Valerie Agathon
Head of Investor Relations

Thank you for joining us for a review of our 2008 second quarter financial performance and a discussion of our business trends.

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

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

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

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

Thank you, Valerie.

Summary Overview

We had an excellent second quarter, coming in above our objectives. And looking at the first half of the year, we have made very significant progress. These results reflect the contribution of our solutions to product competitiveness and innovation for our customers.

Our financial performance demonstrates a very good dynamic in software, validated by both our new licenses revenue growth as well as our recurring revenue growth. In total, software revenue increased 15 percent in constant currencies during the second quarter - that would represent a year-over-year increase of about 26 percent in U.S. dollars. Certainly, our growth compares very favorably to a number of software companies, both in Europe and in the U.S.

Brand Review

Turning to our performance by major brands, CATIA software revenue increased 20 percent in constant currencies on growth in a number of industries, well supported by its leading position with automotive and aerospace companies. CATIA results this quarter confirm the acceleration in revenue growth started in the 2007 third quarter thanks to the transformation of our PLM Value channel.
CATIA wins include Arup in construction, highlighting CATIA growth in new industries, and TENPAKU-R Corporation in automotive, illustrating CATIA growth in new domains such as styling.

SIMULIA software growth was in the mid-teens on a constant currency basis in the second quarter. Its performance reflected broad demand across verticals and strong growth among its installed customer base. SIMULIA new wins included Cambric Corporation, in business services, GN Resound in life sciences and Lenovo in high tech.

Our ENOVIA portfolio addresses customer requirements across a broad range of industries. This is clearly evidenced by the new business activity, including Nokia Siemens Networks in high tech, OKG in energy, Pacific Brands in apparel, Carbon Motors in automotive and Parker Hannifin in aerospace. And we are pleased to announce that HAITEC has selected ENOVIA.

During the second quarter ENOVIA software revenue increased 11 percent in constant currencies. ENOVIA end-user revenue was about 470 million dollars for the first half and should exceed 1 billion dollars in end-user revenues for the year.

SolidWorks had a good quarter, leading to Mainstream 3D software revenue growth of 13 percent in constant currencies. In US dollars, it would have been 22 percent. Unit growth was 9 percent accompanied by stable ASPs. SolidWorks continues to see strong growth in maintenance revenue demonstrating a high level of customer satisfaction. Additionally, it saw very strong sales of its analysis and product data management software offerings
for the Mainstream market. SolidWorks wins in the quarter included BANSS Schlacht- und Fördertechnik and Douglas Machine in special machinery and Intertechne in energy.

Channel Highlights

While we will not have an in-depth channel review this quarter, I would like to make some quick points. I believe our financial results certainly reflect our continued focus on execution, particularly in the sales channels initiatives we have underway. Additionally, we benefited from good growth in capacity in all our sales channels. We continue to focus on working closely together with our partners, improving our sales coverage and providing high value to our customers. In particular, our PLM Business Transformation channel delivered a strong performance this quarter thanks to IBM PLM as well as our direct sales force.

So, let me turn the call over to Thibault now for his financial review.
Summary GAAP/non-GAAP Differences

Before going into a financial review of the quarter, let me begin with a brief review of our GAAP and non-GAAP reconciliation figures. For the 2008 second quarter: GAAP and non-GAAP revenue are identical as we had no deferred revenue write-downs; operating income, operating margin and earnings per share are before amortization expenses for acquired intangibles of 10.4 million euros, stock-based compensation expense of 4.7 million euros and 2.1 million of other operating income and expense, net primarily consisting of income and expense amounts in connection with the relocation of our corporate headquarters, and restructuring expenses as we look to introduce greater efficiencies into the Company.

IFRS 2008 First Half Report

We will be publishing our 2008 First Half report under IFRS in early August and have included in today’s earnings press release reconciliations of GAAP and IFRS financial data as well as non-GAAP and adjusted IFRS data. These tables can be found on page 13 of our release. In particular, I would like to point out that under IFRS we recognize a 17 million euro gain on sale of real estate on an office building we own in Suresnes this quarter, but under U.S. GAAP we will recognize it in the fourth quarter. From a non-GAAP and adjusted IFRS perspective there is no difference.
Financial Summary

Now let’s turn to the second quarter. This was a very rewarding quarter from a number of aspects. First, our financial results came in above our objectives.

