€20.98**
Number of options granted	624,450	45.50	–	–
Exercised	(2,375,837)	21.32	(2,190,064)	20.75
Forfeited	(56,176)	29.22	(91,800)	21.02
OUTSTANDING AS OF DECEMBER 31,	**5,287,411**	**€23.73**	**7,094,974**	**€21.06**
Exercisable	4,677,561	20.90	4,782,974	19.87

* Restated to reflect the two-for-one split of the Dassault Systèmes share carried out on July 17, 2014 (see Note 1 Description of Business and Key Events of the Year).

A summary of the remaining contractual life and the exercise price of options outstanding as of December 31, 2014 is presented below:

SOP plan	Total of shares*	Remaining life (years)	Average price*
2008-02	2,093,242	2.91	€19.50
2010-01	1,725,288	3.40	23.50
2008-01	859,031	0.73	19.08
2014-01	609,850	7.41	45.50
OUTSTANDING AS OF DECEMBER 31, 2014	**5,287,411**	**3.23**	**€23.73**

* Restated to reflect the two-for-one split of the Dassault Systèmes share carried out on July 17, 2014 (see Note 1 Description of Business and Key Events of the Year).

Movements in Shareholders' Equity

Movements in shareholders' equity for the year ended December 31, 2014 were as follows:

(in thousands)	12/31/2013	Appropriation of 2013 earnings	Effect of exercising options	Net income for 2014 fiscal year	Other	12/31/2014
Share capital	€126,933	€802	€1,188	–	€(741)	€128,182
Share and contribution premiums	697,563	70,330	49,457	–	(61,551)	755,799
Legal reserve	12,510	183	–	–	–	12,693
Retained earnings	1,550,675	159,827	–	–	–	1,710,502
Income (loss) for the fiscal year	263,441	(263,441)	–	183,005	–	183,005
Regulated provisions	12,702	–	–	–	(209)	12,493
SHAREHOLDERS' EQUITY	**€2,663,824**	**€(32,299)**	**€50,645**	**€183,005**	**€(62,501)**	**€2,802,674**

Dividend rights

The Combined General Meeting of Shareholders held on May 26, 2014 approved a dividend of €103.4 million, based on the existing shares as at February 28, 2014. The General Meeting approved offering shareholders the option to receive payment of their dividend in the form of new Dassault Systèmes shares. As a result, 802,310 new ordinary shares were created. The cash dividend was paid in the total amount of €32.3 million.

Note 16 Provisions for Contingencies and Losses

Movements of provisions for contingencies and losses were as follows:

(in thousands)	12/31/2013	Additions	Utilization	Reversal of unused amounts	**12/31/2014**
Provisions for performance shares	€32,191	€26,743	€(28,015)	–	€30,919
Provisions for exchange losses	27,981	20,427	(27,981)	–	20,427
Provisions for post-employment benefits	15,221	2,931	–	–	18,152
Other provisions for contingencies and losses	6,180	3,225	(4,364)	(1,274)	3,767
Provisions for jubilee awards	3,924	930	–	–	4,854
TOTAL PROVISIONS	**€85,497**	**€54,256**	**€(60,360)**	**€(1,274)**	**€78,119**

Changes in provisions for contingencies and losses impacted captions of the income statement as follows:

(in thousands)	Additions	Utilization	Reversal of unused amounts
Operating income	€9,443	€(21,066)	€(105)
Financial income and expense, net	20,427	(27,981)	–
Exceptional income/(loss)	24,386	(11,313)	(1,169)
TOTAL	**€54,256**	**€(60,360)**	**€(1,274)**

Provisions for post-employment benefits

Dassault Systèmes SA's commitment in terms of post-employment benefits 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 post-employment benefits acquired by employees during their career on the basis of actuarial assumptions and calculations made using the corridor approach.

The projected benefit obligation at December 31, 2014 was determined using the prospective method, based on the following assumptions: retirement between 60 and 65 years of age, discount rate of 2.10%, average increase in salaries of 2.8% and a 2.10% 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. The amount of the obligation at December 31, 2014 remaining to be recognized according to the corridor method over 19 years is €9.9 million.

Note 17 Financial Liabilities

Financial liabilities are as follows:

(in thousands)	**12/31/2014**	12/31/2013
Bank loans and borrowings	€351,888	€350,268
Mandatory employee profit-sharing scheme	20,339	20,436
Other financial liabilities	4,735	2,735
TOTAL FINANCIAL LIABILITIES	**€376,962**	**€373,439**

(in thousands)	Gross amount	Less than 1 year	1 to 5 years
Bank loans and borrowings	€351,888	€1,888	€350,000
Mandatory employee profit-sharing scheme	20,339	3,776	16,563
Other financial liabilities	4,735	14	4,721
TOTAL FINANCIAL LIABILITIES	**€376,962**	**€5,678**	**€371,284**

Note 18 Elements Concerning Related Companies

(in thousands)	**12/31/2014**	12/31/2013
Loans receivable	€514,616	€236,577
Trade accounts receivable and related items	30,581	26,536
Current accounts receivable	83,322	73,979
Accounts payable and related items	2,231	3,898
Other operating liabilities	–	17,105
Current accounts with credit balances	453,637	525,973
Finance income: dividends collected and net interest received	30,384	121,491

The increase in loans receivable and the decrease in current accounts payable primarily reflects the financing of acquisitions by Dassault Systèmes SA subsidiaries in 2014.

Note 19 Trade Payables

Trade payables are as follows:

(in thousands)	Less than 1 year	1 to 5 years	12/31/2014	12/31/2013
ACCOUNTS PAYABLE AND RELATED ITEMS	**€69,606**	**–**	**€69,606**	**€66,157**
Group trade payables	2,231	–	2,231	3,898
Third-party trade payables	67,375	–	67,375	62,259
TAX AND SOCIAL SECURITY PAYABLES	**110,023**	**8,961**	**118,984**	**110,218**
Mandatory and contractual profit-sharing	18,735	8,961	27,696	26,762
Accrued vacation	36,826	–	36,826	34,493
Other employee expenses	44,970	–	44,970	40,027
Value added tax and other taxes and duties	9,492	–	9,492	8,936
OTHER OPERATING LIABILITIES	**459,860**	**–**	**459,860**	**547,999**
Current accounts payable[1]	453,637	–	453,637	525,973
Other liabilities	6,223	–	6,223	22,026
TOTAL PAYABLES	**€639,489**	**€8,961**	**€648,450**	**€724,374**

(1) See Note 18 Elements Concerning Related Companies.

In accordance with Articles L. 441-6 and D. 441-4 of the French Commercial Code related to information regarding payment due dates, at December 31, 2014, the balance of Dassault Systèmes SA's trade payables to its suppliers amounted to €19.3 million (2013: €11.9 million). Due dates are as follows:

	12/31/2014	12/31/2013
Due within 30 days	49.9%	34.9%
Due within 60 days	51.1%	65.1%
TOTAL	**100%**	**100%**

Note 20 Unearned Revenue

Unearned revenue is composed primarily of deferred software, maintenance and support revenue relating to periods subsequent to year end. Unearned revenue amounted to €40.4 million compared to €35.4 million in 2013.

Note 21 Financial Commitments

Derivatives

At December 31, 2014 and 2013, the fair value of instruments used to manage currency and interest rate exposure was as follows:

	Year ended December 31			
	2014		2013	
(in thousands)	**Nominal amount**	**Fair value**	Nominal amount	Fair value
Interest rate swaps in euros[(1)]	€350,000	€(12,145)	€350,000	€(809)
Interest rate swaps in Japanese yen[(2)]	9,984	(15)	30,058	(84)
Interest rate swaps in Japanese yen[(2)]	9,984	15	30,058	84
Forward exchange contract Japanese yen/euros – sale[(3)]	38,163	2,438	2,229	929
Cross currency swaps Canadian dollars/euros[(4)]	73,412	1,863	70,370	4,972
Cross currency swaps Australian dollars/euros[(4)]	72,064	1,548	69,787	4,678
Forward exchange contract Japanese yen/U.S. dollars – sale[(2)]	5,507	946	–	–
Forward exchange contract Japanese yen/U.S. dollars – sale[(2)]	5,507	(946)	–	–
Other instruments[(5)]	37,789	(297)	27,258	(143)

(1) Term loan facility obtained by Dassault Systèmes SA in June 2013.
(2) Dassault Systèmes SA has entered into hedging agreements for its subsidiaries.
(3) Instruments entered into by the Company to hedge the foreign currency exchange risk of forecasted sales in Japanese yen.
(4) Dassault Systèmes SA has concluded hedging contracts with regards to loans made to subsidiaries to finance acquisitions; these instruments are not designated as hedging instruments.
(5) Derivatives not designated as hedging instruments.

The fair market values of derivative instruments were determined by financial institutions using option pricing models.

At the end of 2014, foreign exchange contracts have maturity dates of less than 12 months and interest rate swap agreements have a maturity of approximately five years. Cross currency swaps have maturity dates of less than three years.

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.

(in thousands)	**12/31/2014**	12/31/2013
Nature of temporary differences		
SHORT TERM (38.00% TAX RATE FOR 2013 AND 2014)	**€43,030**	**€38,474**
Provision for mandatory profit-sharing	17,921	15,512
Depreciation of receivables	22,270	16,779
Provisions for Contingencies and losses	2,537	5,038
Other	302	1,145
LONG TERM (34.43% TAX RATE)	**18,151**	**15,221**
Provision for post-employment benefits	18,151	15,221
TOTAL TEMPORARY DIFFERENCES	**€61,181**	**€53,695**
Net reduction of the future corporate tax debt		
(38.00% tax rate)	€16,351	€14,620
(34.43% tax rate)	€6,249	€5,241

Note 22 Other Commitments and Contingencies

Leases

On December 31, 2014, commitments stood at €294.1 million for real estate and equipment rentals including: (i) €273.1 million relating to the lease for the headquarters in Vélizy-Villacoublay (compared with €270.2 million as of December 31, 2013); and (ii) €10.9 million (compared with €13.1 million as of December 31, 2013) related to the lease of the "Terre Europa" site, next to the headquarters, effective as from July 2011.

In February 2013, Dassault Systèmes SA 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 during the first quarter of 2017 when construction is expected to be completed. Future minimum rental payments until the end of the lease amount to approximately €272.8 million in the aggregate and have been included in the paragraph above.

Litigation and other proceedings

Dassault Systèmes SA is involved in litigation and other proceedings, such as civil, commercial and tax proceedings, incidental to normal operations. Dassault Systèmes SA is subject to ongoing tax audits and tax reassessments. A number of theses reassessments, in particular those related to acquisition financing, are being challenged by Dassault Systèmes SA which is strongly confident in the technical merits of its positions and will continue to defend them with the relevant tax authorities. In this context, Dassault Systèmes SA made a €22.2 million payment to the French tax authorities in 2014 but disputed it with the relevant authorities.

It is not possible to determine with certainty the outcome of the dispute in these matters. However, in the opinion of management, after consultation with legal and tax counsel, the resolution of such litigation and proceedings should not have a material effect on the financial statements of Dassault Systèmes SA.

Individual right to training for employees in France

French law provides permanent employees in French entities with the right to receive individual training of at least 20 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, 2014, accumulated Individual Training Rights amounted to 257,229 hours, including 254,421 hours that have not yet been requested by the employees.

Note 23 Additional Information

Events after the reporting period

None.

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-Élysées – Marcel Dassault, 75008 Paris, France.

Note 24 Information Relating to Subsidiaries and Shareholdings

(in thousands)[1]	Location of Headquarters	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	Revenue	Dividend rights received	Loans and advances	Guarantees and sureties
Dassault Systemes Corp.[2]	Waltham – USA	€788,462	€788,462	100	€1,522,359	€245,089	€423,802	–	–	–	–
Dassault Systemes Simulia Corp.	Johnston – USA	242,977	242,977	10	154	439,658	16,961	152,653	14,913	–	–
Dassault Systemes Deutschland GmbH	Stuttgart – Germany	226,354	213,801	100	10,601	14,764	850	181,610	–	111,400	–
Dassault Systèmes International SAS	Vélizy-Villacoublay – France	183,041	137,041	100	108,924	495	711	41	–	129,981	–
Dassault Systèmes Israel Ltd	Kfar Saba – Israel	64,883	5,801	100	28,918	(22,344)	6,446	24,585	–	–	–
Dassault Systemes K.K.	Tokyo – Japan	43,742	43,742	100	29,952	4,288	10,319	280,869	–	–	–[3]
Dassault Systèmes Canada Inc.	Montreal – Canada	36,673	36,673	100	35,907	12,174	3,506	26,892	–	73,412	–
Dassault Systèmes Provence SAS	Aix en Provence – France	32,248	32,248	100	32,394	177	16,577	38,323	–	–	–
Netvibes France SAS	Paris – France	31,277	31,277	100	577	(5,410)	(4,052)	1,153	–	4,200	–
Dassault Systemes UK Ltd	Coventry – UK	26,456	26,456	100	28,572	4,173	1,089	49,241	–	17,699	–
3DVIA SAS	Paris – France	13,461	13,461	100	873	(206)	(1,614)	1,773	–	–	–
Dassault Systemes AB	Goteborg – Sweden	9,540	9,540	100	11	4,255	906	38,066	–	–	–
Dassault Systemes India Pvt Ltd	Gurgaon – India	8,823	8,823	100	4,129	7,983	931	36,795	–	–	–
Simpoe SAS	Vélizy-Villacoublay – France	6,260	6,260	100	2,795	(1,487)	(1,419)	732	–	–	–
Archivideo SA	Rennes – France	5,228	5,228	100	791	424	(490)	1,167	–	–	–
Dassault Data Services SAS	Vélizy-Villacoublay – France	2,576	2,576	100	3,000	1,172	4,127	58,072	3,000	–	–
Dassault Systemes Italia Srl	Lainate – Italy	1,949	1,949	100	20	202	(125)	30,198	–	–	–
Other French subsidiaries		1,294	1,294			Not communicated				750	
Other foreign subsidiaries		553	553			Not communicated			1,416	1,213	–
TOTAL		**€1,725,797**	**€1,608,162**		**€1,809,977**	**€705,407**	**€478,525**	**€922,170**	**€19,329**	**€338,655**	

(1) The earnings of foreign subsidiaries are presented in the locally applicable GAAP for the 2013 financial year and have been converted using the 2014 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 2014.
(2) American holding company owning 100% of Dassault Systemes SolidWorks Corp., and Dassault Systemes Holding LLC, the latter itself holding 90% of Dassault Systemes Simulia Corp. and 100% of Dassault Systemes Americas Corp., Dassault Systèmes Russia Corp. and Spatial Corp.
(3) As regards the Japanese subsidiary Dassault Systemes 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 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.

4.2.4 Selected financial and other information for Dassault Systèmes SA over the last five years

(in euros)	2010	2011	2012	2013	**2014**
Share capital					
Share Capital	121,332,605	123,092,729	125,096,778	126,932,985	128,182,039
Number of shares authorized and issued(2)	121,332,605	123,092,729	125,096,778	126,932,985	256,364,077
Statement of income data					
Revenue	742,259,080	850,023,294	990,705,543	1,064,558,462	1,125,687,175
Result before income tax, profit sharing, amortization and provisions	365,948,323	415,780,289	386,581,931	435,033,094	359,636,561
Result before income tax, profit sharing, amortization and provisions and reversals of provisions	339,981,856	341,652,678	367,577,134	413,314,821	304,131,981
Income tax	33,005,838	46,812,886	52,457,635	68,216,039	45,164,304
Regulated employee profit-sharing	11,058,164	13,192,985	16,266,653	15,512,132	17,921,044
Optional employee profit-sharing	10,501,560	14,165,501	13,601,995	18,421,890	17,921,044
Net income	219,126,831	264,795,422	254,846,867	263,440,594	183,005,154
Data per share					
Result after income tax and profit sharing and before amortization and provisions	2.35	2.17	2.28	2.45	0.87
Basic net income per share	1.81	2.15	2.04	2.08	0.71
Dividend per share(2)	0.54	0.70	0.80	0.83	0.43(1)
Personnel					
Average headcount	2,022	2,141	2,372	2,541	2,748
Personnel costs paid during the year	120,640,263	140,056,445	164,250,610	180,114,271	203,666,853
Social security contributions paid during the year	69,681,295	70,506,943	88,239,898	86,640,481	99,949,422

(1) To be proposed for approval at the General Meeting scheduled for May 28, 2015.
(2) Historical data prior to 2014 does not reflect the two-for-one stock split effected in July 2014.

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 December 31, 2014, on:

- the audit of the accompanying financial statements of Dassault Systèmes;
- 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 December 31, 2014 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 sets out the accounting principles and methods used to account for revenue including firstly new software licenses along with the related maintenance, and secondly services and other revenue. We verified the appropriateness of the retained accounting principles and methods, their application and the information disclosed in the notes;
- Note 2.3 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 2.4 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.

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 and the identity of the shareholders and holders of voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, March 23, 2015

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 French 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 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

In accordance with article L.225-40 of the French Commercial Code (*Code de commerce*), we have been advised of certain related party agreements and commitments which received prior authorization from your Board of Directors.

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 May 27, 2014, 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 May 27, 2010, March 28, 2008 and March 27, 2009.

At its meeting on May 26, 2014, the Board of Directors decided to make no change to the conditions, as defined by the Board of Directors at its meeting on March 27, 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 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 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 group'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.

Agreements and commitments already approved by the General Meeting of Shareholders

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.

In addition, we have been advised that the following agreements and commitments which were approved by the General Meeting of Shareholders in prior years were not implemented during the year.

With the Board members of your Company, in connection with the insurance policy "Civil liability of the directors and the corporate officers" signed with the company Insurance *Allianz*

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 July 24, 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 (*Allianz*), 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 Sates.

Conditions

In its meeting on September 23, 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 23, 2015

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

In the ordinary course of business, the Company is involved from time to time in litigation, tax audits or regulatory inquiries. The Company is subject to ongoing tax audits and tax reassessments in jurisdictions in which it has or had operations. A number of these reassessments have been contested and the Company is under discussion with the relevant tax authorities. To the Company's knowledge, there is no outstanding, suspended or pending government proceeding, litigation or arbitration, which has had during the last twelve months preceding the publication of this 2014 Annual Report *(Document de référence)*, or is likely to have, a significant impact on the Company's financial position or results of operations.

For information purposes only, the Company notes that two class action lawsuits were filed and consolidated in the Court of Chancery in Delaware in February 2014, pursuant to the tender offer made by Dassault Systèmes to acquire Accelrys, a NASDAQ-listed U.S. company. In addition to claiming false disclosure in connection with this acquisition, the lawsuits alleged that the directors of Accelrys breached their fiduciary duties to Accelrys' stockholders in connection with this acquisition and that the Company aided and abetted Accelrys' directors in such breach. The lawsuits sought equitable relief, including injunctions to prevent consummation of the acquisition, damages and recovery of costs and attorneys' and experts' fees, among other remedies. The acquisition of Accelrys was completed on April 29, 2014. On January 7, 2015, the Court entered an order approving the voluntary dismissal without prejudice of all claims filed by the plaintiffs in the two class action lawsuits. No compensation in any form was paid or promised by the Company or its subsidiaries to plaintiffs or plaintiffs' counsel as part of the dismissal of the lawsuits.

5

CORPORATE GOVERNANCE

CONTENTS

5.1 Report of the Chairman on Corporate Governance and Internal Control

Report of the Chairman of the Board of Directors to the Combined General Meeting of May 28, 2015

To the Shareholders of Dassault Systèmes,

The purpose of this report is to describe the composition and practices of the Board of Directors of Dassault Systèmes SA, the application thereto of the principle of balanced representation of men and women, and the internal control and risk management procedures established by the Company.

This report was drawn up in accordance with the French Commercial Code and the regulations of the French Financial Markets Authority (AMF), based on work carried out by the finance, legal and internal audit departments of Dassault Systèmes. It was reviewed by the Audit Committee and approved by the Board of Directors at its meeting on March 20, 2015.

Since its IPO (1996), Dassault Systèmes has sought to implement the best international standards of corporate governance. Dassault Systèmes currently adheres to most of the recommendations of the AFEP-MEDEF Code (available on the MEDEF website: www.medef.fr) and summarizes in a table the reasons why it does not apply certain of these recommendations (see paragraph 5.1.5 "Application of the AFEP-MEDEF Code").

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 has nine members, who are elected for a term of office of four years:

- Charles Edelstenne (Chairman);
- Bernard Charlès;
- Jean-Pierre Chahid-Nouraï;
- Nicole Dassault;
- Serge Dassault (until his resignation on May 27, 2014);
- Arnoud De Meyer;
- Odile Desforges;
- Marie-Hélène Habert (since July 23, 2014);
- Toshiko Mori;
- Thibault de Tersant.

With regard to the composition of its Board of Directors, Dassault Systèmes SA pays particular attention to independence, diversity of background and the representation of women, especially since a number of terms of office will expire in 2015.

At present, 44% of the directors of Dassault Systèmes SA are independent: Odile Desforges, Toshiko Mori, Jean-Pierre Chahid-Nouraï and Arnoud De Meyer. This proportion exceeds the recommendation of the AFEP-MEDEF Code for controlled companies.

Dassault Systèmes SA has incorporated the definition of independence contained in the AFEP-MEDEF Code into the internal regulation of the Board of Directors, whereby a director is independent when he or she has no relationship whatsoever with Dassault Systèmes SA, the Group, the Company or its management which might compromise his/her free judgment.

At its meeting on March 20, 2015, the Board of Directors reviewed – as it does each year – the independence criteria recommended by the AFEP-MEDEF Code, particularly with regard to the absence of a business relationship. As none of the directors have a business relationship with the Group, the Board of Directors did not have to express an opinion on the materiality of any such relationship. The Board's decisions are based on recommendations provided by the Compensation and Nomination Committee, after examining a questionnaire completed by the relevant directors.

Dassault Systèmes SA is also keen to ensure that the Board has a significant number of women members. As 44% of its directors are women, Dassault Systèmes SA currently exceeds the thresholds enshrined in law and recommended by the AFEP-MEDEF Code.

The Board of Directors does not have a member nominated by the employees, as Dassault Systèmes does not fall within the scope of the legal provisions in this area.

However, the Board does have an international dimension, with a Belgian and a Japanese director accounting for 22% of the members.

The average age of the directors was 65 at the date of this Annual Report (*Document de référence*).

The above information is summarized in the table below.

COMPOSITION OF THE BOARD OF DIRECTORS OF DASSAULT SYSTÈMES SA

Director	Independence	Start of first term of office	Term expires	Changes in 2014	Contribution to the diversity of the Board's composition
Charles Edelstenne		04/08/1993	2018	Re-appointment	
Bernard Charlès		04/08/1993	2018	Re-appointment	
Thibault de Tersant		04/08/1993	2018	Re-appointment	
Jean-Pierre Chahid-Nouraï (1)	X	04/15/2005	2015		
Nicole Dassault (1)		05/26/2011	2015		Enhanced female representation
Serge Dassault		06/07/2012	2016	Resignation (2)	
Arnoud De Meyer (1)	X	04/15/2005	2015		Enhanced international representation
Odile Desforges	X	05/30/2013	2017		Enhanced female representation
Marie-Hélène Habert		07/23/2014	2016	Appointment (3)	Enhanced female representation
Toshiko Mori (1)	X	05/26/2011	2015		Enhanced female and international representation

(1) The renewal of the terms of office of these directors is to be proposed to the General Meeting of Shareholders of May 28, 2015.
(2) On May 27, 2014.
(3) Co-opted on July 23, 2014 to replace Serge Dassault, until the latter's term expires. The ratification of her appointment is to be proposed to the General Meeting of May 28, 2015 (see paragraph 7.1 "Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting of Shareholders on May 28, 2015").

The roles and duties performed by the Dassault Systèmes SA corporate officers in 2014 are indicated in the table below.

CHARLES EDELSTENNE – CHAIRMAN OF THE BOARD

Biography: Charles Edelstenne qualified as a Chartered Accountant. He has spent his whole career with Dassault Aviation, where he started working in 1960 as Head of the financial studies department. In 1975 he became General Secretary then Vice-Chairman responsible for economic and financial affairs in 1986. From 2000 to 2013, he was Dassault Aviation Chairman-Chief Executive Officer. In January 2013, Charles Edelstenne was appointed Chief Executive Officer of Groupe Industriel Marcel Dassault. He was founder, Manager then President and Chief Executive Officer of Dassault Systèmes and is currently Chairman of its Board of Directors.

Age: 77

Nationality: French

Professional address: Groupe Industriel Marcel Dassault – 9 Rond-point des Champs Élysées – Marcel Dassault, 75008 Paris – France

End of current term: General Meeting called to approve the financial statements for the financial year ending December 31, 2017.

Date of first appointment: 04/08/1993

Dassault Systèmes shares owned at December 31, 2014: 15,562,944 (including a majority of beneficial ownership shares).

Other current positions and Directorships:

Inside Dassault Group, in France: Chief Executive Officer and member of the Supervisory Board of Groupe Industriel Marcel Dassault SAS (GIMD)(1), Honorary Chairman and Director of Dassault Aviation SA (listed company, subsidiary of GIMD), Director of Sogitec Industries SA,

Inside Dassault Group, outside France: Director of SABCA (listed company, subsidiary of GIMD) (Belgium), Director of Dassault Falcon Jet Corporation (United States)

Outside Dassault Group: Director of Thales and Carrefour (listed companies), Honorary Chairman of Gifas(2), Manager of the partnerships Arie, Arie 2, Nili and Nili 2

Other positions expired during the past five years:

Chairman of Gifas and Cidef(3)

Chairman and CEO of Dassault Aviation SA (listed company, subsidiary of GIMD), Chairman of the Board of Dassault Falcon Jet Corporation (until January 8, 2013) and Chairman of Dassault International, Inc. (until April 29, 2013)

(1) GIMD is the main shareholder of Dassault Systèmes SA. (See paragraph 6.3.2 "Controlling Shareholder").
(2) Groupement des Industries Françaises Aéronautiques et Spatiales.
(3) Conseil des Industries de Défense Françaises.

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: 57

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 called to approve the financial statements for the financial year ending December 31, 2017.

Date of first appointment: 04/08/1993

Dassault Systèmes shares owned at December 31, 2014: 2,751,624

Other current positions and Directorships (all inside the Group, outside France):

Chairman of the Board of Directors of Dassault Systemes Corp., Dassault Systemes SolidWorks Corp., Dassault Systemes Simulia Corp., Biovia Corp. (United States), and Dassault Systemes Canada Software Inc. doing business as Dassault Systemes Geovia Inc. (Canada)

Other positions expired during the past five years (all inside the Group, outside France):

Chairman of the Board of Directors of Dassault Systemes Delmia Corp., Dassault Systemes Enovia Corp. and Chairman of the Supervisory Board of RealTime Technology AG (Germany)

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) and Temenos, a listed Swiss company specialized in software solutions for the banking industry.

Age: 57

Nationality: French

Professional address: Dassault Systèmes – 10 rue Marcel Dassault, 78140 Vélizy-Villacoublay – France

Main position: Senior Executive Vice-President and Chief Financial Officer

End of current term: General Meeting called to approve the financial statements for the financial year ending December 31, 2017.

Date of first appointment: 04/08/1993

Dassault Systèmes shares owned at December 31, 2014: 81,730

Other current positions and Directorships:

Inside Dassault Systèmes Group, in France: President of Dassault Systèmes International SAS

Inside Dassault Systèmes Group, outside France: Chairman of the Board of Directors of Spatial Corp., Director of Dassault Systèmes Corp., Dassault Systemes SolidWorks Corp., Dassault Systemes Simulia Corp. (United States)

Outside Dassault Systèmes Group: Director of Temenos (listed company) (Switzerland)

Other positions expired during the past five years:

Manager of Elsys, SPRL, Director of Dassault Systemes Delmia Corp., Icem Ltd and of Dassault Systemes Enovia Corp. (United States)

JEAN-PIERRE CHAHID-NOURAÏ – INDEPENDENT DIRECTOR

Chairman and member of the Audit Committee
Chairman and member of the Compensation and Nomination Committee

Biography: Jean-Pierre Chahid-Nouraï is an independent consultant. He was a Managing Director (*Administrateur Délégué*) of Finanval Conseil from 1992 to 2007. Former member of the Michelin management and Financial Manager, Mr Chahid-Nouraï was also an investment banker at MM. Lazard Frères et Cie, Banque Veuve Morin-Pons, Financière Indosuez and S.G. Warburg, as well 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'Éducation Permanente*).

Age: 76

Nationality: French

Professional address: 56 rue de Boulainvilliers, 75016 Paris – France

Main position: Director

End of current term: General Meeting called to approve the financial statements for the financial year ended December 31, 2014.

Date of first appointment: 04/15/2005

Dassault Systèmes shares owned at December 31, 2014: 2,046

Other current positions and Directorships:

Director of the Fondation Stanislas pour l'Éducation

NICOLE DASSAULT – DIRECTOR

Age: 84

Nationality: French

Professional address: Groupe Industriel Marcel Dassault – 9 Rond-point des Champs Élysées – Marcel Dassault, 75008 Paris – France

Main position: Member of the Supervisory Board (*Conseil de surveillance*) of GIMD

End of current term: General Meeting called to approve the financial statements for the financial year ended December 31, 2014.

Date of first appointment: 05/26/2011

Dassault Systèmes shares owned at December 31, 2014: 0(1)

Other current positions and Directorships:

Inside Dassault Group: Vice-Chairman and member 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, Groupe Figaro SAS and Artcurial SA and founding member of the Serge Dassault Foundation.

Outside Dassault Group: Director of Société des Amis du Louvre and Société des Amis du Musée d'Orsay.

(1) Nicole Dassault is a shareholder of GIMD.

SERGE DASSAULT – DIRECTOR[1]

Age: 89

Nationality: French

Professional address: Groupe Industriel Marcel Dassault – 9 Rond-point des Champs Élysées – Marcel Dassault, 75008 Paris – France

Main position: President and member of the Supervisory Board of GIMD

End of current term: General Meeting 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, 2014: 196[2]

Other current position and Directorships:

Inside Dassault Group, 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, Chairman and Director 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.

Inside Dassault Group, outside France: Director (*Administrateur*) of Dassault Falcon Jet Corporation, Dassault International Inc. and Chairman and Director of Dassault Belgique Aviation, Chairman of Marcel Dassault Trading Corporation and of Serge Dassault Trading Corporation.

Outside Dassault Group: Director of SITA

Other positions expired during the past five years:

Director of Société Financière Terramaris

(1) Resigned on May 27, 2014.
(2) Serge Dassault is a shareholder of GIMD.

ARNOUD DE MEYER – INDEPENDENT DIRECTOR

Chairman of the Scientific Committee
Member of the Compensation and Nomination 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: 60

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 called to approve the financial statements for the financial year ended December 31, 2014.

Date of first appointment: 04/15/2005

Dassault Systèmes shares owned at December 31, 2014: 1,152

Other current position and Directorships:

Outside France: Director of Temasek 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 past five years:

Director of Kylian Technology Management Pte. Ltd, Director of SR&DM, Director of Option International NV Professor and Director of the Judge Business School at the University of Cambridge (United Kingdom).

ODILE DESFORGES – INDEPENDENT DIRECTOR

Member of the Audit Committee

Biography: Born in 1950 in Rouen (France), Ms Desforges graduated from the École 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 Chairwoman 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.

Age: 65

Nationality: French

Professional address: 3, rue Henri Heine, 75016 Paris – France

Main position: Director

End of current term: General Meeting called to approve the financial statements for the financial year ending December 31, 2016.

Date of first appointment: 05/30/2013

Dassault Systèmes shares owned at December 31, 2014: 300

Other current positions and Directorships:

In France: Director of Safran and Sequana (listed companies)

Outside France: Director of Johnson Matthey Plc (United Kingdom)

Other positions expired during the past five years:

Director of RNBV, RNTBCI and Renault Espana SA

MARIE-HÉLÈNE HABERT – DIRECTOR (SINCE JULY 23, 2014)

Biography: After a Master's degree in Business Law and Taxation, a business law practitioner diploma (Assas, 1988) and a Master's in Strategy and Marketing (Sciences Po, 1989), Marie-Hélène Habert began her career at DDB Publicité in London as a media planning consultant. She joined the Dassault Group in 1991 as Deputy Director of Communications. Since 1998, she has been Group Director of Communication and Patronage.

Age: 49

Nationality: French

Professional address: Groupe Industriel Marcel Dassault – 9 Rond-point des Champs Élysées – Marcel Dassault, 75008 Paris – France

Main position: Director of Communication and Patronage, Dassault Group.

End of current term: General Meeting called to approve the financial statements for the financial year ending December 31, 2015.

Date of first appointment: 07/23/2014

Dassault Systèmes shares owned at December 31, 2014: 500[1]

Other current positions and Directorships:

Inside Dassault Group: Member of the Supervisory Board of GIMD, Permanent representative of GIMD on the Supervisory Board of Immobilière Dassault, member of the Board of Directors of Dassault Aviation (a listed company), member of the Strategy Committee of Dassault Développement, Director of the Serge Dassault Foundation, Director of Artcurial and of Immobilière Dassault (a listed company)

Outside Dassault Group: Director of Biomérieux (a listed company), General Manager of H Investissements, General Manager of HDH and member of the Strategy Committee of HDF.

(1) Marie-Hélène Habert is a shareholder of GIMD.

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 dialogue 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), Master Jury Member of the Aga Khan Prize and Master Jury Member of the Holcim Award 2014 for North America. Lastly she is a partner of Paracoustica, a non-for-profit organization which builds portable concert halls for the benefit of disadvantaged populations to foster an appreciation of music.

Age: 63

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 called to approve the financial statements for the financial year ended December 31, 2014.

Date of first appointment: 05/26/2011

Dassault Systèmes shares owned at December 31, 2014: 600

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 Future of Cities, member of the Supervisory Board of A + U Magazine, member of the G1 Summit (Japan), Master Jury Member in Aga Khan Prize and member of the Sydney Modern jury.

Other positions expired during the past five years:

President of World Economic Forum Global Agenda Council on Design.

Member of the Board of Directors of Architecture for Humanity, member of the World Economic Forum Global Agenda Council on Design & Innovation.

5.1.1.2 Practices of the Board of Directors

Separation of the offices of Chairman and Chief Executive Officer

Dassault Systèmes has separated the offices of Chairman of the Board of Directors (Mr Edelstenne) and Chief Executive Officer (Mr Charlès). In addition to the balance of powers that this offers, it enables the Chairman and the Chief Executive Officer to concentrate on their specific remits (described below) within an experienced and harmonious management team, (both roles were previously held by Mr Edelstenne).

The Chairman of the Board organizes and supervises the work of the Board and reports thereon at the General Meeting. He ensures the proper functioning of the Board and its committees and their compliance with the best practices of good corporate governance, for example, by making sure that the directors are capable of fulfilling their duties. The Chief Executive Officer keeps him regularly informed 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 is vested by law with the most comprehensive powers to represent Dassault Systèmes SA, subject to the limitations of powers indicated in paragraph 5.1.1.4 "Powers of the Chief Executive Officer" below. He represents Dassault Systèmes SA in its dealings with third parties.

The Board of Directors has set up a number of special committees to help it perform its tasks: the Audit Committee (established in 1996), the Compensation and Nomination Committee and the Scientific Committee (2005). The committees report regularly to the Board as to the performance of their missions. The composition of these committees and their practices are described in paragraph 5.1.1.3 "Composition, Practices and Activities of the Board Committees".

Main provisions of the Board's internal regulation

The Board of Directors established its internal regulation (amended on March 21, 2014) to reflect the recommendations of the AFEP-MEDEF Code (June 2013). It defines the objectives, and the rules governing the composition and operation of the Board and its committees, and their interactions. The Audit Committee has its own charter, which was also updated recently (March 2015).

The internal regulation stipulates how often Board meetings take place and how Board members may participate in them. It also provides rules on the information and disclosure provided to the Board members on a regular basis (e.g. information on off-balance sheet commitments and the cash position) and on when an event occurs that might have a material impact on the Company's prospects, outlook or on the implementation of the Company's strategy. The internal regulation imposes limitations on the powers of the Chief Executive Officer (see paragraph 5.1.1.4 "Powers of the Chief Executive Officer").

The internal regulation requires that, each year, (i) the Board reviews the independence of the directors, (ii) the non-executive directors meet on one occasion without the other directors to have a general discussion on the practices of the Board of Directors, and if applicable, debate specific subjects, and (iii) the Board discusses its practices. Every three years, the Board should conduct a formal review.

With regard to the obligations applicable to directors, the internal regulation provides a reminder of the legal confidentiality requirements and reflects the ethical rules set out in the AFEP-MEDEF Code, particularly in the area of conflicts of interest. In terms of the number of positions held in other companies, each director is required to inform the Company of any other position held in another French or foreign company, including in their committees. Moreover, the executive officers (*dirigeants mandataires sociaux*) must first obtain the approval from the Board prior to accepting a new term of office in a listed company. The internal regulation also requires them to hold, directly or indirectly, a relatively significant number of Dassault Systèmes shares, and to comply with the Group's rules on the prevention of insider trading. These rules prohibit directors from trading in any securities issued by Dassault Systèmes if they are aware of any insider information and during the trading blackout periods defined by the said rules. Even outside of these blackout periods, directors must obtain the Insider Committee's prior approval for any transactions involving the Company's shares.

The Board of Directors' activities in 2014

The Board of Directors met nine times in 2014, with an attendance rate of 84%.

In addition to the deliberations on its agenda pursuant to the law (notice of the General Meeting and 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 2013 annual financial statements and consolidated financial statements, the consolidated financial statements for the first half of 2014, and the review of quarterly results); the Board is kept informed as to the Group's financial position by reports from the Audit Committee and presentations made at each meeting by the Senior Executive Vice-President and Chief Financial Officer;
- the review of the assessment of the internal control system;
- the two-for-one stock split of the Dassault Systèmes share on July 17, 2014;
- the proposal to transform Dassault Systèmes SA into a European company; negotiations with the employee representatives began in autumn 2014 and the decisions relating to the change will be submitted to the General Meeting of May 28, 2015 (see paragraph 7.2 "Draft Resolutions Proposed by the Board of Directors to the General Meeting of Shareholders on May 28, 2015");
- the compensation of directors and allocation of shares and share subscription options;
- the composition of the Board (review of the independence of directors identified as such and of the significant nature of any business relationships with the Group, and the co-opting of a new director); and
- the compliance of Dassault Systèmes SA with the rules and recommendations on corporate governance, particularly with respect to the Board's composition and practices.

Directors' training

In accordance with the AFEP-MEDEF Code, each director may request, if he or she considers it necessary, additional training relating to Dassault Systèmes' specific features, businesses and markets.

The Board's review of its practices and performance

The Board of Directors is constantly seeking to improve its practices. It has two ways of doing this:

- it asks the non-executive directors for their comments on the subject. The non-executive directors meet every year to discuss the Board's practices. In 2014, a presentation was made to them, after which they were able to have a discussion without the presence of the Dassault Systèmes SA teams, before reporting on their discussion to the Board. During this meeting, they also had access to the presentation on the risks faced by the Group, which they had requested;
- it holds a debate at least once a year on its practices, and conducts a formal review every three years, in accordance

with its internal regulation and the AFEP-MEDEF Code. No major issues were discovered during the last review, and no specific action plans have been put in place as a result.

5.1.1.3 Composition, Practices and Activities of the Board committees

Audit Committee

The Audit Committee is solely comprised of independent directors: Odile Desforges and Jean-Pierre Chahid-Nouraï (Chairman). They have been company directors and have financial or accounting expertise.

The Audit Committee's mission is to oversee matters related to the preparation and the auditing of accounting and financial information, in compliance with the applicable regulations and its Charter. 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 financial statements and consolidated financial statements and the independence of the Statutory Auditors. On all these matters, it reports its recommendations to the Board of Directors.

The Audit Committee also oversees the relationship between the Company and its Statutory Auditors and participates in particular in their appointment or the renewal of their mandate, or in their appointment for non-audit related mission.

Lastly, it approves the annual plan for internal audits and gives its opinion on the department's organization.

In the performance of its mission, the Committee is given presentations by the Group's financial management, particularly regarding risks and, as the case may be, off-balance sheet commitments, and during the audit of the financial statements, a presentation from the Statutory Auditor on the results of the statutory audit and the accounting options selected. With regard to the efficiency of the internal control and risk management systems, the Statutory Auditor informs the Committee of its main findings and the Internal Audit Director reports on the conclusions of his work to the Statutory Auditor. In addition, the Committee may call on external experts, having assessed their expertise and independence.

For reasons of organizational efficiency, meetings of the Audit Committee take place on the same day as Board meetings. However, as the documentation relating to the consolidated and annual financial statements is sent out at least five days before the Board approves the accounts, the members of the Audit Committee have enough time to review the documentation and to discuss it, if necessary, before the Board meeting.

In 2014, the Audit Committee met seven times, including three meetings at head office, which were attended by the Senior Executive Vice-President and Chief Financial Officer, the Company Finance Vice-President, the Consolidation Director, the Internal Audit Director, the General Counsel and the Statutory Auditors of the Company, with which regular discussions were held without the management in attendance. The meetings preceding the disclosure of the quarterly results took place by conference call. The attendance rate for meetings of the Audit Committee in 2014 was 100%.

At its meeting of March 20, 2015, the Board of Directors amended the Audit Committee's charter following a review carried out in 2014, to clarify the role and duties of the Committee in relation to the revised version of the AFEP-MEDEF Code and the recommendations of the AMF, and to formalize certain of the Committee's governance practices (for example, the possibility of participating by videoconference and a review of the Audit Committee's annual work schedule).

Compensation and Nomination Committee

The Compensation and Nomination Committee is comprised solely of independent directors: Mr Chahid-Nouraï (Chairman) and Mr De Meyer.

The main duties of this Committee are:

- to propose to the Board of Directors the amounts for compensation and benefits of the executive officers (*dirigeants mandataires sociaux*), including the formulas and the rules to apply for determining variable compensation, and to verify the application of these rules;
- to evaluate the overall amount and the allocation of the directors' fees;
- to propose to the Board the nomination or renewal of directors and examine the independence of those who are so identified, based on the criteria set out in the AFEP-MEDEF Code;
- to examine the Company's policy for nominating, and to be informed of the compensation policy for the managers, including non-executive directors;
- to discuss the employee profit-sharing and incentive plan comprised of grants of performance shares and share subscription options; and
- 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.

When the Compensation and Nomination Committee carries out its nomination work, it liaises with the Chief Executive Officer and the Chairman.

In relation to its duties, the Committee met four times in 2014, with an attendance rate of 100%. During these meetings, the Committee made recommendations to the Board on the following subjects:

- the independence of directors, which was in reviewed in relation to the responses of each director to a questionnaire;
- the co-opting of a director;
- the amount and distribution of the fees allocated to directors;

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- the renewal of the terms of office of the Chairman and Chief Executive Officer;
- the compensation of executive officers (*dirigeants mandataires sociaux*);
- the share plans and share subscription option plans for Group directors and employees;
- the changes with regard to the composition of the Executive Committee and the structure and level of compensation of non-executive directors.

On a general and ongoing basis, the Compensation and Nomination Committee monitors the compliance of Dassault Systèmes with the law and best practice in the area of corporate governance, particularly with regard to the composition of the Board.

Scientific Committee

Like the other Board committees, the Scientific Committee is comprised solely of independent directors: Ms Toshiko Mori and Mr Arnoud De Meyer (Chairman). It meets at least once a year. The Committee reviews the main directions of research and development, as well as 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 three times in 2014, with an attendance rate of 83%. At these meetings, it considered a number of topics central to Dassault Systèmes strategy. In particular, it covered the aim to bring the **3D**EXPERIENCE platform to new audiences: in addition to the traditional PLM customers (engineers and manufacturers), the **3D**EXPERIENCE platform can be targeted at the academic community, with education solutions, as well as scientific and marketing customers, with the innovations of the BIOVIA and 3DEXCITE brands. The Scientific Committee also discussed the disruptive aspect of internet-connected devices and social networks and their implications for business users and consumers.

5.1.1.4 Powers of the Chief Executive Officer

Pursuant to French law, the Chief Executive Officer represents Dassault Systèmes SA in dealings with 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.

However, under the Board's internal regulation, certain decisions of the Chief Executive Officer are submitted to the prior approval of the Board. This concerns, in particular, a significant transaction outside the scope of the Company's strategy, or an acquisition or the disposal of an entity, shareholding or asset (excluding internal transactions) or the use of external funding (bank loan or capital market issue), if the amount of the transaction exceeds a threshold set each year by the Board. This threshold, which was set by the Board on March 20, 2015, is €500 million.

On March 20, 2015, the Board also renewed its authorization to the Chief Executive Officer to grant guarantees, endorsements or securities in the name of Dassault Systèmes SA up to an aggregate amount of €500 million.

5.1.2 The Executive Committee

The Executive Committee assists the Chief Executive Officer. The Committee comprises the heads of the main business areas and functions of Dassault Systèmes:

Bernard Charlès(1)	President & Chief Executive Officer
Dominique Florack	Senior Executive Vice President, Research and Development
Thibault de Tersant(2)	Senior Executive Vice President, Chief Financial Officer
Bruno Latchague	Senior Executive Vice President, Global Field Operations (Americas), Industry solutions and Indirect channels
Monica Menghini	Executive Vice President, Chief Strategy Officer
Pascal Daloz	Executive Vice President, Brands and Corporate Development
Sylvain Laurent	Executive Vice President, Global Field Operations (Asia), Worldwide Business Transformation
Laurent Blanchard	Executive Vice President, Global Field Operations (EMEAR)(3), Worldwide Alliances and Services
Laurence Barthès	Executive Vice President, Chief People and Information Officer
Philippe Forestier	Executive Vice President, Global Affairs and Communities

(1) Mr.. Bernard Charlès is also a director of Dassault Systèmes SA and an executive officer as defined by the AFEP-MEDEF Code.
(2) Mr. Thibault de Tersant is also a director of Dassault Systèmes SA.
(3) Europe Middle-East Africa Russia.