- Total revenue came in at 326 million euros, exceeding the high end of our objective range of 315 to 320 million euros. Software revenue was the driver of our growth increasing 15 percent in constant currencies.
- Our operating margin came in at 25.1 percent, above our target of 24 percent.
- And EPS was up 10 percent to 46 cents, at the high end of our range of 44 to 46 cents. In fact, without the quick rise in the yen at quarter-end which impacted the translation of receivables at June 30th, we would have exceeded our EPS range.

Our results also included very good improvement in net operating cash flow. Net operating cash flow was up sharply in the 2008 second quarter to 106 million euros compared to 69 million euros in the year-ago period on a nice improvement in working capital.

At the end of June our cash and short-term investments totaled 740 million euros and net of long-term debt, this amounted to 540 million euros. We are returning cash to shareholders in two ways: (i) with a 5 percent increase in the 2007 fiscal year annual cash dividend, aggregating 54 million euros, which we paid in June, and (ii) through share repurchases.
In today’s press release we announced plans to repurchase up to 2 million shares during the second half of 2008 depending on market conditions. As you recall we repurchased over 960,000 shares during the first quarter of 2008.

**Regional Growth**

Looking at growth by region, both Europe and Asia had similar rates of growth compared to the first quarter. In Europe, revenue increased 11 percent, reflecting a good dynamic in Germany, strong demand in Eastern Europe and Russia as well as a good performance in France with large accounts.

Revenue increased 9 percent in constant currencies in Asia, similar to the first quarter and reflected a particularly good dynamic with CATIA and improvement for SolidWorks offset in part from lower services. I would also remind you that we had a strong year-ago comp of +23 percent in constant currencies.

Revenue growth was strongest in the Americas, with revenue up 17 percent in constant currencies. ENOVIA, SIMULIA and DELMIA had a very good level of activity, well supported by CATIA and SolidWorks. By customer type, we did well in the Americas with both large and SMB companies.

**Software Summary**

Now, looking at the details of software growth, we benefited from accelerating new licenses revenue growth which increased 12 percent in constant currencies. Key drivers in the quarter included CATIA, SolidWorks
and ENOVIA. And recurring software revenue, comprised of periodic fees and maintenance, grew 18 percent in constant currencies on growth in our installed base and double-digit growth in simulation with high leasing activity. Recurring revenue represented 64 percent of our total software revenue in the quarter.

Excluding currency effects, PLM software revenue increased 16 percent. And Mainstream 3D software revenue increased 13 percent in constant currencies.

**Services and Other Revenue Review**

Services results were in line with our expectations. Our 2008 services trends reflect the perimeter effect of winding down historical channel management activities formerly rendered to IBM. During the second quarter services and other revenue decreased 2 percent in constant currencies.

Our specialized, PLM consulting services made progress during the quarter with some very interesting new consulting engagements. From a margin perspective we had a very visible improvement from the first quarter thanks to our consulting activities. I would remind you that a services margin comparison to the year-ago period reflected a much higher mix of CMP fees and therefore is not so meaningful to measure our progress.

**Operating Expenses**

Turning to operating expenses, research and development headcount was up about 7 percent – that includes personnel in R&D and cost of software as well. And R&D expenses were also up about 7 percent excluding currency so thanks to research tax credits we were able to contain this increase.
In total, operating expenses increased 10 percent excluding currency on headcount growth of 8 percent.

Other operating income and expense, net
Within operating expenses on a GAAP basis, we have added a new line item, ‘Other operating income and expense, net’. This line item is comprised principally of income and expenses related to our corporate headquarters relocation as well as other generally non-recurring restructuring expenses. For the full year we estimate about 17 million euros of additional income and about 16 million of expense related to our headquarters’ relocation.

The second group of non-recurring expenses is related to an initiative we began last year to reduce infrastructure costs through the co-location of DS teams; the mutualization of IT; emphasizing shared services across HR, Finance and Legal; and reduction of legal entities. In this regard we recently announced plans to consolidate an R&D facility to increase efficiency in R&D.