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 a director and a member of the Executive Committee (see paragraph 5.1.2 "The Executive Committee" for the list of members) with the exception of Mr Serge Dassault (a director until May 27, 2014), his wife Ms Nicole Dassault and their daughter Ms Marie-Hélène Habert (a director since July 23, 2014);
- in the past five years, none of the directors or members of the Group's Executive Committee 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 the Group's Executive Committee 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 member of the Group's Executive Committee is party to a service contract with Dassault Systèmes SA, or one of its subsidiaries, which provides him or her with a personal benefit; and
- no loans or guaranties have been granted or established on behalf of the directors or members of the Group's Executive Committee, and there are no assets used by the Company which belong directly or indirectly to the directors, members of the Group's Executive Committee or their families.

5.1.4 Principles Established by the Board of Directors pertaining to Compensation of the Company's Executive Officers and directors

Dassault Systèmes SA's compensation policy is designed to attract, motivate and retain highly qualified individuals, with the aim of ensuring the success of Dassault Systèmes. This success depends on the achievement of its objectives, in particular, strategic, business and financial objectives, over the medium and long term. In setting criteria for determining compensation, Dassault Systèmes seeks to strike a balance between short-, medium- and long-term financial objectives, in order to take into account the creation of stockholder value and recognize individual performance.

Since 2013, the AFEP-MEDEF Code has recommended submitting the elements of the compensation due or allocated to each executive officer during the year to the vote of shareholders. The shareholders of Dassault Systèmes SA were therefore invited to vote at the 2014 General Meeting on the compensation with respect to the 2013 financial year of the Chairman of the Board (6th resolution) and the Chief Executive Officer (7th resolution). These resolutions were approved, by 97.22% and 84.92%, respectively.

The shareholders will be consulted again on the elements of compensation for 2014 (see paragraph 7.1 "Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting on May 28, 2015").

The annual compensation of the Chairman of the Board is a fixed amount. The compensation of each member of the Executive Committee is comprised of a fixed portion and a variable portion. The variable portion may represent a significant part of the total compensation if the annual targets are achieved or outperformed. The targets are reviewed every year in order to be consistent with the Company's strategic orientations and include individual management targets.

Members of the Executive Committee within the French scope except for the Chief Executive Officer, are also eligible for profit-sharing payments in the same manner as other employees of Dassault Systèmes SA, as described in paragraph 5.1.4.5 "Employee Profit-sharing".

5.1.4.1 Compensation of Executive Officers

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 in relation to 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 "Summary of Compensation and Benefits Due to Directors", which contains all the data with respect to compensation of the executive officers.

The Board of Directors, during its meeting held on March 20, 2015, decided to fix the amount of the variable compensation due to the Chief Executive Officer for 2014, paid in 2015, at € 1,269,600, after review of the achievement of the performance criteria set in 2014, which included the diluted net profit per share on a non-IFRS consolidated basis (hereinafter referred to as the "EPS") for 2014 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.

The five main criteria are equally weighted. The purely quantitative nature of some of the criteria, together with the above-mentioned distribution formula, sets a de facto limit on the qualitative portion in the assessment of the performance of the Chief Executive Officer. Nonetheless, Dassault Systèmes does not consider it pertinent to disclose this limit. Moreover, within the criteria with a qualitative component, the measurement of performance is mainly based on quantifiable targets, making it difficult to determine the exact weighting of the purely qualitative portion.

During its meeting held on March 20, 2015, the Board of Directors also set the performance criteria on which the payment of the CEO's variable compensation was dependent for 2015, based on the same categories as the ones that applied in 2014, as described in the previous 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 "Social and Environmental Responsibility" dimension in relation with the Group's business, each of Dassault Systèmes' brands containing a promise of sustainable development (see paragraphs 2.2.2.1 "**3D**EXPERIENCE Platform for Sustainability: Apps and Solutions for sustainable development", 2.1.5 "Acknowledging performance and rewarding contribution to delivering the strategy" and 2.1.3.3 "Developing relations with the social, regional and community environment").

At its meeting on March 20, 2015, the Board of Directors set the 2015 fixed compensation for the Chairman at €982,000 and the total 2015 annual target compensation with objectives achieved for the Chief Executive Officer at €2,650,000, half of which will vary in relation to the achievement of objectives.

The Chairman of the Board and the Chief Executive Officer are not beneficiaries of an additional retirement plan, nor are they entitled to any indemnities under a non-competition clause.

The Chairman and Chief Executive Officer also receive director's fees (see paragraph 5.3 "Summary of Compensation and Benefits Due to Directors").

5.1.4.2 Indemnities Due in the Event of the Imposed Departure (*départ contraint*) of the Chief Executive Officer

In accordance with the French Commercial Code and 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.

However, 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 receive retirement benefits 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 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 regard to their respective years of reference (numerator), 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 (denominator).

The indemnity is thus subject to performance conditions related to achieving targets fixed for the variable compensation.

When the term of office of the Chief Executive Officer was renewed, the Board of Directors, at its meeting on May 26, 2014, authorized, in accordance with the proposal of the Compensation and Nomination Committee and pursuant to Article L. 225-42-1 of the French Commercial Code, the renewal of the agreement relating to the commitments made by Dassault Systèmes SA in relation to these indemnities, under the terms adopted by the Board at its meeting on May 27, 2010. This agreement will be submitted to the General Meeting of May 28, 2015 (see paragraph 7.1 "Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting on May 28, 2015").

5.1.4.3 Performance shares and Share Subscription Options

The members of the Group's Executive Committee are given long-term incentives notably through grants of Dassault Systèmes performance shares or share subscription options to associate them with the development and performance of the Company. In general, performance shares or share subscription options may be granted to key employees of the Company, and the number granted to each of them is dependent on performance and level of responsibility.

The Board of Directors, on the recommendation of the Compensation and Nomination Committee, decided to grant 150,000 shares to the Chief Executive Officer on February 21, 2014 (the "2014-B Shares") (i.e., 300,000 shares following the two-for-one stock split on July 17, 2014) as part of the gradual process of associating him with the Company's capital that began several years ago, with the aim of recognizing his entrepreneurial role during more than 30 years with the Company and providing him with an equity interest comparable to that of founders of companies in the same sector, and more generally, of his peers in technology companies around the world. In accordance with the recommendations of the AFEP-MEDEF Code, the acquisition of these shares is subject to the condition that the Chief Executive Officer remains within the Company, and to the fulfillment each year during three years of at least one of the following performance conditions: the change in non-IFRS diluted earnings per share of the Dassault Systèmes Group in relation to the one in 2014, or if the Dassault Systèmes share outperforms the CAC 40 index. This performance condition is identical to that stipulated for the performance shares granted by the Board to certain employees of the Group (the "2014-A Shares").

In accordance with the law, at the time of each of the share and option grants, the Board of Directors has set a lock-up commitment for shares that may be held by the Chief Executive Officer following the exercise of stock options or the acquisition of the shares concerned. As such, 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. 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 meeting of February 21, 2014 set the number of shares which could be granted to the executive officers (*dirigeants mandataires sociaux*) at 35% of the overall amount approved at the General Meeting of Shareholders of May 30, 2013, i.e. 879,007 shares (i.e., 1,758,014 shares following the two-for-one stock split on July 17, 2014). Thus, the 300,000 2014-B Shares allotted to the Chief Executive Officer as part of the gradual process of associating him with the Company share capital introduced several years previously, represent 5.97% of the overall amount, as decided by the General Meeting of May 30, 2013.

Pursuant to the AFEP-MEDEF Code, the Chief Executive Officer of Dassault Systèmes has formally agreed until the expiry of the legal lock-up period not to engage in any future transactions guaranteeing him a capital gain from the sale of performance shares and/or the exercise of share subscription options. The Dassault Systèmes' Insider Trading Rules already imposed such restriction (further information on the blackout periods on the sale of shares is found in section 5.1.1.2 "Practices of the Board of Directors—Main provisions of the Board's internal regulation".)

The share grants noted above are in accordance with the law of December 3, 2008, regarding remuneration from work. Further information concerning share subscription options and performance shares is provided in paragraph 5.3 "Summary of Compensation and Benefits Due to Directors" of the 2014 Annual Report (*Document de référence*).

Moreover, at its meeting on March 20, 2015, the Board reported that the performance conditions relating to the 2010-04 performance shares granted on September 7, 2012 to the Chief Executive Officer had been met, and that the definitive number of shares acquired as a result was 14,000 (28,000 shares following the two-for-one split of the Dassault Systèmes share on July 17, 2014). Consequently, the Chief Executive Officer will acquire the above-mentioned 2010-04 shares on September 7, 2015 provided that he remains in office as of such date.

Aside from Dassault Systèmes SA, no other Group company has granted shares to directors (*mandataires sociaux*).

In 2013, no performance shares and no shares subscription options were granted.

5.1.4.4 Directors' Fees

The maximum annual amount of directors' fees was set at €350,000 by the General Meeting of May 26, 2014.

At its meeting on May 26, 2014, the Board of Directors increased the amount of directors' fees linked to the diligence of the directors, in order to achieve a better balance between the variable and fixed portions of the directors' fees, in accordance with the revised version of the AFEP-MEDEF Code. Thus, in respect of the financial year ended on December 31, 2014, the amount of the directors' fees granted to the Dassault Systèmes SA directors is €298,657, including €151,657 in respect of their positions (fixed portion) and €147,000 for attending the meetings of the Board of Directors and its committees (variable portion). For 2015, the variable portion should be greater than the fixed portion taking into account the number of Board meetings and assuming that all directors attended.

The distribution of the fees among the directors for 2014 is based on the following principles, set by the Board of Directors in its meeting on May 26, 2014: €15,000 per director, an additional €15,000 for the Chairman of the Board of Directors and an extra €4,000 for the Chairman of the Audit Committee (these amounts are paid pro rata of the actual period served in the positions during the financial year); €2,000 per director for physically attending a Board meeting (€1,200 previously); €4,000 per member of the Audit Committee for physically attending a meeting of this Committee (€2,400 previously); €2,000 per member of the Compensation and Nomination Committee or Scientific Committee for each meeting of these committees they physically attend (€1,200 previously); and €1,000 each per conference call or videoconference in relation to a meeting of the Board of Directors or one of these committees (€600 previously).

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, 2014, which are subject to approval by the General Meeting on May 28, 2015, should thus enable the distribution of €17,921,048 in profit and to set aside a special profit-sharing reserve (*participation*) of the same amount.

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 "Acknowledging and rewarding performance and the contribution to delivering the strategy".

5.1.5 Application of the AFEP-MEDEF Code

Dassault Systèmes refers to the recommendations of the AFEP-MEDEF Code and reviews its corporate governance practices on a regular basis in order to achieve continual improvement in this area.

As permitted by such Code and the law, Dassault Systèmes SA has not adopted all of the Code's provisions, or has adopted certain provisions in modified form, in view of its particular situation or due to its compliance with other provisions of the Code. These are summarized in the table below, together with the reasons for their exclusion/modification.

Recommendations of the AFEP-MEDEF Code	Explanation
Time period between the review of the financial statements by the Audit Committee and the approval by the Board of Directors (Article 16.2.1)	For reasons of organizational efficiency, meetings of the Audit Committee take place on the same day as Board meetings. However, as the documentation relating to the consolidated and annual financial statements is sent out at least five days before the Board approves the accounts, the members of the Audit Committee have enough time to review the documentation and to discuss it, if necessary, before the Board meeting.
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 strategy (Article 23.2.5)	Dassault Systèmes SA respects the principles 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 Chief Executive Officer. It nevertheless retains three cases for payment, one of which is not explicitly provided for by such Code, in light of the Company's shareholder base and the long term of service of Bernard 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.
Proportion of performance shares in executive officer compensation (Article 23.2.4)	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 30 years with the Company and to provide him an equity interest comparable to that of founders of companies in the same sector, and more generally, of his peers in technology companies around the world.
Acquisition of shares by the executive officers (*dirigeants mandataires sociaux*) benefitting from grants of performance shares (Article 23.2.4)	Dassault Systèmes SA believes that the lock-up commitment of the Chief Executive Officer of 15% of the shares which may be acquired 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 officers 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.

The Chairman's report on internal control procedures applies to Dassault Systèmes SA and its consolidated subsidiaries.

5.1.6.1 Definition and objectives of internal control

According to the COSO accounting basis, internal control is a process implemented by the Board of Directors, managers and employees, aimed at providing a reasonable guarantee with regard to achieving the following objectives: performing and optimizing operations, the reliability of financial and accounting information, and compliance with the laws and regulations in force.

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 applying the rules aimed at preventing insider trading. In particular, this Committee informs all interested parties (employees, directors, consultants, etc.) of the periods in which they are prohibited from buying or selling Dassault Systèmes securities. These blackout periods are longer than those recommended by the AMF. In addition, as they have regular access to privileged and insider information in relation to their roles, the Group managers must obtain the Insider Committee's prior approval for any transactions involving the Company's securities (as defined in the Group's Insider Trading Rules). The Company applies the rules and recommendations of the AMF regarding the prevention of insider trading on a general basis;
- an internal audit department reporting to the Senior Executive Vice-President and Chief Financial Officer and to the Audit Committee, one of its main missions 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 2014, and in line with the work conducted in the previous years, the internal audit department had the responsibility for assessing, on behalf of the management, the internal control mechanisms related to financial reporting;
- an "Ethics & Compliance" department reporting to the Chief Executive Officer, responsible for ensuring the implementation and respect of the Code of Business Conduct, as well as the Company's specific policies, recommendations and procedures regarding ethics and compliance. This department is supported by an Ethics Committee which meets every month and investigates any alleged non-conformities brought to its knowledge.

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 financial statements, and the annual financial statements and management 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 promote internal control in the following areas:

- control report: The professional ethics of the Company are set forth in the Code of Business Conduct, which describes the manner in which Dassault Systèmes expects its business to be conducted and which may serve as a reference tool for all Group employees 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 Group's internet site and online community platform, 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 paragraphs 1.6.1 "Risks Related to the Company's Business". This paragraph specifies the measures taken by the Group to manage or limit these risks whenever possible.

  Operational risks are essentially managed by subsidiaries. Risks in the area of IP protection, ethics and financial risks are specifically monitored by Dassault Systèmes SA as well as locally monitored.
- protection and monitoring activities:
  1) protecting its intellectual property is an on-going concern for the Group. 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 also protects 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. Moreover, the Group is continuing to extend its program designed to fight against infringement concerning its products,
  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,

6) the operational entities implement action plans with the goal of continuous improvement.

- monitoring: The Company has deployed processes to monitor, review and analyze on a regular basis its performance at the level of its main entities, brands, distribution channels and geographical areas (governance, budget reviews, activity reviews). In addition, quarterly communication meetings are also held to ensure a better dissemination of the Group's strategy to all its managers and discussions facilitating its implementation.
- audit missions: In 2014, 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.

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.

5.1.6.4 Internal Control Procedures Relating to the Preparation and Treatment of Financial and Accounting Information

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 the budget targets of the current year and compared to the same quarter for the previous year.

  Budget projections are reviewed, analyzed and updated each quarter by the teams of the financial department 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 Dassault Systèmes SA 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 consolidation tools that make data transmission and processing secure and allow the elimination of intragroup transactions,

  3) standardization of processes and information systems, particularly with respect to centralizing and recording most of the transactions at shared services centers,

  4) the implementation of an annual process to monitor off-balance sheet commitments, related-party or regulated agreements (*conventions réglementées*),

  5) a detailed review by the Group's financial division of the quarterly accounts of Dassault Systèmes SA and its subsidiaries,

  6) the detailed analysis by the Company's accounting department of all the software license and/or 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.
- structure its financial communications to ensure simultaneous and equivalent publication of information on its principal markets of financial results or any other information 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 therefore evaluates the internal control procedures applicable to its principal processes and subsidiaries in accordance with European regulations.

As the Company management aims to maintain a high level of internal control within the Company, detailed assessment work was again performed in 2014, as part of the process of achieving continuous improvement and for the purpose of preparing targeted action plans and 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. In addition, Internal Control's efficiency is assessed by PricewaterhouseCoopers.

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 by Article 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 the Company's by-laws (Articles 24 to 33). Thus, 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").

In the case of the separation of the ownership of the shares, the voting right belongs to the bare owner (*nu-propriétaire*), except for decisions relating to the allocation of profits, where it belongs to the beneficial owner (*usufruitier*).

5.1.7.2 Mention of the publication of information provided for by Article L. 225-100-3 of the French Commercial Code

The information required by Article L. 225-100-3 of the French Commercial Code is indicated in paragraphs 6.3 "Information about the Shareholders" (concerning control of GIMD), 6.2.4 "Delegations and Authorizations Granted to the Board of Directors by the General Meetings" (concerning share issues), 6.2.5 "Stock Repurchase Programs" (concerning acquisition by Dassault Systèmes SA of its treasury shares), 6.1.2.2 "General Meetings of Shareholders" (concerning the conditions for exercising voting rights) and 5.1.4.2 "Indemnity Due in the Imposed Departure (*départ contraint*) of the Chief Executive Officer" in this 2014 Annual Report (*Document de référence*) which is also a part of the annual management report issued by the Board of Directors.

The 2014 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 (*Document de référence*) becomes available.

Charles Edelstenne

Chairman of the Board

5.2 Report of the Statutory Auditors on Corporate Governance and Internal Control

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.

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 12/31/2014.

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, March 23, 2015

The Statutory Auditors

PRICEWATERHOUSECOOPERS AUDIT

French original signed by:

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5.3 Summary of the Compensation and Benefits Due to Directors

5.3.1 Compensation of the Company's Directors (*mandataires sociaux*)

The tables below provide a summary, in accordance with the recommendations of the AMF and the AFEP-MEDEF Code, of the compensation and benefits paid to the directors of Dassault Systèmes SA, pursuant to Article L. 225-102-1 of the French Commercial Code (see also paragraphs 5.1.4 "Principles established by the Board of Directors pertaining to compensation of the Executive Officers and directors" and 5.3.2.1. "Dassault Systèmes Share Subscription Options").

TABLE 1: SUMMARY OF THE COMPENSATION, OPTIONS AND SHARES AWARDED TO EACH EXECUTIVE OFFICER

(in euros)	**2014**	2013
Charles Edelstenne, Chairman of the Board of Directors		
Compensation due for the year (detailed in Table 2)	1,024,000	987,500
Value of the variable multi-year compensation granted during the year	–	–
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 due for the year (detailed in Table 2)	2,365,534	2,235,684
Value of the variable multi-year compensation granted during the year	–	–
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)		–

VALUE OF THE SHARES GRANTED TO THE CHIEF EXECUTIVE OFFICER AS PART OF THE PLAN TO PROGRESSIVELY ASSOCIATE HIM WITH THE COMPANY'S CAPITAL

(in euros)	**2014**	2013
Bernard Charlès, Chief Executive Officer		
Value of the shares granted as part of as part of the plan to progressively associate him with the Company's capital (see table 6)[(1)(2)]	5,620,500	None

(1) i.e., 150,000 2014-B Shares granted in 2014, as part of the gradual process of associating him with the Company's capital that began several years ago, with the aim of recognizing his entrepreneurial role during more than thirty years with the Company and providing him with an equity interest comparable to that of founders of companies in the same sector, and more generally, of his peers in technology companies around the world, with a unit value of €37.47 in accordance with the IFRS 2 method chosen for consolidated financial statements.

(2) Following the two-for-one split of the Dassault Systèmes share on July 17, 2014, these 150,000 shares were multiplied by two to increase them to 300,000.

TABLE 2: SUMMARY OF THE COMPENSATION OF EACH EXECUTIVE OFFICER

Gross compensation before tax of the executive officers (*dirigeants mandataires sociaux*) is set forth in the table below.

	2014		2013	
(in euros)	**Amount due in respect of year**	**Amount paid in 2014**	Amount due in respect of year	Amount paid in 2013
Charles Edelstenne, **Chairman of the Board**				
Fixed compensation(1)	982,000	982,000	951,500	951,500
Annual variable compensation	–	–	–	–
Multi-year variable compensation	–	–	–	–
Extraordinary compensation	–	–	–	–
Directors' fees(2)	42,000	36,000	36,000	36,600
Benefits(3)	–	–	–	–
TOTAL	**1,024,000**	**1,018,000**	**987,500**	**988,100**
Bernard Charlès, **President and Chief Executive Officer**				
Fixed Compensation	1,058,000	1,058,000	1,025,000	1,025,000
Annual variable compensation(4)	1,269,600(5)	1,178,750(6)	1,178,750(6)	1,141,950(7)
Multi-year variable compensation	–	–	–	–
Extraordinary compensation	–	–	–	–
Directors' fees	27,000	21,000	21,000	21,600
Benefits(8)	10,934	10,934	10,934	10,934
TOTAL	**2,365,534**	**2,268,684**	**2,235,684**	**2,199,484**

(1) GIMD paid Mr Charles Edelstenne, as GIMD's Chief Executive Officer, gross fixed compensation of €800,000 in 2014 and €196,115 in 2013.
(2) GIMD paid Mr Charles Edelstenne €22,719 in 2014 and €21,000 in 2013 directors' fees for his term as a member of GIMD's Supervisory Board.
(3) GIMD granted benefits in kind related to the use of a car for Mr Charles Edelstenne in an amount of €10,063 in 2014 and €9,030 in 2013.
(4) The rules governing the determination of variable compensation of the Chief Executive Officer are described in paragraph 5.1.4 "Principles Established by the Board of Directors to Determine the Compensation of the Company's Executive Officers and members of the Group's Executive Committee".
(5) Variable portion due for 2014 and paid in 2015.
(6) Variable portion due for 2013 and paid in 2014.
(7) Variable portion due for 2012 and paid in 2013.
(8) 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 NON-EXECUTIVE 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 1 to the table below.

(in euros)	**Directors' fees paid in 2014 for 2013**	Directors' fees paid in 2013 for 2012
NON-EXECUTIVE DIRECTORS		
Thibault de Tersant(1)	21,000	21,600
Jean-Pierre Chahid-Nouraï	32,956	31,200
Nicole Dassault(2)	16,200	21,000
Serge Dassault(3)	18,600	10,947
Arnoud De Meyer	24,600	21,600
Odile Desforges(4)	14,835	–
Bernard Dufau(5)	17,408	38,200
Marie-Hélène Habert(6)	–	–
André Kudelski(6)	15,164	34,200
Toshiko Mori	24,600	24,000
TOTAL	**185,363**	**202,747**

(1) The overall compensation received by Thibault de Tersant in 2013 and 2014 is set out below:

	Compensation paid in 2014	Compensation paid in 2013
Thibault de Tersant, Director, Senior Executive Vice-President and Chief Financial Officer		
Fixed Compensation	450,000	410,000
Annual variable compensation	240,000(a)	210,000(b)
Multi-year variable compensation	–	–
Extraordinary compensation	281	1,492
Directors' fees	21,000	21,600
Benefits(c)	9,838€	6,812
TOTAL SHARES	**721,119**	**649,904**

(a) Variable portion due for 2013. In 2014, Thibault de Tersant also received € 33,606 under the Company's French profit sharing plans.
(b) Variable portion due for 2012. In 2013, Thibault de Tersant also received €31,883 under the Company's French profit sharing plans.
(c) These benefits are related to the use of a car provided by Dassault Systèmes SA.

(2) GIMD paid Nicole Dassault €19,035 in directors' fees in 2013 and €25,666 in 2013, in connection with her role as a member of the Supervisory Board of GIMD.
(3) GIMD paid Serge Dassault directors' fees of €26,403 in 2014 and €25,666 in 2013, in connection with his role as a member of the Supervisory Board of GIMD, and €600,000 in 2013 and in 2014 in connection with his role as President of GIMD. GIMD also granted benefits in kind related to the use of a car to Mr Dassault in an amount of €16,024 in 2014 and €3,153 in 2013.
(4) Odile Desforges was named director by the General Meeting of May 30, 2013; she therefore did not receive any directors' fees in 2013 in respect of 2012.
(5) The term of office as directors of Bernard Dufau and André Kudelski ended at the General Meeting of May 30, 2013.
(6) Marie-Hélène Habert was co-opted as a director by the Board of Directors on July 23, 2014; she therefore did not receive any directors' fees in 2013 in respect of 2012, nor in 2014 in respect of 2013. In 2014, GIMD paid Marie-Hélène Habert €26,403 in directors' fees as a member of GIMD's Supervisory Board, €334,584 in compensation as the Dassault Group Director of Communication and Patronage, €5,140 related to professional disbursements and granted her benefits in kind related to the use of a car in an amount of €3,803.

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 GRANTED IN 2014 TO EACH EXECUTIVE OFFICER BY THE ISSUER AND BY ANY OF THE GROUP COMPANIES

(in euros)	No. and date of the plan	Type of options (purchase or subscription)	Value of the options*	**Number of options granted in 2014**	Exercise price	Exercise period
Charles Edelstenne				Not used		
TOTAL						
Bernard Charlès				Not used		
TOTAL						

* Depending on the method used for the consolidated financial statements.

TABLE 5: SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING 2014 BY EACH EXECUTIVE OFFICER

(in euros)	No. and date of the plan	Number of options exercised in 2014*	Exercise price
Charles Edelstenne		None	
TOTAL			
Bernard Charlès	2006-02 – 06/06/2007	30,000	47.50
TOTAL		**30,000**	

* As from July 17, 2014 (the date of the two-for-one split of the Dassault Systèmes share), each option entitles the holder to two Dassault Systèmes shares of a par value of €0.50 each.

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. In 2014, Mr Bernard Charlès did not sell any Dassault Systèmes shares.

TABLE 6: SHARES GRANTED IN 2014 TO EACH EXECUTIVE OFFICER BY THE ISSUER AND BY ANY OF THE GROUP COMPANIES

	No. and date of the plan	Number of performance shares granted in 2014	Value of the shares(1) (in euros)	Date of acquisition	Date of availability	Performance conditions
Charles Edelstenne		None				
Bernard Charlès	2014-B – 02/21/2014	150,000(2)	5,620,500	02/21/2018	02/21/2018	Yes
TOTAL		**150,000**				

(1) Value based on the method chosen for the consolidated financial statements. The value retained for each granted share amounts to €37.47 in accordance with the IFRS 2 method chosen for consolidated financial statements.
(2) Following the two-for-one split of the Dassault Systèmes share on July 17, 2014, these 150,000 shares were multiplied by two to increase them to 300,000.

TABLE 7: SHARES THAT HAVE BECOME AVAILABLE DURING 2014 FOR EACH EXECUTIVE OFFICER

	No. and date of the plan	Number of shares authorized and issued that became available in 2014	Vesting conditions(3)
Charles Edelstenne		None	
Bernard Charlès	05/27/2010	150,000(1)(2)	
TOTAL		**150,000**	

(1) The 150,000 shares which became available in 2014 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").
(2) Following the two-for-one split of the Dassault Systèmes share on July 17, 2014, these 150,000 shares were multiplied by two to increase them to 300,000.
(3) The Board of Directors did not set any quantity of shares to be vested at the date of the availability of the shares granted. See also explanation at paragraph 5.1.5 "Application of AFEP-MEDEF Code".

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 TOP TEN EMPLOYEES WHO ARE NOT EXECUTIVE OFFICERS 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: HISTORY OF THE PERFORMANCE SHARES GRANTED

See paragraphs 5.3.2.2 "Performance shares" below.

TABLE 11: 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 Code regarding compensation and benefits granted to executive officers (*dirigeants mandataires sociaux*).

	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	
Executive officers	Yes	No	Yes	No	Yes	No	Yes	No
Charles Edelstenne Chairman of the Board Director since (1st appointment): 04/08/1993 Term: until the annual General Meeting to be held in 2018		X		X		X		X
Bernard Charlès Chief Executive Officer Director since (1st appointment): 04/08/1993 Term: until the annual General Meeting to be held in 2018		X		X	X			X

When the term of office of the Chief Executive Officer was renewed, the Board of Directors, at its meeting on May 26, 2014, authorized, in accordance with the proposal of the Compensation and Nomination Committee and pursuant to Article L. 225-42-1 of the French Commercial Code, the renewal of the agreement relating to the commitments made by Dassault Systèmes SA in relation to the indemnities which would be due upon the termination of his functions as Chief Executive Officer, under the terms adopted by the Board at its meeting on May 27, 2010. The conditions for payment and the amount of the indemnities owed are described in paragraph 5.1.4.2 "Indemnities Due in the Event of the Imposed Departure (*départ contraint*) of the Chief Executive Officer".

There is no specific additional retirement plan (*régime complémentaire de retraite*) for the executive officers. The companies controlled by Dassault Systèmes SA have not paid any compensation or granted any other benefits to the executive officers (*dirigeants 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 Share Subscription Options

As of December 31, 2014, there were four active shares subscription options plans for the benefit of certain Company managers and employees. One share subscription options plan expired during 2014. 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 SA 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 30, 2013 authorized the Board of Directors to grant 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 5% of Dassault Systèmes SA's share capital. At its meeting on May 26, 2014, the Board of Directors used this authorization to allocate 312,225 share subscription options (the "2014-01 Options") to 122 beneficiaries, the exercise of which is subject to a performance condition.

The new shares created by the exercise of options between January 1 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. As a result, the new shares are traded 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 2014.

GRANTS OF SUBSCRIPTION OR PURCHASE OPTIONS

(Corresponding to Table 8 of the AMF Position-Recommendation no. 2009-16)

Stock option plan	2006-02	2008-01	2008-02	2010-01	2014-01	Total shares	*Total after 2-for-1 split*(1)
General Meeting	06/08/2005	05/22/2008	05/22/2008	05/27/2010	05/30/2013		
Board of Directors	06/06/2007	09/25/2008	11/27/2009	05/27/2010	05/26/2014		
Total Number of shares to be subscribed pursuant to Options exercise before 2-for-1 split	1,325,900	1,436,600	1,851,500	1,240,000	312,225	**6,166,225**	*12,332,450*
● by directors (*mandataires sociaux*)	150,000	150,000	170,000	110,000	–	**580,000**	*1,160,000*
Charles Edelstenne	–	–	–	–	–	**-**	-
Bernard Charlès	50,000	50,000	50,000(2)	50,000(2)	–	**200,000**	*400,000*
Thibault de Tersant	100,000	100,000	120,000	60,000	–	**380,000**	*760,000*
Starting point for exercising the options	06/07/2010	09/25/2009	11/27/2013	05/27/2014	02/21/2016		
Expiry date	06/05/2014	09/24/2015	11/26/2017	05/26/2018	05/25/2022		
Exercise price in euro (before 2-for-1 split)(3)	47.50(3)	38.15(3)	39.00(3)	47.00(3)	91.00(3)		
Modalities of exercise					(4)		
Cumulative number of shares subscribed pursuant to options exercised as of 12/31/2014	1, 175, 033	869, 502.5	649, 879	274, 256	-	**2, 968, 671**	*5, 937, 341*
Cumulative number of options canceled or null and void as of 12/31/2014	150, 867	137, 582	155, 000	103,100	22,300	**568,849**	*1,137,698*
	-	429,515.5	1,046,621	862,644	289,925	**2,628,705,5**	*5,257,411*
Number of shares subscribed pursuant to options exercised between 01/01/2015 and 02/28/2015	-	73,557.5	91,538	70,515	-	**235,611**	*471,221*
Number of options canceled or null and void between 01/01/15 and 02/28/2015	-	-	-	-	4,000	**-**	-
Number of options outstanding as of 02/28/2015	-	355,958	955,083	792,129	285,925	**2,103,170**	*4,206,340*
Number of shares subscribed pursuant to options exercised as of 02/28/2015	-	*943,060*	*741,417*	*344,771*	-	*2,029,248*	*4,058,496*

(1) The figures in this column reflect the two-for-one split of the Dassault Systèmes share effective on July 17, 2014 and the correlative multiplication of the number of shares by two.
(2) The options granted to the Chief Executive Officer are subject to performance conditions related to his variable compensation actually paid out over three years.
(3) Since the two-for-one split of the Dassault Systèmes share effective on July 17, 2014, each of these options entitles the holder to two new Dassault Systèmes shares of a par value of €0.50 each.
(4) The 2014-01 options are exercisable by one-third tranches as from February 21, 2016, February 21, 2017 and February 21, 2018, respectively, provided that the beneficiary remains with the Company and fulfills the performance conditions.

For information regarding the dilutive effect on share capital by the exercise of options, see also paragraph 6.2.1 "Share Capital at February 28, 2015".

At December 31, 2014, the only Company directors (*mandataires sociaux*) owning such share subscription 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 (*Document de référence*).

SUBSCRIPTION AND PURCHASE OPTIONS OF THE TOP TEN EMPLOYEES WHO ARE NOT EXECUTIVE OFFICERS AND THE OPTIONS THEY EXERCISED DURING 2014

(Corresponding to Table 9 of the AMF Position-Recommendation no. 2009-16)

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 2013 and who are not directors of the Company.

	Total number of options*	Average weighted price per option	Plan no. 2006-01	Plan no. 2006-02	Plan no. 2008-01	Plan no. 2008-02	Plan no. 2014-01
Stock options granted in 2014 to the ten employees who received the largest number of stock options	259,000	33.17	–	–	–	–	259,000
Stock options exercised in 2014 by the ten employees who exercised the largest number of stock options	403,500	42,88	66,000	10,000	201,000	126,500	–

* Following the two-for-one split of the Dassault Systèmes share on July 17, 2014, each option entitles the holder to two Dassault Systèmes shares.

5.3.2.2 Performance shares

The General Meeting of Shareholders of May 30, 2013, authorized the Board of Directors to grant Dassault Systèmes SA shares during a 38-month period, representing up to 2% of Dassault Systèmes SA's capital at the date of the General Meeting (i.e. up to 2,511,449 shares, that is 5,022,998 shares after the two-for-one split of the Dassault Systèmes share effective on July 17, 2014).

The Board meeting of February 21, 2014 used this authorization to grant 529,940 performance shares (this number was multiplied by two to increase it to 1,059,880 performance shares following the aforementioned two-for-one split) under a plan called "2014-A" in favor of 917 beneficiaries, and 150,000 "2014-B" shares (this number was multiplied by two to increase it to 300,000 following the aforementioned two-for-one split) in favor of the Chief Executive Officer (see paragraph 5.1.4.3 "Performance Shares and Share Subscription Options").

The following tables provide certain information on the Company's performance shares plans in effect during 2014.

HISTORY OF PERFORMANCE SHARES GRANTED

(Corresponding to Table 10 of the AMF Position-Recommendation no. 2009-16)

Following the two-for-one split of the Dassault Systèmes share on July 17, 2014, the number of granted shares that are being vested or that have been vested and are currently locked-in were multiplied by two.

Plan Number	2010-02 Plan – France	2010-02 Plan – International	2010-04 Plan – France	2010-04 Plan – International	2014-A	Total	*Totals after 2-for-1 split*(1)
General Meeting	05/27/2010	05/27/2010	05/27/2010	05/27/2010	05/30/2013		
Date of the Board meeting	09/29/2011	09/29/2011	09/07/2012	09/07/2012	02/21/2014		
Total number of shares granted, including the number granted to:	348,000(2)	58,400(2)	366,575(2)	172,655(2)	529,940	**1,475,570**	*2,951,140*
▪ to directors (*mandataires sociaux*)	31,000	–	31,000	–	20,000	**82,000**	*164,000*
Charles Edelstenne	–	–	–	–	–	**–**	–
Bernard Charlès	14,000(3)		14,000(3)	–	–	**28,000**(3)	*56,000*(3)
Thibault de Tersant	17,000	–	17,000	–	20,000	**54,000**	*108,000*
Vesting date of shares	09/29/2014	09/29/2015	09/07/2015	09/07/2016	02/21/2018		
Date of end of holding period	09/29/2016	none	09/07/2017	none	none		
Performance conditions	See Note(4)	See Note(4)	See Note(5)	See Note(5)	See Note(6)		
Number of shares vested as at 03/20/2015	294,000	–	375	–	–	**294,375**	*588,750*
Total number of shares cancelled or lapsed as at 12/31/2014	16,500	17,450	15,625	28,000	9,200	**86,775**	*173,550*
Performance shares remaining at the end of financial year	-	78,450	350,575	144,655	520,740	**1,094,420**	*2,188,840*
Performance shares remaining at the end of financial year after 2-for-1 split of the par value(1)	-	*156,900*	*701,150*	*289,310*	*1,041,480*	**2,188,840**	

(1) The figures in this column or this line reflect the two-for-one split of the Dassault Systèmes share par value on July 17, 2014 and the correlative multiplication of the number of shares by two.

(2) In the event of international mobility, the beneficiaries of the France Plan may be transferred under certain conditions to the International Plan and vice versa during the vesting period. Therefore, the total number of vested shares under the France or International Plans may differ from the number of shares originally granted under these plans.

(3) The shares granted to the Chief Executive Officer are subject to an additional performance condition in relation to his variable compensation actually paid with respect to three financial years set forth in the regulations of the plan in question, the amount of which is itself dependent on achieving performance criteria previously established by the Board of Directors of Dassault Systèmes SA.

(4) The 2010-02 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 2011, 2012 and 2013 financial years.

(5) 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 financial years.

(6) The 2014-A Shares will be fully vested at the end of the vesting period, provided the beneficiary remains with the Company and fulfils each year over a three-year period at least one of the following performance conditions: the increase in non-IFRS diluted earnings per share of the Dassault Systèmes Group in relation to the one in 2014 or if the Dassault Systèmes share outperforms the CAC 40 index.

HISTORY OF THE SHARES GRANTS TO THE CHIEF EXECUTIVE OFFICER IN RESPECT OF THE GRADUAL PROCESS OF ASSOCIATING THE CHIEF EXECUTIVE OFFICER WITH THE COMPANY SHARE CAPITAL

(See also paragraph 5.1.4.3 "Performance Shares and Share Subscription Options")

Following the two-for-one split of the Dassault Systèmes share on July 17, 2014, the number of granted shares that are being vested or that have been vested and are currently locked-in were multiplied by two.

Plan Details	2009	2010	2010-03	2010-05	2014-B
General Meeting	06/06/2007	05/27/2010	05/27/2010	05/27/2010	05/30/2013
Date of the Board meeting	11/27/2009	05/27/2010	09/29/2011	09/07/2012	02/21/2014
Total number of shares granted to Bernard Charlès (before 2-for-1 split of the par value)	150,000	150,000	150,000	150,000	150,000
Vesting date of shares	11/27/2011	05/27/2012	09/29/2013	09/07/2014	02/21/2018
Date of end of holding period(1)	11/27/2013	05/27/2014	09/29/2015	09/07/2016	02/21/2018
Performance conditions	See Note(2)	See Note(3)	See Note(4)	See Note(5)	See Note(6)
Number of shares vested as at 03/20/2015	150,000	150,000	150,000	150,000	–
Number of shares vested as at 03/20/2015 after the 2-for1 split of the par value(7)	*300,000*	*300,000*	*300,000*	*300,000*	

(1) Non applicable to the shares subject to the legal lock-up commitment set by the Board of Directors (see paragraph 5.1.4.3 "Performance Shares and Shares Subscription Options").
(2) Performance condition related to variable compensation actually paid to the Chief Executive Officer with respect to the 2009 and 2010 financial years, the amount of which is itself dependent on achieving performance criteria previously established by the Board.
(3) Performance condition related to variable compensation actually paid to the Chief Executive Officer with respect to the 2010 and 2011 financial years, the amount of which is itself dependent on achieving performance criteria previously established by the Board.
(4) Performance condition related to variable compensation actually paid to the Chief Executive Officer with respect to the 2011 and 2012 financial years, the amount of which is itself dependent on achieving performance criteria previously established by the Board.
(5) Performance condition related to variable compensation actually paid to the Chief Executive Officer with respect to the 2012 and 2013 financial years, the amount of which is itself dependent on achieving performance criteria previously established by the Board.
(6) The same performance condition as that stipulated for the 2014-A performance shares granted by the Board on the same day to certain employees of the Group (see paragraph 5.1.4.3 "Performance Shares and Share Subscription Options").
(7) The figures in this line reflect the two-for-one split of the Dassault Systèmes share par value on July 17, 2014 and the correlative multiplication of the number of shares by two.

5.4 Transactions in the Company's Shares by the Management of the Company

Pursuant to Article 223-26 of the AMF's General Regulations, the table below shows transactions involving securities issued by Dassault Systèmes SA carried out 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).

Date and place	Directors and Executive Officers	Nature of the transaction	Unit price *(in euros)*	Gross amount *(in euros)*
02/11/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	4.44	88,888.00
02/11/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	3.40	68,000.00
02/12/2014 Euronext Paris	Thibault de Tersant	Exercise of share subscription options	47.50	237,500.00
02/12/2014 Euronext Paris	Thibault de Tersant	Sale of shares	82.40	411,998.91
02/12/2014 Euronext Paris	Thibault de Tersant	Exercise of share subscription options	38.15	572,250.00
02/12/2014 Euronext Paris	Thibault de Tersant	Sale of shares	82.46	1,236,831.38
02/14/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	8.50	340,000.00
02/14/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	7.08	283,200.00
02/18/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	8.10	324,000.00
02/21/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	4.52	90,480.00
02/21/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	6.08	243,080.00
02/21/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	8.34	333,440.00
02/25/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	2.00	40,000.00
02/25/2014 Over the counter market	Physical person associated with Serge Dassault	Share subscription	84.54	3,381,600.00
02/25/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	9.46	378,400.00
02/25/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	2.96	59,280.00
02/25/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	3.03	60,680.00
02/28/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	2.07	82,800.00
02/28/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	2.95	117,920.00
02/28/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	1.92	38,340.00
02/28/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	9.87	394,800.00
02/28/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition of shares	83.28	3,331,200

Date and place	Directors and Executive Officers	Nature of the transaction	Unit price *(in euros)*	Gross amount *(in euros)*
03/03/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	9.87	394,720.00
03/03/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	3.75	75,020.00
03/03/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	3.74	74,812.00
03/03/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	9.74	389,624.00
03/05/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	10.01	400,360.00
03/05/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	2.79	55,740.00
03/05/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	10.69	427,680.00
03/05/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	0.69	13,840.00
03/07/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	8.85	353,800.00
03/07/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	9.56	382,400.00
03/11/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	2.91	58,240.00
03/11/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	6.57	262,840.00
03/11/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	8.03	321,080.00
03/13/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	2.51	50,260.00
03/14/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	6.46	258,520.00
03/14/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	0.13	5,120.00
03/14/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	5.49	219,760.00
03/14/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	3.29	131,640.00
04/29/2014 Euronext Paris	Bernard Charlès	Exercise of share subscription options	47.50	1,425,000.00
04/29/2014 Euronext Paris	Thibault de Tersant	Exercise of share subscription options	38.15	144,970.00
04/30/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	2.11	42,240.00
04/30/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	3.21	128,240.00
04/30/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	2.40	95,840.00
04/30/2014 Euronext Paris	Thibault de Tersant	Exercise of share subscription options	47.50	237,500.00
04/30/2014 Euronext Paris	Thibault de Tersant	Exercise of share subscription options	38.15	572,250.00
04/30/2014 Euronext Paris	Thibault de Tersant	Sale of shares	87.74	438,697.60
04/30/2014 Euronext Paris	Thibault de Tersant	Sale of shares	87.56	1,313,369.41

Date and place	Directors and Executive Officers	Nature of the transaction	Unit price *(in euros)*	Gross amount *(in euros)*
05/02/2014 Euronext Paris	Philippe Forestier	Exercise of share subscription options	38.15	381,500.00
05/02/2014 Euronext Paris	Philippe Forestier	Sale of shares	88.58	885,821.98
05/05/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	1.71	34,160.00
05/07/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	0.87	34,680.00
05/07/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	1.46	29,260.00
05/07/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	2.09	83,640.00
05/12/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	1.59	31,880.00
05/12/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	1.30	25,940.00
05/14/2014 Euronext Paris	Bruno Latchague	Exercise of share subscription options	39.00	550,836.00
05/14/2014 Euronext Paris	Bruno Latchague	Sale of shares	90.50	1,278,222.00
05/14/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	1.26	25,200.00
05/14/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	1.64	32,800.00
05/16/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	1.70	50,880.00
05/16/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	1.65	49,470.00
05/16/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	1.12	33,540.00
05/20/2014 Euronext Paris	Bruno Latchague	Exercise of share subscription options	39.00	660,933.00
05/20/2014 Euronext Paris	Bruno Latchague	Sale of shares	90.51	1,533,878.44
05/20/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	1.73	69,200.00
05/20/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	3.40	136,000.00
05/20/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	1.83	36,600.00
05/21/2014 Euronext Paris	Bruno Latchague	Exercise of share subscription options	39.00	465,231.00
05/21/2014 Euronext Paris	Bruno Latchague	Sale of shares	90.54	1,080,081.87
05/22/2014 Euronext Paris	Bruno Latchague	Exercise of share subscription options	39.00	1,053,000.00
05/22/2014 Euronext Paris	Bruno Latchague	Sale of shares	90.73	2,449,697.53
05/23/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	2.35	93,840.00
05/23/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	3.28	131,120.00
05/23/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	2.01	40,200.00