Financial Objectives
We are reconfirming our 2008 financial objectives for software revenue growth of about 12 to 13 percent in constant currencies; expansion of our operating margin, leading to an objective of about 27 to 27.5 percent, and EPS of about 2.10 to 2.17 euros. These objectives are based upon the business opportunities we see as well as the visibility provided by our financial model, and despite the macroeconomic backdrop.
In July we completed the spin-off of DSF, our PLM sales division dedicated primarily to small and medium businesses in France, Belgium and Luxembourg. We also completed the acquisition of Engineous Software which is now part of our SIMULIA brand. We estimate the second half impact of the DSF spin-off to be 11 million euros, while the addition of Engineous has a positive impact of around 4 to 5 million euros.

So, we are updating our full year revenue range to take into account the estimated net 6 to 7 million euros lower revenue effect of these transactions, with the new mid-point of our range now at 1.325 billion euros, from 1.332 billion euros and an overall range of 1.32 to 1.33 billion euros.

Based upon our outlook and currency assumptions, we are targeting a non-GAAP revenue objective of about 305 to 315 million euros and a non-GAAP EPS objective of about 41 to 44 cents for the 2008 third quarter.

With respect to underlying exchange rate assumptions, for the third quarter we are assuming a U.S. dollar 1.60 per euro exchange rate and a Japanese yen at 160 yen per euro. While the yen has been volatile recently, the average exchange rate for the second quarter was 163 so we are maintaining our assumption of 160 yen per euro and will evaluate it further next quarter.

For the full year, we are assuming a U.S. dollar to euro exchange rate of $1.57 and have moved up the Japanese yen exchange rate to 160 yen per euro from 159.
Just three housekeeping items: first, regarding CATIA’s second half growth rate: the second quarter was the last period of perimeter effect from the ICEM acquisition. In addition, the revenue impact from the DSF spin-off is both a software and services adjustment. In the case of software, most of the DSF software revenue resides within CATIA. And we began to see the acceleration in CATIA software revenue since the 2007 third quarter, benefiting from the changes in our PLM Value channel.

Secondly, we now give CATIA software revenue and have decided to stop giving unit information as we have found it is not a key indicator of overall performance for CATIA.

Third, we would like to align our end of year budgeting for 2009 and financial objective setting. In order to do this, we plan to wait and give our initial 2009 objectives at the time of our fourth quarter release in February 2009.

**IFRS and Nasdaq Voluntary Delisting**

As you read in this morning’s press release, our Board of Directors approved the voluntary delisting from Nasdaq. The delisting procedure will start in October 2008.

From a reporting perspective, we will continue reporting and publishing in U.S. GAAP for the third and fourth quarters of this year. Commencing with 2009, we will solely report and communicate in IFRS. To assist with this transition, we are planning to conduct a conference call with interested participants on both the sell-side and buy-side in early December or
thereabouts to walk through the changes and to provide you with detailed reconciliations and excel files.

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

**Momentum in Simulation**

I highlighted our results by brand at the outset of the call, but I would like to spend some additional time on SIMULIA this quarter. It continues to deliver robust growth with mid-teens revenue growth in constant currencies in the second quarter and in the first half of 2008.

This growth comes from SIMULIA’s strong traction across a broad range of industries. In fact, our simulation software is used by virtually all of the industries we focus on.

On top of excellent growth, SIMULIA has a very resilient business model. Over 90 percent of its software revenue is recurring in nature.

In addition to its expertise in Unified FEA and multi-physics, SIMULIA is progressing in simulation lifecycle management (SLM) and has several customer pilots during 2008. As you all know, SLM is based upon ENOVIA V6.

In connection with our SLM efforts we acquired Engineous Software on July 21\textsuperscript{st} for a cash purchase price of 40 million dollars. This company has about 90 employees and over 300 customers from diverse industries. And we have a number of customers in common, including Boeing, GM, Nissan, Procter &
Gamble, Caterpillar, Canon, Rolls-Royce, United Technologies, General Electric, Samsung and Toyota.

We were attracted by Engineous proven technologies and two compelling products: iSIGHT-FD to use simulation to optimize product design by finding the best set of variables for a product, and FIPER to automate simulation processes. Our objective with the acquisition is to accelerate the availability of simulation process automation, optimization and decision support within SIMULIA SLM and to bring strong portfolio connectors to third-party simulation applications. The Engineous people are very delighted to join DS.

**Vertical Industry Highlights**

We had an excellent dynamic in software with our leading brands, with new wins and additional business in many of our verticals, including automotive, aerospace, high tech, energy, apparel and life sciences among others.