Date and place	Directors and Executive Officers	Nature of the transaction	Unit price *(in euros)*	Gross amount *(in euros)*
05/27/2014 Euronext Paris	Pascal Daloz	Exercise of share subscription options	47.50	1,900,000.00
05/27/2014 Euronext Paris	Pascal Daloz	Sale of shares	91.00	3,640,000.00
06/03/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	1.74	69,440.00
06/03/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of other types of financial instruments	1.70	68,040.00
06/03/2014 Euronext Paris	Thibault de Tersant	Exercise of share subscription options	38.15	381,500.00
06/03/2014 Euronext Paris	Thibault de Tersant	Sale of shares	93.24	932,370.82
06/04/2014 Euronext Paris	Sylvain Laurent	Exercise of share subscription options	47.00	376,000.00
06/04/2014 Euronext Paris	Sylvain Laurent	Sale of shares	93.00	744,000.00
06/25/2014 Euronext Paris	Bernard Charlès	Reinvestment of dividends in shares	88.66	15,870.14
06/25/2014 Euronext Paris	Bernard Charlès	Reinvestment of dividends in shares	88.66	558,823.98
06/25/2014 Euronext Paris	Bernard Charlès	Reinvestment of dividends in shares	88.66	44,152.68
06/25/2014 Euronext Paris	Bernard Charlès	Reinvestment of dividends in shares	88.66	2,571.14
06/25/2014 Euronext Paris	Bernard Charlès	Reinvestment of dividends in shares	88.66	14,096.94
06/25/2014 Euronext Paris	Bernard Charlès	Reinvestment of dividends in shares	88.66	265.98
06/25/2014 Euronext Paris	Charles Edelstenne	New shares' subscriptions through the option to receive payment of dividend in shares	88.66	2,405,168.48
06/25/2014 Euronext Paris	Charles Edelstenne	New shares' subscriptions through the option to receive payment of dividend in shares	88.66	1,304,277.26
06/25/2014 Euronext Paris	Jean-Pierre Chahid-Nouraï	New shares' subscriptions through the option to receive payment of dividend in shares	88.66	620.62
06/25/2014 Euronext Paris	Laurence Barthès	New shares' subscriptions through the option to receive payment of dividend in shares	88.66	1,507.22
06/25/2014 Euronext Paris	Legal entity associated with Charles Edelstenne	New shares' subscriptions through the option to receive payment of dividend in shares	88.66	88.66
06/25/2014 Euronext Paris	Legal entity associated with Charles Edelstenne	New shares' subscriptions through the option to receive payment of dividend in shares	88.66	88.66
06/25/2014 Euronext Paris	Legal entity associated with Charles Edelstenne	New shares' subscriptions through the option to receive payment of dividend in shares	88.66	709.28
06/25/2014 Euronext Paris	Legal entity associated with Charles Edelstenne	New shares' subscriptions through the option to receive payment of dividend in shares	88.66	709.28
06/25/2014 Euronext Paris	Physical person associated with Bernard Charlès	Reinvestment of dividends in shares	88.66	60,111.48
06/25/2014 Euronext Paris	Serge Dassault	New shares' subscriptions through the option to receive payment of dividend in shares	88.66	88.66
06/25/2014 Euronext Paris	Thibault de Tersant	New shares' subscriptions through the option to receive payment of dividend in shares	88.66	12,501.06
07/29/2014 Euronext Paris	Thibault de Tersant	Exercise of share subscription options	19.08	476,875.00
07/29/2014 Euronext Paris	Thibault de Tersant	Sale of shares	48.76	1,218,943.30

Date and place	Directors and Executive Officers	Nature of the transaction	Unit price *(in euros)*	Gross amount *(in euros)*
08/18/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of shares	49.69	1,987,600.00
08/18/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	2.69	107,600.00
08/20/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of shares	49.77	1,990,800.00
08/21/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	2.27	90,800.00
08/26/2014 Over the counter market	Physical person associated with Serge Dassault	Acquisition other types of financial instruments	2.76	165,600.00
08/26/2014 Over the counter market	Physical person associated with Serge Dassault	Sale of shares	50.26	3,015,600.00
09/08/2014 Over the counter market	Physical person associated with Nicole Dassault	Sale of other types of financial instruments	2.17	173,600.00
09/08/2014 Over the counter market	Physical person associated with Nicole Dassault	Acquisition other types of financial instruments	2.17	173,600.00
10/29/2014 Euronext Paris	Thibault de Tersant	Exercise of share subscription options	19.08	953,750.00
10/29/2014 Euronext Paris	Thibault de Tersant	Sale of shares	48.83	2,491,484.53
11/24/2014 Euronext Paris	Laurence Barthès	Exercise of share subscription options	23.50	940,000.00
11/24/2014 Euronext Paris	Laurence Barthès	Exercise of share subscription options	19.50	1,560,000.00

TRANSACTIONS MADE BY GIMD, A LEGAL ENTITY AFFILIATED WITH MARIE-HÉLÈNE HABERT AND NICOLE DASSAULT, DIRECTORS OF DASSAULT SYSTÈMES SA

Date and place	Nature of the transaction	Unit Price	Gross amount
20/01/14 Over the counter market	Sale of other types of financial instruments	0.85	38,250
29/01/14 Over the counter market	Sale of other types of financial instruments	0.83	37,350
29/01/14 Over the counter market	Sale of other types of financial instruments	0.83	24,900
29/01/14 Over the counter market	Acquisition of other types of financial instruments	0.46	20,700
29/01/14 Over the counter market	Acquisition of other types of financial instruments	0.46	13,800
17/02/14 Over the counter market	Sale of other types of financial instruments	0.6372	28,674
28/05/14 Over the counter market	Sale of other types of financial instruments	1.2207	24,414
06/25/2014 Over the counter market	Share subscription	88.66	43,387,455.54

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 Auditors' fees and services

The following table presents the amount of fees paid to each of the Company's principal Statutory Auditors in 2014 and 2013:

	PricewaterhouseCoopers Audit				Ernst & Young et Autres			
	Amount		%		Amount		%	
(in thousands, excluding VAT)	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Audit								
Audit opinion, review of statutory and consolidated financial statements(1):								
• issuer	€1,065	€1,034	33%	43%	€228	€227	17%	19%
• other consolidated subsidiaries	1,390	1,248	42%	52%	342	253	25%	21%
Other audit-related services(2):								
• issuer	512	72	16%	3%	49	637	4%	52%
• other consolidated subsidiaries	167	20	5%	1%	1	12	0%	1%
SUBTOTAL	**3,134**	**2,374**	**96%**	**99%**	**620**	**1,129**	**46%**	**93%**
Other services(3)								
Legal, tax, social	136	35	4%	1%	717	86	54%	7%
SUBTOTAL	**136**	**35**	**4%**	**1%**	**717**	**86**	**54%**	**7%**
TOTAL	**€3,270**	**€2,409**	**100%**	**100%**	**€1,337**	**€1,215**	**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, 2014 and 2013, 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 2014 and 2013, they primarily included fees related to certain acquisitions.

(3) Fees billed by members of the Statutory Auditors' respective networks to consolidated subsidiaries are related to the support in the execution of software licensing reviews and 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.

6

INFORMATION ABOUT DASSAULT SYSTÈMES SA, THE SHARE CAPITAL AND THE OWNERSHIP STRUCTURE

CONTENTS

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, France

Telephone: +33 (0)1 61 62 61 62

6.1.1.2 Legal form – Applicable Law – Place of Registration and Registration Number – APE code

Dassault Systèmes SA is a limited liability company (SA) with a Board of Directors governed by French law. The Company is registered with the Versailles trade and companies registry under number 322 306 440. The Company's APE code is 5829 C.

The Board of Directors of March 21, 2014 approved the conversion project of Dassault Systèmes SA into a European company (*Societa Europae*). The conversion decision subject to the conclusion of negotiations with employee representatives on the arrangements for employee involvement in the European company, will be submitted to the General Meeting of May 28, 2015 (see paragraphs 5.1.1.2 "Practices of the Board of Directors" and 7.1 "Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting on May 28, 2015").

6.1.1.3 Date of Incorporation and Term

Dassault Systèmes SA was incorporated as a limited liability company (*société à responsabilité limitée*) on June 9, 1981 for a 99-year term 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 Purpose

Pursuant to Article 2 of the Company's by-laws, Dassault Systèmes SA's corporate purpose, in France and abroad, is:

- 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 areas of training, demonstration, methodology, deployment 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 computer-aided manufacturing and design, product lifecycle management, collaborative work, technical databases, management of manufacturing processes, and software development tools, as well as in any other related areas and by any means.

The purpose of the Company shall also be:

- the creation, acquisition, rental and management-lease of any on-going business, signing leases, and the establishment and operation of any facilities;
- the acquisition, operation or sale of any industrial or intellectual property rights as well as any knowhow in the field of computers; and
- more generally, taking an interest in any business or company created or to be created as well as in any legal, economic, financial, industrial, civil, commercial, personal or real property enterprise connected directly or indirectly, in whole or in part, with the purposes above or any similar or related purposes.

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 on Display

Dassault Systèmes SA's by-laws, minutes of the General Meetings and Board of Directors' reports to the General Meetings, reports of the Statutory Auditors, financial statements for the last three years and, more generally, all documents provided or made available to shareholders pursuant to the law may be viewed at Dassault Systèmes SA's registered office.

Some of these documents are also available on the Group's website (www.3ds.com/investors/regulated-information).

6.1.2 Memorandum and Specific By-Law Provisions

6.1.2.1 Allocation of Profits (Article 36 of the Company's By-Laws)

The profits for each year, less any losses from prior periods, where appropriate, are first allocated to the reserves as required by law. A sum of 5% is deducted to form the legal reserve fund. This deduction ceases to be compulsory when said fund reaches one-tenth of share capital; it becomes compulsory once again when the legal reserve falls below this amount.

The distributable profit is composed of the profit from the year less any losses from prior periods as well as the amounts allocated to reserves as required by law or the Company's by-laws, and increased by retained profits.

The General Meeting then deducts from this distributable profit the amounts deemed appropriate to allocate to any optional, ordinary or special reserves or to the retained earnings account.

As appropriate, any remaining balance is distributed to all shares proportionately to the unredeemed paid-up value.

However, except in the event of a share capital reduction, no distribution can be made to shareholders if the equity is, or would be as a result of the distribution, less than the amount of the share capital plus the reserves that cannot be distributed under the law or the by-laws.

The General Meeting may decide to distribute amounts taken from available reserves, either to pay or increase a dividend, or distribute a special dividend. In this case, the resolution explicitly identifies from which reserves these amounts are to be withdrawn. Nevertheless, the dividends are distributed in order of priority starting with the distributable profit of the year.

After the approval of the financial statements by the General Meeting, any losses are recorded in a special account and carried forward against the profits of future years, until they have been eliminated.

In case of stripping of the ownership of the shares, Article 11 of the by-laws reserves for beneficial owners the right to vote on decisions relating to the allocation of profits (see paragraph 6.1.2.3 "Shares and Voting Rights" below).

6.1.2.2 General Meetings of Shareholders

Notice and agenda of meeting (Articles 25 and 26 of the Company's by-laws)

General Meetings of Shareholders are convened either by the Board of Directors or, if the Board of Directors fails to convene a General Meeting, by the Statutory Auditor(s) or by a representative appointed by the President of the Commercial Court acting on the request of one or several shareholders holding together at least one-twentieth of the share capital.

If the General Meeting of May 28, 2015 approves the conversion of Dassault Systèmes SA into a European company, one or more shareholders who together hold shares representing at least 10% of subscribed capital may also, from the date of registration on the trade and companies registry and of the companies within Dassault Systèmes SE, request the Board of Directors to call a General Meeting, specifying the items they wish to be included on the agenda (see paragraph 7.1 "Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting on May 28, 2015").

Notice of the meeting is made through an announcement placed in a journal of legal notices in the department of the registered office, and in the French 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 General Meetings by letter sent by standard mail or, at their request and expense, by registered letter. The General Meeting 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 capital, also have the possibility of requesting that items and proposed resolutions be added to the agenda in accordance with applicable law and regulations.

6

Conditions for admission (Article 27 of the Company's by-laws)

Under the Decree of December 8, 2014, which amended Article R. 225-85 of the French Commercial Code, every shareholder has the right to participate in General Meetings either in person or by proxy, provided his/her 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 0:00 a.m. (Paris time) on the second business day preceding the meeting;
- for holders of shares in bearer form, that they are recorded in a bearer securities account maintained by the accredited intermediary at 0:00 a.m. (Paris time) on the second business day preceding the meeting.

A proposal will be submitted to the General Meeting on May 28, 2015 to amend Article 27 of the by-laws in order to take into account the new book-entry deadline for the shares determining the right to attend General Meetings (see paragraph 7.1 "Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting on May 28, 2015").

The registration of shares in a bearer securities account maintained by the accredited intermediary shall be validated by a shareholding certificate (*attestation de participation*) issued by the accredited intermediary to the holder of the shares. This certificate must be attached to the voting or proxy form or to the request for an admission card issued in the shareholder's name. A certificate can also be issued to a shareholder who wishes to attend in person the General Meeting and who has not received an admission card by the second business day preceding the meeting.

Shareholders may vote by mail using a form that will be sent to them under the conditions indicated by the notice of meeting. The form, duly completed and accompanied, as the case may be, by a shareholding certificate (*attestation de participation*), must be received by Dassault Systèmes SA at least three days before the date of the General Meeting, or it will not be taken into consideration.

A shareholder may be represented by his/her spouse or by any other natural or legal person who has been appointed as proxy, under conditions provided by the law. The shareholders who are legal entities are represented by the natural persons duly authorized to represent them with respect to third parties or by any person to whom the power of proxy has been transferred.

A shareholder, who is a non-French resident as defined in Article 102 of the French Civil Code, may be represented at General Meetings by an accredited intermediary registered according to applicable legal and regulatory provisions. Such shareholder will be considered present in calculating the quorum and the results of voting.

If the Board of Directors so decides when convening the General Meeting, any shareholder may also participate and vote at the meeting by video-conference or by any other means of telecommunications permitting him/her 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 accounted for in calculating the quorum and the results of voting.

Actions needed to amend shareholders' rights (Articles 13, 31 and 32 of the Company's by-laws)

Only an Extraordinary General Meeting can amend shareholders' rights 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, only an Extraordinary General Meeting and a special Meeting of Shareholders of the specific class of shares may approve any amendment to the rights of these classes of shares.

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-laws)

All the shares are of the same class are entitled to, under the Company's by-laws, the same rights to the distribution of profits and any 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 shares subscription options between January 1 and the date of the annual General Meeting deciding on the distribution of profit from the previous financial year are entitled to receive the dividend distributed with respect to that financial year. As a result, the new shares are traded 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 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).

Conditions for exercising voting rights (Articles 11 and 29 of the Company's by-laws)

The right to vote attached to shares or dividend-right shares is proportional to the portion of capital they represent.

Voting is carried out by show of hands, by roll call or secret ballot, as decided by the secretariat of the meeting or the shareholders. Shareholders may also vote by mail, by video-conference or by any other means of communication, as indicated in the preceding paragraph. In the event of voting by mail, the voting forms not indicating any vote or expressing an abstention are considered as "No" votes.

If the General Meeting of May 28, 2015 approves the conversion of Dassault Systèmes SA into a European company, in calculating the majority, the valid votes cast, including mail-in votes, will no longer include those attached to shares for which the shareholder did not take part in the vote, abstained or returned a blank or invalid vote.

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 has been 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 free registered new shares allotted to a shareholder in consideration for his or her 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 except in the case of a transfer from a registered account to another registered account at inheritance or 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 General Meeting, provided the approval of the special Meeting of Shareholders having a double voting right.

Limitations on voting rights

The by-laws contain no restrictions on the exercise of voting rights attached to Dassault Systèmes shares except in the event of stripping of the ownership of the shares (see paragraph "Conditions for exercising voting rights (Articles 11 and 29 of the Company's by-laws)" above).

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 natural 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, or a multiple thereof, must inform Dassault Systèmes SA of the total number of shares or voting rights which it holds. This information must be sent to Dassault Systèmes SA by registered letter with return receipt requested, within four trading days following the date of acquisition.

This declaration must be made each time the number of shares held exceeds this threshold of 2.5% (or one of its multiples), up to 50% (inclusive) of the total number of Dassault Systèmes SA shares or voting rights, or falls below it. The shareholder must certify in each declaration that it 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 of non-compliance of this requirement, 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 General Meeting 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 General Meetings 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 Delay, Postpone or Prevent a Change in Control

Other than the aforementioned double voting right (see paragraph 6.1.2.3 "Shares and Voting Rights") and the reporting obligation when holdings exceed 2.5% (see paragraph 6.1.2.4 "Declarations Concerning Crossing of the Ownership Thresholds (Article 13 of the By-Laws)"), Article 10 of the by-laws provides that Dassault Systèmes SA may, at any time and in compliance with legal and regulatory requirements, request that a central depositary maintaining the Company's share register, communicate to it the name (or corporate name for legal entities), the nationality, the year of birth or the year of incorporation and the postal and, where applicable, e-mail address of holders of Dassault Systèmes SA shares in bearer form which grant, immediately or over time, the right to vote at General Meetings, as well as the number of shares held by each of these shareholders and, where appropriate, 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

The General Meeting of May 26, 2014 decided to carry out a two-for-one stock split of Dassault Systèmes' shares. The Board of Directors which took place the same day as the General Meeting set that the two-for-one stock split would enter into force on July 17, 2014. Thus, in exchange for any old share which worth one euro and held on this date, shareholders were given two new actions which worth €0.50.

6.2.1 Share Capital at February 28, 2015

At February 28, 2015, the Company's share capital was comprised of 256,835,298 fully paid-up shares with a nominal value of €0.50 per share. At December 31, 2014, the Company's share capital was €128,182,035.50, divided into 256,364,077 shares.

6.2.2 Potential Share Capital

At February 28, 2015, outstanding share subscription options (whether or not exercisable) would, if all were exercised, result in the issuance of 4,808,190 new shares, representing 1.84% of the Company's share capital at that date (on a diluted basis).

On the basis of the closing price of the Company's shares on February 28, 2015 (€62.53 per share), the exercise of all exercisable issued options, whose exercise price was less than that closing price, would have resulted in the issuance of 4,808,190 new shares, representing 1.84% of the Company's share capital at that date (on a diluted basis). The dilutive effect per share at December 31, 2014 is also set forth in Note 11 to the consolidated financial statements.

In connection with the acquisition of the SolidWorks company in 1997, Dassault Systèmes SA issued shares to the holders of shares subscription options and warrants issued by SolidWorks prior to this acquisition. These Dassault Systèmes shares have historically been held by the Group's wholly-owned U.S. subsidiary, SW Securities LLC. No other SolidWorks share subscription options or warrants remain outstanding at this time. At December 31, 2014, as at February 28, 2015, SW Securities LLC held 503,614 shares, or approximately 0.20% at these dates, of the Company's share capital. Similar to treasury shares, the shares held by SW Securities LLC do not have voting rights and 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 Company's 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 shares in registered form and representing a significant portion of its share capital as of March 20, 2015. Shares held by Dassault Systèmes SA in its subsidiaries and their businesses (*fonds de commerce*) are not subject to any lien. To the Company's knowledge, no shares of its subsidiaries which are not held by Dassault Systèmes SA are subject to any lien.

6.2.3 Changes in Dassault Systèmes SA Share Capital over the Past Three Years

Date	Operation	Nominal amount of changes in share capital (in euros)	Amount in share capital (in euros)	Number of shares created or canceled	Total number of shares
February 29, 2012	Capital increase resulting from the exercise of share subscription options	754,232	123,846,961	754,232	123,846,961
June 30, 2012	Capital increase resulting from the exercise of share subscription options	1,188,835	125,035,796	1,188,835	125,035,796
July 25, 2012	Capital increase by contributions in kind	23,412	125,059,208	23,412	125,059,208
August 31, 2012	Capital increase resulting from the exercise of share subscription options	131,629	125,190,837	131,629	125,190,837
October 2, 2012	Share capital reduction through cancellation of treasury shares	(643,600)	124,547,237	(643,600)	124,547,237
December 31, 2012	Capital increase resulting from the exercise of share subscription options	549,541	125,096,778	549,541	125,096,778
February 28, 2013	Capital increase resulting from the exercise of share subscription options	292,488	125,389,266	292,488	125,389,266
June 25, 2013	Capital increase by a dividend payment in shares	741,175	126,130,441	741,175	126,130,441
February 28, 2014	Capital increase resulting from the exercise of share subscription options	940,826	127,071,267	940,826	127,071,267
March 21, 2014	Share capital reduction through cancellation of treasury shares	(741,175)	126,330,092	(741,175)	126,330,092
June 20, 2014	Capital increase by a dividend payment in shares	802,310	127,132,402	802,310	127,132,402
July 9, 2014	Capital increase resulting from the exercise of share subscription options	729,347	127,861,749	729,347	127,861,749
July 17, 2014	Split of the share par value by two	-*	127,861,749	127,861,749*	255,723,498
February 28, 2015	Capital increase resulting from the exercise of share subscription options	555,999	128,417,649	1,111,800	256,835,298
March 20, 2015	Share capital reduction through cancellation of treasury shares	(802,310)	127,615,339	(1,604,620)	255,230,678

* The par value of the share was reduced from €1 to €0.50 on July 17, 2014.

The changes in equity resulting from the operations through December 31, 2014 set forth above are included in the "Consolidated Statements of Shareholders' Equity" in the consolidated financial statements.

6.2.4 Delegations and Authorizations Granted to the Board of Directors by the General Meetings of Shareholders

The following table summarizes the delegations and authorizations granted by the General Meeting to the Board of Directors and with effect during the 2014 financial year and as of the date of this Annual Report (*Document de référence*). It includes authorizations to increase share capital and to repurchase and cancel the Company's own shares.

Resolutions and General Meetings	Description of the delegation of authority granted to the Board of Directors	Utilization in 2014
SHARES BUYBACK AND CANCELLATION OF SHARES		
12th resolution GM of 05/26/2014	**Authorization:** buy back or purchase Dassault Systèmes shares. **Duration:** approximately 12 months (expiring at the GM approving the financial statements for the fiscal year ended on 12/31/2014). **Cap:** 10% of share capital within the limit of €500 million.	See paragraph 6.2.5 "Share buyback programs"
13th resolution GM of 05/26/2014	**Authorization:** cancel shares purchased under the buyback program. **Duration:** approximately 12 months (expiring at the GM approving the financial statements for the fiscal year ended on 12/31/2014). **Cap:** 10% of capital in a 24-month period.	See paragraph 6.2.5 "Share buyback programs"
ISSUANCE OF SECURITIES		
9th resolution GM of 05/30/2013	**Authorization:** 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. **Duration:** 26 months, i.e. until 07/30/2015. **Cap:** For a maximum nominal amount of €15 million for shares or securities – For a maximum nominal amount of €750 million for debt securities.	None
10th resolution GM of 05/30/2013	**Authorization:** 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 waiver of preemptive right of shareholders, by public offering. **Duration:** 26 months, i.e. until 07/30/2015. **Cap:** For a maximum nominal amount of €15 million for shares or securities – For a maximum nominal amount of €750 million for debt securities (to be deducted from the aforementioned overall nominal limits).	None
11th resolution GM of 05/30/2013	**Authorization:** increase the share capital and issue securities giving right to debt securities, without preemptive rights of shareholders, under the delegation referred to in the previous line, by a private placement, under section II of the Article L. 411-2 of the French Monetary and Financial Code. **Duration:** 26 months, i.e. until 07/30/2015. **Cap:** To be deducted from the aforementioned overall nominal limit of €15 million (9th resolution).	None
13th resolution GM of 05/30/2013	**Authorization:** increase the share capital by incorporation of reserves, profits or premiums. **Duration:** 26 months, i.e. until 07/30/2015. **Cap:** Up to the aforementioned overall nominal limit of €15 million (9th resolution).	None
14th resolution GM of 05/30/2013	**Authorization:** increase the share capital to remunerate contributions in kind of shares or equity-linked securities. **Duration:** 26 months, i.e. until 07/30/2015. **Cap:** 10% of share capital.	None
ISSUANCE FOR THE BENEFIT OF EMPLOYEES AND EXECUTIVE OFFICERS		
12th resolution GM of 05/30/2013	**Authorization:** increase the share capital and issue redeemable subscription or purchase warrants (BSAAR) to employees and executive officers of Dassault Systèmes SA and its subsidiaries with waiver of preemptive rights by the shareholders for the benefit of the latter. **Duration:** 18 months, i.e. until 11/30/2014. **Cap:** For a maximum nominal amount of €6 million to be deducted from the aforementioned overall nominal limit of €15 million (9th resolution).	None
15th resolution GM of 05/30/2013	**Authorization:** grant free shares, existing or to be issued, for the benefit of certain employees and/or executive officers of the Company and its affiliated entities as defined in Article L. 225-197-2 of the French Commercial Code. **Duration:** 38 months, i.e. until 07/30/2016. **Cap:** 2% of share capital.	Described in paragraph 5.3.2.2 "Performance shares"
16th resolution GM of 05/30/2013	**Authorization:** grant stock options giving right to subscribe to new shares or purchase existing shares for the benefit of certain employees and/or executive officers of the Company and its affiliated entities as defined in Article L. 225-180 of the French Commercial Code. **Duration:** 38 months, i.e. until 07/30/2016. **Cap:** 5% of share capital.	None
17th resolution GM of 05/30/2013	**Authorization:** increase the share capital for the benefit of members of a corporate savings plan of Dassault Systèmes SA and its affiliated entities. **Duration:** 26 months, i.e. until 07/30/2015. **Cap:** For a maximum nominal amount of €5 million to be deducted from the aforementioned overall nominal limit of €15 million (9th resolution).	None

The authorizations to repurchase the Company's shares and to cancel these repurchased shares expire at the end of the General Meeting to be held on May 28, 2015. It is thus proposed to this General Meeting to renew these authorizations (see paragraph 6.2.5.2 "Description of the Share Repurchase Program Proposed to the General Meeting on May 28, 2015"). It will also be proposed to renew with slightly lower cap conditions (€12 million) the delegations allowing a capital increase and to renew in advance and under the same conditions, the authorization to grant shares in order to benefit, if applicable, from the new provisions of the draft "Macron" law pertaining to performance shares (see paragraph 7.1 "Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting on May 28, 2015").