**Automotive**

Investment cycles continue to remain solid in the automotive market in spite of a difficult environment. PLM is seen as a driver to invent new ways of designing cars while monitoring R&D costs very closely.

We are seeing investments in our solutions by both OEMs and Tier1 suppliers across all geographies, including the U.S. For example, we have new activity with Ford, Visteon and Johnson Controls in the Americas; with Volvo Cars, Valeo and Avtovaz in Europe; and with Honda and Hyundai Motor in Asia Pacific.
And in our discussions with automotive customers, V6 is being very well received as the solution to enable global collaborative innovation and IP management.

**Aerospace**

In the aerospace industry there are a number of new airplane programs and this dynamic is driving growth. We are seeing investments by both OEMs and suppliers in all geographic regions. For instance, in the Americas, we have new activity with Bombardier, Sikorsky and Parker Hannifin; in Europe with Airbus, Safran and Agusta Westland, and in Asia Pacific with AVIC.

Parker Hannifin has selected ENOVIA MatrixOne and CATIA to have a single PLM and single CAD across seven aerospace divisions. We had first replaced the different CAD systems in place at Parker Hannifin and now they have just selected ENOVIA MatrixOne.

From a collaboration perspective, several aerospace OEMs are starting to invest in ENOVIA MatrixOne to improve their business processes.

**Life sciences**

We are also seeing good traction in the Life Sciences market, in particular with ENOVIA and SIMULIA. We are pleased to announce that Abbott is expanding its ENOVIA implementation to enhance the management of product development and regulatory compliance. Abbott is a broad-based health care company headquartered in Chicago, serving customers in more than 130 countries, with an employee base of more than 68,000.
GN ReSound is a world leading specialized hearing healthcare producer, headquartered in Denmark. Its products include hearing aids. It has chosen SIMULIA to improve its product quality and performance.

**High tech**

In high tech, Nokia Siemens Networks, one of the world’s largest network communications company, is working with ENOVIA MatrixOne to optimize product development. The initial investment is for more than 5,000 users.

And, Lenovo, a world-leading IT and personal computing company, chose SIMULIA to evaluate the performance and reliability of its electronic products at its award-winning ‘Innovation Design Center’.

**Apparel**

Turning from high tech to apparel, Under Armour, a leading US company in performance apparel is using ENOVIA MatrixOne. I would like to share a comment from Under Armour’s CIO which demonstrates the strategic importance of our solutions to customers. Jody Giles said “ENOVIA MatrixOne is one of our most strategic applications because it helps ensure that we design and develop the right product on schedule for the market.”

Pacific Brands, a leading apparel company headquartered in Australia, with 9,000 employees in 216 locations across eight countries has elected ENOVIA MatrixOne to help it drive apparel development from concept to customers.
**Energy**

From providing solutions for business processes in apparel, we are also providing them for the energy industry. ENOVIA SmarTeam was selected by OKG, owner of four nuclear plants in Sweden, to improve the management of information regarding its facility and equipment as well as its compliance with safety regulations.

**Architecture & Construction**

Arup, a leading consulting firm providing world-class engineering services, is using CATIA software in conjunction with the Gehry Technologies’ Digital Project™ software platform to develop some of the most innovative architecture including the 2008 Beijing Olympics stadium.

In those new industries we are winning against our closest competitors.

**Version 6**

Turning now to V6, at the end of May 2008, we introduced our new Version 6 release and in the second half, we will be announcing its general availability in all channels including the IBM PLM channel. Since its introduction, we can confirm strong customer interest for V6. Initial customers selecting V6 include Schuler and Nikon.

We also see strong interest from IBM. In a July 29th press release, IBM says it is deepening its commitment to sell and support DS PLM software offerings with the new V6 platform. In the same press release, Johnson Controls, Inc. highlighted their positive feedbacks after evaluating V6.
What we are seeing is that three key strengths of our V6 technology, collaboration which is native and extremely powerful because it is truly online, much greater ease of design and its tight integration and openness are important attributes to potential customers.

Summary

To conclude, DS made very good progress during the first half of 2008. Looking to the full year, we will continue to pursue our business and financial initiatives. While the macro-economic environment backdrop is certainly mixed, the strength of our results across regions and brands underscores the strategic importance of our software and core services offerings for our customers. With that in mind, this is where we will keep our focus.

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

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