6.2.5 Stock Repurchase Programs

6.2.5.1 Transactions carried out by Dassault Systèmes SA in 2014 and early 2015

As a two-for-one stock split was applied to Dassault Systèmes' shares on July 17, 2014, the figures concerning the number of shares and their average prices mentioned in this paragraph take this split into account, in order to facilitate reading and comprehension.

During 2014, Dassault Systèmes SA repurchased, under the authorizations granted to the Board of Directors by the General Meetings of May 30, 2013 and May 26, 2014, 3,811,652 of its own shares, this figure takes into account the aforementioned two-for-one stock split.

These shares were repurchased at an average price of €45.04 per share, giving a total cost of €171,660,684.74 (excluding tax), among which 1,444,890 shares by over the counter market block trade at an average price per share of €46.28, for a total cost of €66,876,301.83. The transaction costs paid by the Company in connection with these shares repurchased amounted to €61,797.63 all taxes included (plus the tax on financial transactions for an amount of €343,321.35).

These 3,811,652 shares were allocated to the following objectives:

- cancellation in order to increase the return on equity and net income per share: 2,451,772 shares;
- coverage of the Company's obligations resulting from performance share grants: 1,359,880 shares.

The shares purchased before 2014 were used as follows:

- 1,482,350 shares, of which 635,198 shares repurchased before 2014, were canceled by the Board of Directors of March 21, 2014;
- 888,750 shares, which had been allocated to cover the Company's obligations resulting from share grants decided prior to 2014, were transferred to the beneficiaries (see paragraph 5.3.1 "Compensation of the Company's Directors – *Mandataires Sociaux*").

The Company directly held, on December 31, 2014, 4,267,010 of its own shares of a nominal value of €0.50 each, which had been repurchased at an average price of €43.84, representing 1.66% of share capital at that date, and which were allocated either to cancel shares or to cover the Company's obligations resulting from performance shares grants.

Transactions carried out since the start of 2015

Pursuant to the authorization granted in 2013, on January 5, 2015, Dassault Systèmes SA signed a liquidity agreement in accordance with the Code of Ethics of the AFEI (French association of investment firms) recognized by the AMF, with Oddo Corporate Finance for an annual amount of €50,000 implemented from January 7, 2015 for an initial period until December 31, 2015, automatically renewable for subsequent 12-month terms.

Under this liquidity agreement, on March 20, 2015, 666,613 shares were purchased, at an average price of €56.42, and 633,835 shares were sold, at an average price of €57.47.

The Board meeting of March 20, 2015 used the authorization granted by the General Meeting of May 26, 2014 by proceeding with the cancellation of 1,604,620 shares allocated to this objective.

During 2014 and since the start of 2015, the Company has not performed any transactions on derivative securities linked to its shares and has not purchased or sold any of its shares by exercising them or through the maturity of such derivative securities.

6.2.5.2 Description of the Share Repurchase Program Proposed to the General Meeting on May 28, 2015

Pursuant to Articles 2412 *et seq.* of the AMF General Regulation and L. 451-3 of the French Monetary and Financial Code, and in accordance with European Regulation no. 2273/2003 of December 22, 2003, this description relates to the terms and objectives of the Company's share repurchase program that will be submitted for approval at the General Meeting of May 28, 2015.

Breakdown of treasury shares as of the date of this document

On March 20, 2015, the Company holds 2,695,168 of its own shares directly and 503,614 indirectly. These 2,695,168 shares were allocated to the following objectives:

- coverage of the Company's obligations resulting from share grants decided in 2011, 2012 and 2014: 2,662,390 shares;
- liquidity agreement signed with Oddo Corporate Finance on January 5, 2015: 32,778 shares.

Purposes of the new repurchase program

1) Cancel shares in order to increase the return on equity and net income per share.

2) Provide securities (representing no more than 5% of the Company's share capital) 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 under a liquidity agreement with an accredited financial service provider, in accordance with a Code of Ethics recognized by the AMF.

4) Meet obligations related to shares subscription options or other share grants to employees or directors (*mandataires sociaux*) of Dassault Systèmes SA or of an affiliated company.

5) Meet the Company's cash obligations 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 shares in connection with the exercise of rights attached to securities providing access to the capital of Dassault Systèmes SA.

7) Carry out any market practice which may be authorized by the law or by the AMF.

The purposes 1-4 and 6 above correspond to the terms of European Regulation no. 2273/2003 of December 22, 2003, in application of the directive 2003/6/EC of January 28, 2003, and market practices accepted by the AMF.

The General Meeting of May 28, 2015 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.

Maximum proportion of share capital, maximum number, characteristics of the securities that the Company proposes to acquire, and maximum purchase price

The Board of Directors may repurchase Dassault Systèmes shares representing up to 10% of the Company's share capital at the date of the General Meeting authorizing the program, i.e. 25,683,529 shares at February 28, 2015, the most recent date for determining the capital as of the date of this description. The purchase price of the shares would be capped at €75 per share and subject to the limits stipulated by the applicable regulations. The maximum amount of the funds used for the purpose of buying back shares would be €500 million.

Duration of the share repurchase program

The program would last for 12 months, starting on the General Meeting of May 28. This authorization should be valid until the Ordinary General Meeting ruling on the financial statements for the financial year ending December 31, 2015.

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. Pursuant to AMF recommendation no. 2009-16, it specifies:

- the theoretical or "gross" voting rights, taking into account the voting rights attached to the shares without voting rights, in accordance with Article 223-11 of the AMF General Regulations and used as a denominator by shareholders to calculate their percentage of shares held and voting rights for the purposes of regulatory declarations (in particular the declarations with regards to exceeding the threshold); and
- the voting rights that can be exercised at the General Meeting ("AG" in the table below) or "nets", not taking into account shares without voting rights.

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 of Dassault Systèmes SA do not hold voting rights which are different from voting rights of other shareholders (such as double voting rights).

Shareholders	Shares	% of capital	Theoretical voting rights	% of theoretical voting rights	Voting rights exercisable in the General Meeting	% of voting rights exercisable in the General Meeting
AT DECEMBER 31, 2014						
Groupe Industriel Marcel Dassault	105,386,646	41.11%	208,709,314	55.04%	208,709,314	55.74%
Charles Edelstenne[(1)] and beneficiaries[(2)]	15,562,944	6.07%	30,978,146	8.17%	30,978,146	8.27%
Bernard Charlès	2,751,624	1.07%[(5)]	4,719,926	1.24%[(5)]	4,719,926	1.26%[(5)]
Treasury shares	4,267,010	1.66%	4,267,010	1.13%	–	–
SW Securities LLC[(3)]	503,614	0.20%	503,614	0.13%	–	–
Directors and senior management[(4)]	348,474	0.14%	390,618	0.10%	390,618	0.11%
Public	127,543,765	49.75%	129,610,747	34.19%	129,610,747	34.62%
TOTAL	**256,364,077**[(6)]	**100%**	**379,178,925**[(6)]	**100%**	**374,408,301**[(6)]	**100%**
AT DECEMBER 31, 2013						
Groupe Industriel Marcel Dassault	52,193,954	41.12%	103,855,288	55.28%	103,855,288	55.78%
Charles Edelstenne[(1)] and beneficiaries[(2)]	7,739,539	6.10%	15,391,802	8.21%	15,391,802	8.28%
Bernard Charlès	1,174,641	0.93%[(5)]	1,973,688	1.05%[(5)]	1,973,688	1.06%[(5)]
Treasury shares	1,413,229	1.11%	1,413,229	0.75%	–	–
SW Securities LLC[(3)]	251,807	0.20%	251,807	0.13%	–	–
Directors and senior management[(4)]	24,986	0.02%	39,389	0.02%	39,389	0.02%
Public	64,134,829	50.52%	64,909,781	34.56%	64,909,781	34.88%
TOTAL	**126,932,985**	**100%**	**187,866,910**	**100%**	**186,201,874**	**100%**
AT DECEMBER 31, 2012						
Groupe Industriel Marcel Dassault	51,887,334	41.48%	86,974,668	51.49%	86,974,668	51.85%
Charles Edelstenne[(1)] and beneficiaries[(2)]	7,707,601	6.16%	15,391,790	9.11%	15,391,790	9.18%
Bernard Charlès	1,024,396	0.82%[(5)]	1,467,798	0.87%	1,467,798	0.87%
Treasury shares	899,079	0.71%	899,079	0.53%	–	–
SW Securities LLC[(3)]	251,807	0.20%	251,807	0.15%	–	–
Directors and senior management[(4)]	23,213	0.02%	35,626	0.02%	35,626	0.02%
Public	63,303,348	50.61%	63,881,533	37.83%	63,881,533	38.08%
TOTAL	**125,096,778**	**100%**	**168,902,301**	**100%**	**167,751,415**	**100%**

(1) Including shares held in trust for the benefit of his family and managed by Charles Edelstenne.
(2) At December 31, 2014, Mr Edelstenne held 3,946,266 shares with all ownership rights and 3,296 shares through two family companies which he manages, representing a total of 1.54% of the capital and 2.09% of the exercisable voting rights, as well as 11,613,382 shares with "usage" rights (usufruit). For the usage rights with respect to these 11,613,382 shares, representing 6.18% of the exercisable voting rights, Mr Edelstenne can only exercise the right to vote on decisions of the General Meeting concerning the allocation of profits; 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) Excluding Mr Edelstenne and Mr Charlès, "management" includes the officers listed in paragraph 5.1.2 "Group Executive Committee" of this Annual Report (Document de référence).
(5) For further information, see paragraph 5.4 "Transactions in the Company's Shares by the Management of the Company".
(6) The number of shares and voting rights making up the share capital were doubled after the two-for-one stock split applied to Dassault Systèmes' shares on July 17, 2014.

The overall number of voting rights amounted to 379,178,925 as at December 31, 2014 (the number of exercisable voting rights was 374,408,301) and, as at February 28, 2015, 379,762,592 (with the number of exercisable voting rights amounting to 374,940,013). The difference between the number of theoretical and exercisable voting rights is explained by the treasury shares and shares controlled by the Company.

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 exceeded the 2.5% threshold of the share capital of Dassault Systèmes SA. MFSI's parent company, MFS Investment Management (MFS), notified Dassault Systèmes SA that the funds managed directly or indirectly by companies within its group, including MFSI, held more than 2.5% of the Dassault Systèmes SA share capital as at February 19, 2015 as was the case on March 11, April 3, April 11, July 21 and July 23, 2014, December 17, 2013 and on September 24, 2012.

To the knowledge of Dassault Systèmes SA, based on shareholder obligations to declare if they exceed the threshold, there are no other shareholders (except as indicated above) who held 2.5% (threshold set forth in the Company's by-laws), directly or indirectly, alone or in agreement with other shareholders or more than 5% of the Company's share capital or voting rights at December 31, 2014.

Although Dassault Systèmes SA voluntarily delisted its shares from NASDAQ in October 2008, it continues to maintain its ADR ("American Depositary Receipts") program, which are still traded on the over-the-counter market (see paragraph 6.4 "Stock Market Information"). On February 28, 2015 there were 7,552,909 American Depositary Shares ("ADS") outstanding and the number of recorded ADS holders, holding them either for themselves or for third parties amounted to 55.

In January 2015, Dassault Systèmes SA commissioned a survey on the Company's shares from an external specialized services provider. According to this survey, institutional investors holding more than 2,000 shares each numbered 444 and held 42.55% of the Dassault Systèmes SA share capital as at December 31, 2014.

As at March 20, 2015, Dassault Systèmes SA holds 2,695,168 treasury shares, including 32,778 shares bought during the buyback program adopted by the General Meeting of May 26, 2014 and the rest, i.e. 2,662,390 shares within the framework of a program of earlier buybacks, which represents approximately 1.04% of the share capital as at March 20, 2015, with no voting rights or dividend rights being attached to these shares.

At December 31, 2014, 131,091,778 Dassault Systèmes shares (i.e. approximately 51.14% of the capital) are held in registered form; they provide entitlement to 249,639,936 exercisable voting rights (i.e. approximately 66.67% of the gross 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 206,542 shares at December 31, 2014, or approximately 0.08% of the total number of shares at that date.

6.3.2 Controlling Shareholder

GIMD (*Groupe Industriel Marcel Dassault*) is the principal shareholder of Dassault Systèmes SA with, as of December 31, 2014, 41.11% of the share capital and 55.74% of the exercisable voting rights (i.e. 55.04% of theoretical voting rights). With 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 the control of GIMD is not exercised in an "improper" manner under the meaning of the AMF General Regulation, the Board of Directors of Dassault Systèmes SA is made up of 44% of independent directors i.e. a proportion exceeding the requirement stipulated in the AFEP-MEDEF Code for controlled companies, and that all of the committees under the Board (Audit Committee, Compensation and Nomination Committee, Scientific Committee) are made up of independent directors only.

As GIMD possesses more than one third but less than half of the shares and more than half of the voting rights in the Company, GIMD may not increase its stake by more than 1% of the total number of shares of the Company in a period of 12 consecutive months, unless it launches a public tender offer on all the equity securities issued by Dassault Systèmes, except for 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 at its discretion.

6.3.3 Shareholder Agreements

In 2011, 2013 and 2014, Dassault Systèmes was informed about collective undertakings concluded concerning the holding of shares whose characteristics are summarized in the tables hereafter in accordance with AMF recommendation no. 2009-16.

Collective undertakings concluded in 2014

System	Article 787 B of the General Taxation Code	Article 787 B of the General Taxation Code
Date of signing	February 27, 2014	December 16 and 17, 2014
Duration of collective undertakings	At least two years	At least two years
Contractual duration of the agreement	Permanent with cases of termination	Permanent with cases of termination
Conditions for renewal	No specific conditions stipulated	No specific conditions stipulated
Capital and voting rights % concerned by the agreement (at the date of its execution)	25.0% of the share capital and 33.8% of the voting rights	24.7% of the share capital and 33.4% of the voting rights
Names of the signatories having the capacity of executives(1)	Mr. Charles Edelstenne Mr. Bernard Charlès	Mr. Charles Edelstenne Mr. Bernard Charlès
Names of the signatories having close links with executives	Groupe Industriel Marcel Dassault	Groupe Industriel Marcel Dassault
Names of the signatories holding at least 5% of the capital and/or voting rights of the company	Groupe Industriel Marcel Dassault Charles Edelstenne and beneficiaries(2)	Groupe Industriel Marcel Dassault Charles Edelstenne and beneficiaries(2)

(1) Pursuant to Article 885 O bis of the General Taxation Code.
(2) See Note 2 under the table of paragraph 6.3.1 "Shareholder Base and Double Voting Rights".

	Collective undertakings concluded in 2011 still in force	Collective undertakings concluded in 2013
System	Article 787 B of the French Tax Code	Article 787 B of the French Tax Code
Date of signing	July 11, 2011	October 29, 2013
Duration of collective undertakings	At least two years	At least two years
Contractual duration of the agreement	Permanent with cases of termination	Permanent with cases of termination
Conditions for renewal	No specific conditions stipulated	No specific conditions stipulated
Capital and voting rights % concerned by the agreement (at its date of execution)	29.6% of the share capital and 41.8% of the voting rights	28.2% of the share capital and 41.6% of the voting rights
Names of the signatories having the capacity of executives(1)	Mr Charles Edelstenne Mr Bernard Charlès	Mr Charles Edelstenne Mr Bernard Charlès
Names of the signatories having close links with executives	Groupe Industriel Marcel Dassault	Groupe Industriel Marcel Dassault
Names of the signatories holding at least 5% of the capital and/or voting rights of the Company	Groupe Industriel Marcel Dassault Charles Edelstenne and beneficiaries(2)	Groupe Industriel Marcel Dassault Charles Edelstenne and beneficiaries(2)

(1) Pursuant to Article 885 O bis of the French Tax Code.
(2) See Note 2 under the table of paragraph 6.3.1 "Shareholder Base and Double Voting Rights".

The same shares can be subject to several joint lock-up agreements.

6.4 Stock Market Information

Stock Exchange

Shares of Dassault Systèmes SA have been listed on Compartiment A of Euronext Paris (ISIN code FR0000130650) since June 28, 1996. Its shares were also listed on the NASDAQ in the form of ADS (American Depositary Shares) under the symbol DASTY until October 16, 2008. The ADS are still traded under this symbol on the U.S. over-the-counter market.

One ADS represents one ordinary share (see paragraph 6.3.1 "Shareholding 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 on May 28, 2015".

Share price history and trading volumes of Dassault Systèmes shares from January 1, 2014

(in euros except for Volume of shares traded)	Volume of shares* traded	Share price on last day of the month*	Highest share price during the month*	Lowest share price during the month*
January 2014	8,861,508	43.96	45.65	42.95
February 2014	13,968,856	41.64	44.84	39.23
March 2014	8,696,296	42.52	43.09	40.78
April 2014	8,032,912	44.32	46.96	41.18
May 2014	7,212,930	46.52	47.11	43.94
June 2014	7,166,674	46.98	48.20	46.12
July 2014	7,466,969	50.14	50.42	46.32
August 2014	4,988,279	50.40	50.78	46.80
September 2014	5,424,912	50.86	52.79	49.98
October 2014	8,086,900	50.57	51.70	46.10
November 2014	4,309,478	52.57	53.50	49.39
December 2014	5,410,247	50.54	53.07	47.38
January 2015	5,006,706	54.92	55.31	48.85
February 2015	7,599,064	62.53	63.48	53.17

* The historical data has been restated to take into account the two-for-one stock split carried out on July 17, 2014. (Source: Euronext Paris).

Person Responsible for Financial Communications

François-José Bordonado

Vice-President, Investor Relations

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Indicative Timetable for the Publication of Financial Information for 2015

- First quarter of 2015: April 23, 2015
- Second quarter of 2015: July 23, 2015
- Third quarter of 2015: October 22, 2015
- Fourth quarter of 2015: February 2016

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GENERAL MEETING OF SHAREHOLDERS

CONTENTS

7.1 Presentation of the Resolutions Proposed by the Board of Directors to the General Meeting of Shareholders on May 28, 2015

Annual financial statements and allocation of the results

We invite you to approve the annual 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, 2014, 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 (*Document de référence*), a profit of €183,005,153.92(1) has been realized for the financial year ended December 31, 2014, which we propose that you allocate as follows:

▪ to the legal reserve	€124,905.35
▪ for distribution to the 255,230,678 shares making up the share capital as of March 20, 2015 of a dividend of (€0.43 × 255,230,678 shares)(2)	€109,749,191.54
▪ to retained earnings	€73,131,057.03
which increased by the retained earnings from the prior financial years (€1,710,501,691.33) brings the amount of retained earnings to	€1,783,632,748.36

(1) After allocation to the legal reserve, this profit increased by the retained earnings from the prior financial years of €1,710,501,691.33, results in a distributable profit of €1,893,381,939.90.

(2) The aggregate amount of dividend will be increased, based on the number of new shares created between March 1, 2015 and the date of the General Meeting of Shareholders of May 28, 2015, 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 4,206,340, i.e. a maximum amount of a supplementary dividend of €1,808,726.20.

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 Share Subscription Options" and 6.4 "Stock Market Information").

Therefore we propose to the General Meeting of Shareholders of May 28, 2015 to approve (i) to distribute for the year 2014 a dividend of €0.43 per share comprising the capital as of the date of this General Meeting, resulting – on the basis of the number of shares comprising the share capital as of February 28, 2015 decreased of the number of cancelled shares by the Board of Directors of March 20, 2015 (See paragraph 6.2.5 "Share Buyback Programs") – in an aggregate amount of €109,749,191.54, and (ii) to distribute, where applicable, an additional aggregate maximum amount of €1,808,726.20 which corresponds to the maximum number of new shares which could be issued between March 1, 2015 and the date of the General Meeting of Shareholders (i.e. 4,206,340 shares).

Shares will be traded ex-dividend as of June 3, 2015 and dividends made payable as from June 25, 2015.

In accordance with the provisions of Article L. 225-210 of the French Commercial Code, the amount of the 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 shares subscription options between March 1 and the date of the General Meeting of Shareholders on May 28, 2015. The amount required for payment of dividends for shares issued during this period shall be taken from "retained earnings".

The amount distributed in this way 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:

	2013	2012	2011
Dividend*	€0.83	€0.80	€0.70
Number of shares eligible for dividends*	126,746,027	125,572,474	125,026,338

* The information in this table shows the situation before the two-for-one split of Dassault Systèmes SA shares carried out on July 17, 2014.

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 2014 is €410,755, which resulted in corporate income tax of €156,087.

Option to receive 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 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 3 and June 16, 2015, 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 its authorized representative (Société Générale, securities department, 32 rue du Champ de Tir, CS 30812, 44308 Nantes Cedex 3). Accordingly, shareholders who have not chosen payment of dividends in shares before the end of this period will receive the dividend in cash as from June 25, 2015. 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 option selected does not correspond to a whole number of shares, the shareholder may choose between receiving a number of shares rounded up to the next whole number, by paying the difference in cash on the day the option is selected, or receiving a number of shares rounded down to the next whole number, and the balance in cash.

Consolidated financial statements

In addition to the 2014 parent company annual financial statements, we invite you to approve the Company's consolidated financial statements for the financial year ended December 31, 2014, prepared in accordance with IFRS standards as described in paragraph 4.1.1 "Consolidated Financial Statements".

Regulated agreements (*conventions réglementées*)

The following agreements, which were approved in accordance with Articles L. 225-38 et seq. of the French Commercial Code and reviewed by the Board at its meeting on March 20, 2015 in accordance with the new version of Article L. 225-40-1, were in effect during the financial year ended December 31, 2014:

- the following undertakings made by the Company in connection with its "Directors & Officers" liability insurance policy entered into with Allianz (ACS):
  - to assume, under certain conditions, the cost of legal defense 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 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.

These agreements were reviewed by the Board of Directors at its meeting on March 20, 2015, in accordance with the provisions of Article L. 225-40-1 of the French Commercial Code.

Note that agreements with wholly-owned subsidiaries of the Company are now excluded from the scope of regulated agreements pursuant to Order no. 2014-863 of July 31, 2014 on measures aimed at helping companies to simplify administrative procedures and boost development. Consequently, at its meeting on March 20, 2015, the Board of Directors stated that the non-exclusive license to use the ENOVIA trademark granted free of charge to the subsidiary Dassault Systèmes Americas Corp. was now outside the scope of regulated agreements and decided pursuant to Article 38 of the Order to exclude it from the annual review required by Article L. 225-40-1 of the French Commercial Code.

When the term of office of the Chief Executive Officer was renewed, the Board of Directors, at its meeting on May 26, 2014, authorized, in accordance with the proposal of the Compensation and Nomination Committee and pursuant to 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, under the terms adopted by the Board of Directors at its meeting on May 27, 2010. 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.

In accordance with Article L. 225-42-1 of the French Commercial Code, this agreement is subject to the approval of the General Meeting of Shareholders (see paragraph 5.1.4.2 "Indemnities Due in the Event of the Forced Departure of the Chief Executive Officer" and Table 11 of paragraph 5.3.1 "Compensation of the Company's Directors" – *Mandataires sociaux*).

The Statutory Auditors have prepared a special report pursuant to Articles L. 225-40 and L. 225-42-1 of the French Commercial Code, as set forth in paragraph 4.2.6 "Special Report of the Statutory Auditors on Regulated Agreements and Commitments". The General Meeting of Shareholders will be asked to take note of this report and to approve the new agreement referred to therein.

Advisory opinion on the compensation elements due or granted with respect to 2014 to Mr Charles Edelstenne, Chairman of the Board of Directors, and Mr Bernard Charlès, Chief Executive Officer

In accordance with the recommendation of the AFEP-MEDEF Code, it is proposed that the General Meeting of Shareholders issue an advisory opinion on the compensation elements due or granted with respect to 2014 to each executive officer as defined by this Code, namely Mr Charles Edelstenne, Chairman of the Board of Directors and Mr Bernard Charlès, Chief Executive Officer, whose compensation elements are summarized in the tables below (see also paragraphs 5.1 "Report of the Chairman on Corporate Governance and Internal Control" and 5.3.1 "Compensation of the Company's Directors" – *Mandataires sociaux*).

COMPENSATION ELEMENTS DUE OR GRANTED WITH RESPECT TO 2014 TO MR CHARLES EDELSTENNE, CHAIRMAN OF THE BOARD OF DIRECTORS

Compensation element (in euros)	**Amount**	**Observations**
Fixed compensation(1)	982,000	Gross fixed compensation for 2014 set by the Board of Directors on March 21, 2014, upon the proposal of the Compensation and Nomination Committee.
Annual variable compensation	N/A	Mr Charles Edelstenne receives no annual variable compensation.
Deferred annual variable compensation	N/A	Mr Charles Edelstenne receives no deferred annual variable compensation.
Multi year variable compensation	N/A	Mr Charles Edelstenne receives no multi-year variable compensation.
Directors' fees(2)	42,000	Director's fees due for 2014.
Extraordinary compensation	N/A	Mr Charles Edelstenne receives no extraordinary variable compensation.
Granting of share subscription options and/or performance shares	N/A	Mr Charles Edelstenne does not hold any share subscription options and was not granted any performance shares.
Indemnity upon start or termination of function	N/A	Mr Charles Edelstenne receives no indemnity upon start or termination of function.
Non-competition indemnity	N/A	Mr Charles Edelstenne receives no non-competition indemnity.
Additional retirement plan	N/A	No additional retirement plan was implemented by Dassault Systèmes SA.
Benefits(3)	N/A	Mr Charles Edelstenne receives no benefits in kind.

(1) See also paragraph 5.1.4.1 "Compensation of Executive Officers" of the Chairman of the Board's Report on Corporate Governance and Internal Control. In 2014, GIMD paid Mr Charles Edelstenne, as GIMD's Chief Executive Officer, gross fixed compensation of €800,000.
(2) GIMD paid Mr Charles Edelstenne €22,719 in directors' fees in 2014, in connection with his mandate as a member of the Supervisory Board of GIMD. See also paragraph 5.1.4.4 "Directors' Fees" on the conditions for distributing the directors' fees at Dassault Systèmes SA.
(3) In 2014, GIMD granted benefits in kind related to the use of a car in an amount of €10,063 to Mr Charles Edelstenne.

COMPENSATION ELEMENTS DUE OR GRANTED WITH RESPECT TO 2014 TO MR BERNARD CHARLÈS, CHIEF EXECUTIVE OFFICER

Compensation element (in euros)	Amount	Observations
Fixed Compensation	1,058,000	Fixed gross compensation with respect to 2014 set by the Board of Directors on March 21, 2014(1)
Annual variable compensation	1,269,600	Variable gross compensation with respect to the 2014 fiscal year actually paid and decided by the Board of Directors on March 20, 2015(1).
Deferred annual variable compensation	N/A	Mr Bernard Charlès receives no deferred annual variable compensation.
Multi year variable compensation	N/A	Mr Bernard Charlès receives no multi year annual variable compensation.
Directors' fees(2)	27,000	Director's fees due for 2014.
Extraordinary compensation	N/A	Mr Bernard Charlès receives no extraordinary compensation.
Granting of share subscription options and/or performance shares	5,620,500	Mr Bernard Charlès was granted 150,000 2014-B shares by the Board on February 21, 2014, which subsequently increased to 300,000 following the two-for-one split of the Dassault Systèmes shares on July 17, 2014(3).
Indemnity upon start or termination of function	N/A	Mr Bernard Charlès receives under certain conditions an indemnity upon the termination of his functions, the amount of which 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. In accordance with Article L. 225-42-1 of the French Commercial Code, this commitment on the part of Dassault Systèmes SA was authorized by the Board of Directors on May 26, 2014, and is subject to the approval of the General Meeting of Shareholders on May 28, 2015(4).
Non-competition indemnity	N/A	Mr Bernard Charlès receives no non-competition indemnity.
Additional retirement plan	N/A	No additional retirement plan was implemented.
Benefits	10,934	These benefits are related to the use of a car provided by Dassault Systèmes SA.

(1) See also paragraph 5.1.4.1 "Compensation of Executive Officers" of the Chairman of the Board's Report on Corporate Governance and Internal Control.
(2) See also paragraph 5.1.4.4 "Directors' Fees" on the conditions for distributing the directors' fees at Dassault Systèmes SA.
(3) See also paragraph 5.1.4.3 "Performance Shares and Share Subscription Options" of the Chairman of the Board's Report on Corporate Governance and Internal Control.
(4) See also paragraph 5.1.4.2 "Indemnities Due in the Event of the Imposed Departure (départ contraint) of the Chief Executive Officer" of the Chairman of the Board's Report on Corporate Governance and Internal Control.

Renewal of the terms of office of four directors and ratification of the co-opting of a new director

The terms of office of Nicole Dassault, Toshiko Mori, Jean-Pierre Chahid-Nouraï and Arnoud De Meyer expire at the General Meeting of Shareholders on May 28, 2015. You are invited to renew their terms of office for a period of four years (For a presentation of these directors, see paragraph 5.1.1.1 "Composition of the Board of Directors").

There will also be a proposal made to the General Meeting of Shareholders to ratify the appointment of Marie-Hélène Habert to replace her father, Serge Dassault, for the remainder of his term of office, until the General Meeting that will be held to approve the financial statements for the year ending December 31, 2015, which was made on a provisional basis by the Board of Directors at its meeting on July 23, 2014.

If these proposals are approved, the Board of Directors will include four women and four independent directors out of its nine members, i.e. a proportion of 44%, which is greater than that recommended by the AFEP-MEDEF Code and the law on the representation of women on Boards of Directors.

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 May 26, 2014 will expire at the General Meeting of Shareholders of May 28, 2015. Under this authorization, share repurchases were made in 2014 and at the beginning of 2015, as described in paragraph 6.2.5 "Share Buyback Programs". Additional share repurchases may be made until the date of the General Meeting of Shareholders, and will be described in the Annual Report (*Document de reference*) for the financial year ending December 31, 2015.

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 capital of the Company at the date of the General Meeting of Shareholders of May 28, 2015, for a maximum purchase price of €90 per share and within the limits stipulated in the applicable regulations. 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 ending December 31, 2015.

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 a Code of Ethics accepted by the Financial Market Authority (*Autorité des marchés financiers*);

4) to perform all obligations related to stock options grants or other grants of shares to employees or directors of the Company and its affiliates;

5) to cover the Company's commitments pursuant to rights to cash payments based on increases in the share price of the Company, granted to the employees and directors of the Company and its affiliates;

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 "Share Buyback Programs", 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.

Delegations and authorizations to carry out a capital increase

General financial authorizations

Delegations and authorizations to carry out a capital increase granted by the Board of Directors by the General Meeting of Shareholders of May 30, 2013 are set to expire in July 2015. You are therefore invited to authorize the Board once again to carry out a capital increase for a period of 26 months, particularly in order to enable it to select, at any time, from a wide range of securities giving access to capital or debt securities of the Company with or without pre-emptive rights, through a public offer or private placement, the most appropriate funding for the Company's development, in light of the market conditions at the time of consideration.

You will also be invited to renew the Board's authorization to increase the share capital by incorporation of reserves, profits or premiums, and to increase the capital to remunerate contributions in kind of shares or equity-linked securities.

The resolutions proposed to this effect will replace the resolutions adopted by the General Meeting of Shareholders of May 30, 2013. The use of these delegations is described in paragraph 6.2.4 "Delegations and Authorizations Granted to the Board of Directors by the General Meetings of Shareholders". The Board of Directors has made no other use of these delegations in 2014 or between the start of 2015 and the date of this Annual Report (*Document de référence*).

If you adopt these resolutions, the Board will be able to:

- carry out capital increases with or without pre-emptive rights (by using, in particular, the option offered by law to enter into a private placement with portfolio managers or qualified investors) up to the nominal limit of €12 million, and with regard to debt securities giving access to capital, up to the nominal limit of €750 million. This cap of €12 million also represents the total nominal amount of all capital increases that may be carried out under resolutions 16 to 19, and 22;
- carry out capital increases by incorporation of reserves, profits or premiums, up to the limits of the same nominal amount of €12 million;
- carry out capital increases to remunerate contributions in kind of shares or equity-linked securities, up to 10% of the share capital.

Financial authorizations intended for employees and directors

In accordance with the law, there will also be a proposal to enable the Board of Directors to carry out capital increases reserved for employees of the Company and/or of associate companies and members of Company savings plans. The maximum nominal amount of the capital increases that may be carried out in this way would be €5 million, through the issue of new shares or securities giving access to capital. This new authorization will cancel and replace that given by the General Meeting of Shareholders of May 30, 2013.

It is proposed to renew in advance the authorization granted to the Company's Board of Directors by the shareholders on May 30, 2013 to grant free shares to Company employees and management in order to benefit from, if applicable, the new provisions provided in the draft "Macron" law with respect to performance shares. As this draft law was still being debated as of the date on which the presentation of resolutions was approved, it cannot be guaranteed that the published definitive text of the law will be applicable to this resolution.

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 28, 2015.

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 "Summary of the Compensation and Benefits due to Directors" 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.

Amendments to by-laws

A proposal will be made to the General Meeting to amend the Company's by-laws, primarily to reflect new legislation. The aim of these amendments is to:

- remove the reference to the period of six years for the term of office of directors for those terms of office that were under way on the date on which their duration was changed since this provision became obsolete (paragraph 14.2 of the by-laws);
- take account of the new provisions relating to regulated agreements pursuant to the Order of July 31, 2014 on company law (Article 22 of the by-laws);
- take account of the change to the date on which the Company's shares must be registered in order to be able to participate in the General Meetings of Shareholders; this date was three business days before the meeting at 00 h, Paris time; it is now two business days before the meeting, pursuant to Decree no. 2014-1466 of December 8, 2014 (Article 27 of the by-laws).

Conversion into a European company

At this General Meeting of Shareholders, you will also be invited to vote on the conversion of Dassault Systèmes SA into a European company, which would require the adoption of new by-laws.

We would remind you that the Board of Directors, at its meeting on March 21, 2014, approved the plan for the conversion of Dassault Systèmes SA into a European company, which was filed with the clerk's office of the Commercial Court of Versailles on March 27, 2014, together with the report of the Board of Directors explaining the legal and business reasons for the conversion and setting out the implications for shareholders and employees of the adoption of the European company form, it being specified that a revised version of the draft by-laws was filed with the Court's administration office on March 24, 2015. These drafts and the above-mentioned report have been made available to you.

Ernst & Young et Autres and Finexsi, the auditors appointed from the court-approved list to appraise the Company's assets, by order of the President of the Commercial Court of Versailles on February 12, 2015, issued a report stating that the net assets of Dassault Systèmes SA were at least equivalent to the capital plus the reserves that the law or the Company's by-laws do not allow to be distributed. This report has also been made available to you.

The completion of the conversion of the Company into a European company requires prior negotiations between the Company and its employees (represented by a "Special Negotiation Group") to determine the procedures for the involvement of the employees within the European company. These negotiations may lead to one of the following:

- an agreement determining the procedures for the involvement of the employees within the European company;
- the decision, taken on a majority basis as provided for in Articles L. 2352-13 et seq. of the Labor Code, to terminate the negotiations under way and apply the regulations relating to informing and consulting employees in the member states of the European Union in which the Company has employees;
- the application of the subsidiary provisions relating to the European Company Committee provided for in Articles L. 2353-1 et seq. of the Labor Code if no agreement has been reached at the end of the negotiation period stipulated in Article L. 2352-9 of the Labor Code.

On March 20, 2015, the date on which the presentation of the resolutions was approved by the Board of Directors, given that the negotiations between Dassault Systèmes SA and the Special Negotiation Group were still under way, it is proposed that the General Meeting of Shareholder formally acknowledge that such negotiations have been finalized with respect to the procedures for the involvement of the employees within the European company and, where relevant, sign an agreement to this effect and affirm that the aforementioned prerequisite has been met and that the conversion of the Company into a European company has taken effect.

You can find further information about the proposed resolutions in the draft resolutions submitted hereafter to you.

7.2 Draft Resolutions Proposed by the Board of Directors to the General Meeting of Shareholders on May 28, 2015

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 explanations made orally, hereby approves the report of the Board and the parent company annual financial statements for the financial year ended December 31, 2014, 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 amounted to €410,755 and resulted in corporate income tax of €156,087.

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 Group included in the management report and the report related to the consolidated financial statements of the Statutory Auditors, in addition to the 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, 2014, 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 €183,005,153.92[(1)] as follows:

• to the legal reserve	€124,905.35
• for distribution to the 255,230,678 shares making up the share capital as of March 20, 2015 of a dividend of (€0.43 x 255,230,678 shares)[(2)]	€109,749,191.54
to retained earnings	€73,131,057.03
which increased by the retained earnings from the prior financial years brings the amount of retained earnings to €1,710,501,691.33	€1,783,632,748.36

(1) After allocation to the legal reserve, this profit increased by the retained earnings from the prior financial years of €1,710,501,691.33, results in a distributable profit of €1,893,381,939.90.

(2) The aggregate amount of dividend will be increased, based on the number of new shares created between March 1, 2015 and the date of the General Meeting of Shareholders of May 28, 2015, 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 4,206,340, i.e. a maximum amount of a supplementary dividend of €1,808,726.20.

Shares will be traded ex-dividend as of June 3, 2015 and dividends made payable as from June 25, 2015.

In accordance with the provisions of Article L. 225-210 of the French Commercial Code, the amount of the 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 shares 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 in this way 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 quater 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:

	2013	2012	2011
Dividend*	€0.83	€0.80	€0.70
Number of shares eligible for dividends*	126,746,027	125,572,474	125,026,338

* The information in this table shows the situation before the two-for-one split of Dassault Systèmes SA shares carried out on July 17, 2014.

Fourth resolution

Option to receive payment of dividends in the form of shares

The General Meeting of Shareholders after the reading of 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 dividend decided in the third resolution, and to which he is entitled, in the form of new shares in the Company.

Each shareholder may decide to receive payment of the dividend in cash, or in new shares. The choice may apply only on the total amount of the dividend to which he is entitled.

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 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 as from January 1, 2015, 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 3 and June 16, 2015, 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 its authorized representative (Société Générale, securities department, 32 rue du Champ de Tir, CS 30812, 44308 Nantes Cedex 3). After June 16, 2015, 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 25, 2015, after the period for choosing payment in either 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 Meeting 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 provided by law, to carry out 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 réglementées)

The General Meeting of Shareholders, having reviewed the special report of the Statutory Auditors on the agreements governed by Articles L. 225-38 et seq. of the French Commercial Code, acknowledges the report, which did not include any new agreements, except for the agreement referred to in the sixth resolution.

Sixth resolution

Regulated agreement (conventions réglementées) between the Company and Bernard Charlès

The General Meeting of Shareholders, having reviewed the special report of the Statutory Auditors on the agreements governed by Articles L. 225-38 et seq. of the French Commercial Code and in accordance with Article L. 225-42-1 of the French Commercial Code, approves the renewal of the agreement referred to in the said report relating to the commitments made by the Company to Bernard Charlès on the indemnities due upon the termination of his functions as Chief Executive Officer, according to the terms adopted by the Board of Directors at its meeting on May 26, 2014.

Seventh resolution

Advisory opinion on the compensation elements due or granted with respect to 2014 to Mr Charles Edelstenne, Chairman of the Board of Directors

The General Meeting of Shareholders issues a favorable opinion on the compensation elements due or granted with respect to 2014 to Mr Charles Edelstenne, Chairman of the Board of Directors, as indicated in the 2014 Annual Report (*Document de référence*), under Chapter 5 "Corporate Governance", paragraph 5.3.1 "Compensation of the Company's Directors (*Mandataires sociaux*)".

Eighth resolution

Advisory opinion on the compensation elements due or granted with respect to 2014 to Mr Bernard Charlès, Chief Executive Officer

The General Meeting of Shareholders issues a favorable opinion on the compensation elements due or granted with respect to 2014 to Mr Bernard Charlès, Chief Executive Officer, as indicated in the 2014 Annual Report (*Document de référence*), under Chapter 5 "Corporate Governance", paragraph 5.3.1 "Compensation of the Company's Directors (*Mandataires sociaux*)".

Ninth resolution

Renewal of the term of Mr Jean-Pierre Chahid-Nouraï

The General Meeting of Shareholders notes that Mr Jean-Pierre Chahid-Nouraï's term as director expires at this General Meeting of Shareholders and renews his term for four years. This term of office will expire at the General Meeting of Shareholders approving the financial statements for the financial year ending December 31, 2018.

Tenth resolution

Renewal of the term of Mr Arnoud De Meyer

The General Meeting of Shareholders notes that Mr Arnoud De Meyer's term as director expires at this General Meeting of Shareholders and renews his term for four years. This term of office will expire at the General Meeting of Shareholders approving the financial statements for the financial year ending December 31, 2018.

Eleventh resolution

Renewal of the term of Ms Nicole Dassault

The General Meeting of Shareholders notes that Ms Nicole Dassault's term as director expires at this General Meeting of Shareholders and renews her term for four years. This term of office will expire at the General Meeting of Shareholders approving the financial statements for the financial year ending December 31, 2018.

Twelfth resolution

Renewal of the term of Ms Toshiko Mori

The General Meeting of Shareholders notes that Ms Toshiko Mori's term as director expires at this General Meeting of Shareholders and renews her term for four years. This term of office will expire at the General Meeting of Shareholders approving the financial statements for the financial year ending December 31, 2018.

Thirteenth resolution

Ratification of the co-option of Ms Marie-Hélène Habert as director

The General Meeting of Shareholders ratifies the co-option of Ms Marie-Hélène Habert as a director, as decided by the Board of Directors at its meeting on July 23, 2014, for the remainder of the term of her predecessor Mr Serge Dassault, who had resigned, until the General Meeting of Shareholders held to approve the financial statements for the year ending December 31, 2015.

Fourteenth 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 fifteenth 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 grants 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 share price 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 (i) use of available cash flow, (ii) 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 (iii) the implementation of optional transactions (purchase and sale of 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 €90 (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, 2015. 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 accordance 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 May 26, 2014, in its twelfth resolution.

Extraordinary General Meeting

Fifteenth 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, any and 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, 2015.

Sixteenth resolution

Authorization of the Board to increase the share capital through the issue of shares or securities giving access to other equity securities of the Company or giving rights to debt securities and to issue securities giving access to equity securities of the Company to be issued, with pre-emptive rights

The General Meeting of Shareholders, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors:

1) delegates to the Board of Directors, in accordance with the provisions of Articles L. 225-129 to L. 225-129-6, L. 228-91 and L. 228-92 of the French Commercial Code, the authorization to issue, in one or several transactions, at the time or times it selects, in the proportions that it deems appropriate, both in France and abroad, ordinary shares and/or securities giving access to other equity securities or giving rights to debt securities and/or any other securities giving access to equity securities of the Company to be issued; it being specified that the Board of Directors may delegate all the powers necessary to proceed with a capital increase to the Chief Executive Officer, or with the latter's agreement, to one or several Deputy Chief Executive Officers, under the conditions permitted by law;

2) expressly stipulates that the issue of preference shares and securities giving access to preference shares is not allowed;

3) stipulates that the maximum nominal amount of capital increases that may be carried out in the near term and/or the longer term under this authorization cannot exceed €12 million; it being specified that this overall maximum amount is set without taking into account the nominal amount of shares to be issued to preserve the rights of holders of securities or other rights giving access to the share capital of the Company, in accordance with the applicable legal and regulatory provisions and, if applicable, any contractual conditions providing for other options to modify the amount;

4) stipulates, furthermore, that the nominal amount of debt securities of the Company that may be issued under this authorization, will be a maximum of €750 million or the equivalent of this amount in a foreign currency or in monetary units of account established with reference to several currencies;

5) stipulates that the shareholders may exercise, in accordance with the conditions provided for in law, their pre-emptive rights to subscribe for shares, equity securities and other securities issued under this resolution;

6) stipulates that if subscriptions on an irreducible basis and, if applicable, a reducible basis do not absorb all of the shares, equity securities or other securities, the Board of Directors may offer all or a portion of the unsubscribed securities to the public;

7) states that this authorization automatically entails that the shareholders waive their pre-emptive right to subscribe to equity securities to which these securities give entitlement in favor of the holders of the securities giving access to the Company's share capital that may be issued;

8) stipulates that the amount received or that should be received by the Company for each of the shares issued under this authorization should be at least equal to the par value of the shares on the issue date;

9) stipulates that the Board of Directors may, if it deems it appropriate, deduct the costs and expenses of carrying out the issues from the issue premium(s), and if applicable, deduct the sums needed to increase the legal reserve to one-tenth of the new share capital after each issue from this amount;

10) stipulates that this authorization cancels and replaces the authorization with the same purpose that was granted by the Combined General Meeting of Shareholders of May 30, 2013 in its ninth resolution.

The authorization thus granted to the Board of Directors is valid for 26 months from the date of this General Meeting.

Seventeenth resolution

Authorization of the Board to increase the share capital through the issue of shares or securities giving access to other equity securities of the Company or giving rights to debt securities and to issue securities giving access to equity securities to be issued of the Company, without the pre-emptive right of shareholders and through an offer to the public

The General Meeting of Shareholders, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors:

1) delegates to the Board of Directors, in accordance with 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. 228-94 of the French Commercial Code, the authorization to decide on, through an offer to the public or, if applicable, subject to the approval of a specific resolution to this effect by the General Meeting, through an offer pursuant to section II of Article L. 411-2 of the French Monetary and Financial Code, in one or several transactions, at the time or times it selects, in the proportions that they deem appropriate, both in France and abroad:

a) the issue of shares and/or equity securities giving access to other equity securities or giving rights to debt securities of the Company and/or all other securities giving access to equity securities of the Company to be issued,

b) the issue of shares and/or equity securities giving access to other equity securities or giving rights to debt securities of the Company and/or all other securities giving access to equity securities of the Company to be issued following the issue by a company, in which it directly or indirectly holds more than half of the share capital, equity securities or securities giving access to equity securities of the Company to be issued,

c) the issue of shares and/or equity securities and/or securities by the Company giving access to equity securities to be issued by a company it directly or indirectly holds more than half of the share capital,

d) the issue by the Company of securities giving access to existing equity securities or giving rights to debt securities of another company in which the Company does not directly or indirectly hold more than half of the share capital.

The Board of Directors may delegate all the powers necessary to proceed with a capital increase to the Chief Executive Officer, or with the latter's agreement, to one or several Deputy Chief Executive Officers under the conditions permitted by law.

Such decision automatically entails by law that the holders of securities that may be issued by subsidiaries shall benefit from the waiving by the shareholders of their pre-emptive rights to subscribe for the equity securities to which these securities give entitlement;

2) stipulates that the maximum nominal amount of capital increases that may be carried out in the near term and/or the longer term under this authorization cannot exceed €12 million; it being specified that this maximum amount is set without taking into account the nominal amount of shares to be issued to preserve the rights of holders of securities or other rights giving access to the share capital of the Company, in accordance with the applicable legal and regulatory provisions and, if applicable, any contractual conditions providing for other options to modify the amount;

3) stipulates that the nominal amount that may be issued under this resolution shall be included in the maximum nominal amount for capital increases of €12 million set under the sixteenth resolution of this General Meeting of Shareholders;

4) expressly stipulates that the issue of preference shares and securities giving access to preference shares is not allowed;

5) stipulates that this capital increase may lead to the exercise of an entitlement attached to securities issued by a company in which the Company directly or indirectly holds more than half of the share capital, with the latter's agreement;

6) stipulates, furthermore, that the nominal amount of debt securities that may be issued under this authorization, will be a maximum of €750 million or the equivalent of this amount in a foreign currency or in monetary units of account established with reference to several currencies, and will be included in the maximum amount of €750 million set under the sixteenth resolution of this General Meeting of Shareholders;

7) stipulates to eliminate the pre-emptive rights of shareholders to subscribe for shares, equity securities and other securities to be issued, it being understood that the Board of Directors may give the shareholders a priority subscription period in respect of all or part of the issue, for the period and according to the conditions that it will set, pursuant to the provisions of Article L. 225-135 of the French Commercial Code, and that such priority subscription period shall not give rise to the creation of tradable rights;

8) states that this authorization automatically entails by law that the holders of securities giving access to the Company's share capital that may be issued shall benefit from the waiving by the shareholders of their pre-emptive rights to subscribe for the equity securities to which these securities give entitlement;

9) stipulates that the amount received or that should be received by the Company for each of the shares issued or to be issued under this resolution will be at least equal to the minimum value set by the applicable regulation at the time this authorization is used, i.e. currently the average weighted share price of the Company on Euronext Paris on the three trading days prior to the setting of the issue price, with the option to apply a maximum discount of 5%, with this amount being adjusted later, if applicable, to take account of differences in dividend eligibility dates;

10) stipulates that the Board of Directors may use this authorization, in whole or in part, to remunerate securities tendered in a public exchange offer launched by the Company, within the limits and under the conditions provided for in Article L. 225-148 of the French Commercial Code;

11) stipulates that the Board of Directors may, if it deems it appropriate, deduct any costs and expenses, including any fees, of carrying out the issues from the issue premium(s), and if applicable, deduct the sums needed to increase the legal reserve to one-tenth of the new share capital after each issue from this amount;

12) stipulates that this authorization cancels and replaces the authorization with the same purpose that was granted by the Combined General Meeting of Shareholders of May 30, 2013 in its tenth resolution.

The authorization thus granted to the Board of Directors is valid for 26 months from the date of this General Meeting.

Eighteenth resolution

Authorization of the Board of Directors to increase the share capital through the issue of shares or securities giving access to other equity securities or giving rights to debt securities and to issue securities giving access to equity securities to be issued, without pre-emptive rights, in the form of a private placement, as referred to in section II of Article L. 411-2 of the French Monetary and Financial Code

The General Meeting of Shareholders, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors:

1) delegates to the Board of Directors, in accordance with the provisions of Articles L. 225-136 of the French Commercial Code, the authorization to proceed, in accordance with and under the conditions set by the seventeenth resolution of this General Meeting of Shareholders and within the maximum nominal amount of €12 million, with the issue of equity or debt securities, through an offer pursuant to section II of Article L. 411-2 of the French Monetary and Financial Code;

2) stipulates that the maximum nominal amount of capital increases that may be carried out in the near term and/or longer term under this authorization shall be included in the maximum nominal amount for capital increases of €12 million set under the sixteenth resolution of this General Meeting of Shareholders;

3) stipulates that this authorization cancels and replaces the authorization with the same purpose that was granted by the Combined General Meeting of Shareholders of May 30, 2013 in its eleventh resolution.

The authorization thus granted to the Board of Directors is valid for 26 months from the date of this General Meeting.

Nineteenth resolution

Authorization given to the Board of Directors to increase the share capital by incorporation of reserves, profits or premiums

The General Meeting of Shareholders, voting in accordance with the quorum and majority requirements for Ordinary General Meetings, in accordance with the provisions of Article L. 225-130 of the French Commercial Code, and after having reviewed the report of the Board of Directors:

1) delegates, to the Board of Directors, the authorization to increase the share capital, in one or several transactions, at the time or times it selects, in the proportions it deems appropriate, through the incorporation of reserves, profits or premiums or other sums for which capitalization is allowed, or through the combination of such a capital increase with a cash capital increase carried out under the sixteenth, seventeenth or eighteenth resolutions of this General Meeting of Shareholders, through the issue and allocation of free shares or the increase in the nominal value of existing shares, or by combining the two transactions, it being specified that the Board of Directors may delegate all the powers necessary to proceed with a capital increase to the Chief Executive Officer, or with the latter's agreement, to one or several Deputy Chief Executive Officers, under the conditions permitted by law;

2) stipulates that the maximum nominal amount of capital increases that may be carried out under this authorization cannot exceed €12 million; it being specified that this maximum amount is set without taking into account the nominal amount of shares to be issued to preserve the rights of holders of securities or other rights giving access to the share capital of the Company, in accordance with the applicable legal and regulatory provisions and, if applicable, any contractual conditions providing for other options to modify the amount;

3) stipulates that this maximum nominal amount shall be included in the maximum nominal amount of the capital increases that may be carried out under the sixteenth resolution of this General Meeting of Shareholders;

4) stipulates that the rights to fractional shares cannot be traded, and that the corresponding shares shall be sold. The proceeds from such sales will be allocated to the rights holders no later than 30 days from the date on which the whole number of shares allocated is registered on their accounts;

5) stipulates that the Board of Directors may, if it deems it appropriate, deduct any costs and expenses, including any fees, of carrying out the issues from the issue premium(s), and if applicable, deduct the sums needed to increase the legal reserve to one-tenth of the new share capital after each issue from this amount;

6) stipulates that this authorization cancels and replaces the authorization with the same purpose that was granted by the Combined General Meeting of Shareholders of May 30, 2013 in its thirteenth resolution.

The authorization thus granted to the Board of Directors is valid for 26 months from the date of this General Meeting.

Twentieth resolution

Authorization of the Board of Directors to increase the capital through the issue of shares or equity securities giving access to other equity securities or giving rights to debt securities and securities giving access to equity securities to be issued, up to the limit of 10%, to remunerate contributions in kind of shares or equity-linked securities

The General Meeting of Shareholders, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors:

1) delegates to the Board of Directors, in accordance with the provisions of Articles L. 225-147 of the French Commercial Code, the powers necessary to increase the share capital through the issue of shares and/or equity securities giving access to other equity securities or giving rights to debt securities of the Company and/or securities giving access to equity securities of the Company to be issued, up to the limit of 10% of the share capital, based on the report of the court-approved expert valuer of in-kind contributions, in order to remunerate the contributions in kind made to the Company and comprising of equity securities or securities giving access to share capital, where the provisions of Article L. 225-148 of the French Commercial Code do not apply;

2) stipulates that the Board of Directors will have all the powers necessary to implement this authorization, notably, with regard to determining all the terms and conditions of the transactions authorized, and in particular, assessing the contributions and the granting, if applicable, of special benefits, to decide on the number of securities to be issued to remunerate contributions in kind and the dividend eligibility date of the securities to be issued, to make any applicable deductions from the contribution premium(s), principally of the fees involved in carrying out the issues, to record the implementation of the capital increase and amend the by-laws accordingly, and, more generally, to make all the appropriate arrangements, enter into any agreements required and carry out all the necessary formalities, especially with regard to the admission to trading of the shares;

3) acknowledges, that this authorization automatically entails that the shareholders waive their preemptive rights regarding equity securities of the Company, on which the securities that would be issued on the basis of this authorization may grant rights;

4) stipulates that this authorization cancels and replaces the authorization with the same purpose that was granted by the Combined General Meeting of Shareholders of May 30, 2013 in its fourteenth resolution.

The authorization thus granted to the Board of Directors is valid for 26 months from the date of this General Meeting.

Twenty-first 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) stipulates 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) stipulates 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 by incorporation of reserves accordingly;

4) stipulates (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 years or to not provide a holding period for the said shares;

5) stipulates, as an exception to the preceding paragraph, that in the event that legal or regulatory provisions applicable to free shares were amended, especially with respect to reducing or eliminating the minimum acquisition or holding periods, the Board of Directors could determine the durations of the acquisition and holding periods of the granted shares pursuant to the new applicable provisions; it being stated that the cumulative acquisition and holding periods cannot be, in any event, less than two years;

6) furthermore stipulates 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;

7) this authorization provides, in favor of the beneficiaries of free share grants, a waiver by the shareholders of their pre-emptive subscription right to the shares which may be issued pursuant to this resolution;

8) stipulates 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;

9) stipulates that this authorization shall be valid for a term of 38 months from the date of this meeting;

10) stipulates 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 30, 2013, in its fifteenth resolution.

Twenty-second resolution

Authorization of the Board of Directors to increase the share capital for the benefit of members of a corporate savings plan, without pre-emptive rights

The General Meeting of Shareholders, having reviewed the report of the Board of Directors and the special report of the Statutory Auditors, pursuant to 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, first and second paragraphs, of the French Commercial Code:

1) authorizes the Board of Directors to increase the share capital of the Company, in one or several transactions, at its sole discretion, by a maximum nominal amount of €5 million through the issue of new shares or other securities giving access to the share capital of the Company under the conditions prescribed by law, reserved for members of corporate savings plans of the Company and/or its affiliated entities within the meaning of Articles L. 225-180 of the French Commercial Code and L. 3344-1 of the French Labor Code;

2) stipulates to eliminate the pre-emptive rights of shareholders to subscribe for the new shares to be issued or other securities giving access to share capital and securities to which these securities give entitlement under this resolution for the benefit of the members of the plans referred to in the previous paragraph and waives the rights to the shares or other securities that would be allocated through the application of this resolution;

3) stipulates that the maximum nominal amount that may be issued under this authorization shall be included in the maximum nominal amount for capital increases of €12 million set under the sixteenth resolution of this General Meeting of Shareholders;

4) stipulates that the subscription price for the new shares will be at least 80% of the average listed price of the Company's shares on Euronext Paris in the 20 trading days preceding the day on which subscriptions open, where the lock-up period set by the savings plan in accordance with Article L. 3332-25 of the French Labor Code is shorter than ten years, and 70% of this average where the lock-up period is ten years or more. However, the General Meeting of Shareholders expressly authorizes the Board of Directors, if it deems it appropriate, to reduce or cancel the above-mentioned discounts, within the legal and regulatory limits, in order to take account of, inter alia, the legal, accounting, tax and social security rules applicable locally;

5) stipulates that the Board of Directors may also replace all or part of the discount with the free allocation of shares or other securities giving access to the share capital of the Company, whether existing or to be issued, it being specified that the total benefit resulting from this allocation and, if applicable, from the discount mentioned above, cannot exceed the total benefit that members of the savings plan would have received if this difference had been 20% or 30%, depending on whether the lock-up period set by the plan is greater than or equal to ten years;

6) stipulates that the Board of Directors may proceed, in accordance with Article L. 3332-21 of the French Labor Code, the free allocation of shares or other securities giving access to the share capital of the Company to be issued or already issued under a bonus scheme, provided that the inclusion of their monetary value, valued at the subscription price, does not result in the legal or regulatory limits being exceeded;

7) stipulates that the characteristics of the other securities giving access to the share capital of the Company will be determined by the Board of Directors according to the conditions laid down by the regulations;

8) stipulates that the Board of Directors will have all the necessary powers, with the option for delegation or sub-delegation, in accordance with the legal and regulatory provisions, within the limits and under the conditions specified above, to determine all the terms and conditions of transactions and, in particular, to decide on the amount to be issued, the issue price and the terms of each issue, and to define the terms for the free allocation of shares or other securities giving access to share capital, in application of the authorization given above, to determine the opening and closing dates for subscriptions, to set, within the maximum limit of three years, the period granted to subscribers to pay for their shares, to determine the date, which may be retroactive, from which the new shares will be eligible for dividends, to apply for their admission to listing on the stock market wherever they are advised to do so, to record the capital increase in the amount of shares effectively subscribed for, to make all necessary arrangements to carry out the capital increases, carry out all formalities arising therefrom and amend the by-laws accordingly, and at its sole discretion, and if it deems it appropriate, to deduct the fees involved in carrying out the capital increases from the premiums relating to these capital increases as well as the sums necessary to increase the legal reserve to one-tenth of the new share capital after each capital increase;

9) stipulates that this authorization cancels and replaces all previous authorizations relating to capital increases reserved for members of corporate savings plans, and in particular, that granted by the Combined General Meeting of Shareholders of May 30, 2013 in the seventeenth resolution;

10) the authorization thus granted to the Board of Directors is valid for 26 months from the date of this General Meeting.

Twenty-third resolution

Amendments to by-laws

The General Meeting of Shareholders wishes to amend (i) paragraph 14.2 of the by-laws, which relates to the term of office of directors, in order to remove any reference to the transition period of 2009 when certain offices retained the term of six years instead of four years; (ii) Article 22 of the by-laws, which relates to regulated agreements, to reflect the changes arising from the Order of July 31, 2014 on company law; and (iii) paragraph 1 of Article 27 of the by-laws, in order to reflect the new deadline of two business days for admission to General Meetings arising from Decree no. 2014-1466 of December 8, 2014, as follows:

"14.2 Age limit – Term of office

The number of directors aged 70 or over cannot exceed half the members of the Board of Directors at any time. If this limit is reached, the oldest director other than the Chairman of the Board shall automatically be considered to have resigned.

The term of office of directors is four years.

The directors' offices expire at the end of the General Meeting of Shareholders held to approve the annual financial statements for the year just ended which takes place during the year in which their term of office expires.

Directors shall always be eligible for re-election."

"Article 22 – Regulated agreements

All agreements, whether direct or through an intermediary, between the Company and one of its directors, its Chief Executive Officer, one of its Deputy Chief Executive Officers, one of its shareholders with more than 10% of the voting rights, or in the case of shareholder that is a company, the Company that controls it, within the meaning of Article L. 233-3 of the French Commercial Code must be submitted to the Board of Directors for prior authorization.

The same applies to agreements in which one of the persons referred to in the previous paragraph has an indirect interest.

Prior authorization is also required for any agreement between the Company and another company if one of the latter's directors, Chief Executive Officer or one of the Deputy Chief Executive Officers is the owner, partner with unlimited liability, general manager, director, member of the Supervisory Board, or in general terms, a senior manager of that company.

For the prior authorization of the Board of Directors to be given, reasons must be given to justify the agreement, based on its interest to the Company, and in particular, the financial conditions of the agreement must be specified.

The requirements set out in the previous paragraphs are not applicable to agreements relating to current operations and signed under normal conditions, nor to agreements entered into with a company in which the Company directly or indirectly holds 100% of the share capital under the conditions stipulated under the law."

"Article 27 – Admission to General Meetings of Shareholders – Powers

1. *Every shareholder has the right to participate in the General Meeting of Shareholders and to vote either in person or by proxy, provided his/her shares are fully paid-up, and:*

- *for holders of registered shares: that they are listed in the registered share accounts held by the Company or its intermediary at 0:00 a.m. Paris time two business days prior to the meeting;*
- *for holders of bearer shares: that they are recorded in a bearer securities account maintained by the accredited intermediary (bank, financial institution or stockbroking firm) at 0:00 a.m. (Paris time) two business days prior to the meeting, and in possession of a shareholder certificate provided by the latter."*

Twenty-fourth resolution

Approval of the conversion of the Company into a European company (Societas Europae), and the terms of the conversion plan and intention to leave unchanged the Board of Directors, the Statutory Auditors and the authorizations granted to the Board of Directors by the General Meeting of Shareholders

The General Meeting of Shareholders, after having reviewed:

- the Company's plan for conversion into a European company, which was prepared by the Board of Directors on March 21, 2014 and filed with the clerk's office of the Commercial Court of Versailles on March 27, 2014 and the draft of the amended by-laws, which was modified and then filed on March 24, 2015;
- the report of the Board of Directors explaining and justifying the legal and financial aspects of the conversion and describing the consequences for shareholders and for employees of becoming a European company;
- the report by Ernst & Young et Autres and Finexsi, the auditors appointed, on February 12, 2015 by order of the President of the Commercial Court of Versailles from the court-approved list, to appraise the Company's assets;
- the opinion of the Workers' Council on the Company's plan for conversion into a European company dated February 13, 2014.

After having noted that the Company meets the conditions required by the provisions of Council Regulation (EC) no. 2157/2001 of October 8, 2001 on European company status, and in particular, those referred to in Articles 2, paragraph 4 and 37 of the said regulation and Article L. 225-245-1 of the French Commercial Code, relating to the conversion of a limited liability company (*société anonyme*) into a European company;

and after having duly noted that:

- the conversion of the Company into a European company does not entail the dissolution of the Company or the creation of a new legal entity;
- the term of the Company, its purpose and registered office remain unchanged;
- the share capital of the Company remains set at the same amount and at the same number of shares with a par value of €0.50 each, which shall remain admitted to trading on Euronext Paris;
- the duration of the current fiscal year, which will end on December 31, 2015, has not been changed as a result of the conversion into a European company and the financial statements for this fiscal year will be drawn up, presented and audited under the conditions stipulated by the by-laws of the Company in its new form and the provisions of the French Commercial Code relating to European companies;
- the terms of office of the directors, the Chairman of the Board of Directors, the Chief Executive Officer and the Statutory Auditors and Deputy Statutory Auditors in post at the time of the conversion of the Company into a European company will continue until their normal respective expiry dates;

- all authorizations and delegations of powers that have been and will be granted to the Board of Directors as a limited liability company (*société anonyme*) by any General Meeting of Shareholders of the Company that are valid on the date of the Company's conversion into a European company, will, as of the said date, be automatically transferred to the Board of Directors of the Company, in its new form as a European company;
- the conversion of the Company into a European company will be definitive from the date on which it is registered as a European company with the Versailles trade and companies registry;

after having noted, in accordance with Article 12, paragraph 2 of the above-mentioned regulation, that the registration of the European company cannot take place before the procedures relating to the involvement of employees, pursuant to Articles L. 2531-1 et seq. of the French Labor Code have been completed;

Approves the conversion of the Company into a European company (*Societas Europae*) with a Board of Directors and the terms of the plan for the conversion of the Company into a European company, and duly notes that this conversion will take effect from the date of the registration of the Company in its new form,

Grants to the Board of Directors all the necessary powers to (i) record the completion of the negotiations relating to the terms for the involvement of employees within the European company and record, if applicable, the signature of an agreement to this effect, (ii) note, accordingly, that the pre-condition for the registration of the Company in its new form, i.e. the completion of the above-mentioned procedures relating to the involvement of employees, has been fulfilled and (iii) carry out all the necessary formalities for the registration of the Company in its new form as a European company.

Twenty-fifh resolution

Approval of the company name of the Company in its new form as a European company

The General Meeting of Shareholders, having reviewed the report of the Board of Directors, resolves, subject to the adoption of the previous resolution, that from the date of the definitive conversion of the Company into a European company, the current name of the Company will be followed by the initials "SE", in accordance with the provisions of Article 11 of Council Regulation (EC) no. 2157/2001 of October 8, 2001 on European company status. The name of the Company will therefore become "Dassault Systèmes SE".

This change will be reflected in the by-laws of the Company in its new form as a European company.

Twenty-sixth resolution

Approval of the by-laws of the Company in its new form as a European company

In accordance with the decision on the conversion of the Company into a European company, and having reviewed the draft by-laws of Dassault Systèmes SE and the report of the Board of Directors, the General Meeting of Shareholders, subject to the adoption of the twenty-fourth and twenty-fifth resolutions, adopts, article by article and then in its entirety, the text of the by-laws, which, from the date of the definitive conversion of the Company into a European company, will govern the Company in its new form. These by-laws will take effect from the date of the definitive conversion of the Company into a European company, i.e. the date of its registration.

The General Meeting of Shareholders duly notes that, subject to the adoption of the twenty-third resolution, the by-laws of the European company, as adopted by this resolution, will be amended to reflect the changes to the by-laws approved in the said resolution.

A copy of the by-laws of Dassault Systèmes SE is attached to the minutes provided at this General Meeting of Shareholders.

Ordinary and Extraordinary General Meeting

Twenty-seventh 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 222-3 of the General Regulation of the *Autorité des marchés financiers*.

Annual financial report	Reference Document Paragraphs	Reference Document Pages
1. Parent Company Financial Statements	4.2	123
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3. Management Report	See Annual Management report cross-reference table below	
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Cross-reference table including the European Directive no. 809/2004 – Annex 1 items

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