

SECURITIES AND EXCHANGE COMMISSION

FORM SC TO-I

Issuer tender offer statement

Filing Date: **2003-01-06**
SEC Accession No. [0000898430-03-000042](#)

(HTML Version on [secdatabase.com](#))

SUBJECT COMPANY

ACTIVCARD SA

CIK: [1107721](#) | IRS No.: **000000000**

Type: **SC TO-I** | Act: 34 | File No.: **005-61125** | Film No.: **03505685**

SIC: **7372** Prepackaged software

Mailing Address
C/O ACTIVCARD SA
6531 DUBRARTON CIRCLE
FREMONT CA 94555

Business Address
24-28 AVENUE DU GENERAL
DE GAULLE
(33-1) 42-04-8400
92156 SURESNES CEDEX 10
29156

FILED BY

ACTIVCARD CORP

CIK: [1183941](#) | IRS No.: **450485038** | State of Incorp.: **DE** | Fiscal Year End: **1231**

Type: **SC TO-I**

SIC: **7372** Prepackaged software

Mailing Address
6623 DUMBARTON CIRCLE
FREMONT CA 94555

Business Address
6623 DUMBARTON CIRCLE
FREMONT CA 94555
5105710100

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE TO

**TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR 13(e)(1) OF
THE SECURITIES EXCHANGE ACT OF 1934**

ACTIVCARD S.A.

(Name of Subject Company (Issuer))

ACTIVCARD CORP. (Offeror)

and

ACTIVCARD S.A. (Issuer)

(Name of Filing Persons (identifying status as
offeror, issuer or other person))

**COMMON SHARES, PAR VALUE EURO 1.00 PER SHARE
AND
AMERICAN DEPOSITORY SHARES**

(Title of Class of Securities)

**COMMON SHARES, ISIN FR0004151314
AMERICAN DEPOSITORY SHARES, CUSIP 00505N109**

(CUSIP Number of Class of Securities)

**STEVEN HUMPHREYS
CHIEF EXECUTIVE OFFICER
ACTIVCARD S.A.
6623 Dumbarton Circle
Fremont, California 94555
Telephone: (510) 574-0100
Facsimile: (510) 574-0135**

(Name, address and telephone number of persons authorized
to receive notices and communications on behalf of filing persons)

Copy to:
STEPHEN C. FERRUOLO, ESQ.
HELLER EHRLMAN WHITE & MCAULIFFE LLP
4350 La Jolla Village Drive, 7th Floor
San Diego, California 92122
Telephone: (858) 450-8400
Facsimile: (858) 450-8499

Calculation of Filing Fee

Transaction Valuation*:	Amount of Filing Fee:
\$355,056,046.46	\$32,666.00

* Estimated solely for purposes of calculating the amount of the filing fee only, in accordance with Rule 0-11(b)(2) under the Securities Exchange Act of 1934, as amended, based on the sum of (A) the product of the average of the high and low sales prices of the ActivCard S.A. ADSs on the Nasdaq National Market on January 2, 2003 (\$8.49) times the maximum number of ADSs to be received in the exchange offer, plus (B) the product of the average of the high and low sales prices of the ActivCard S.A. common shares on Nasdaq Europe on January 2, 2003 (\$8.30) times the maximum number of common shares to be received in the exchange offer.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule, and the date of its filing.

Amount Previously Paid: \$24,100

Form or Registration No.: Form S-4 (file no. 333-100067)
Filing Party: ActivCard Corp.
Date Filed: September 25, 2002

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer:

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third-party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

This Tender Offer Statement on Schedule TO relates to the offer by ActivCard Corp., a newly formed Delaware company ("ActivCard Corp."), to exchange:

one share of its common stock, \$0.001 par value per share, for every common share, par value Euro 1.00 per share, of ActivCard S.A., a *société anonyme* organized under the laws of the Republic of France ("ActivCard S.A."); and

one share of its common stock, \$0.001 par value per share, for every American depositary share (ADS) evidenced by an American depositary receipt (ADR) of ActivCard S.A. (the "Exchange Offer"). Each ADS represents one common share of ActivCard S.A.

In connection with the Exchange Offer, ActivCard Corp. has filed a registration statement on Form S-4 (file no. 333-100067) (the "Registration Statement") with the Securities and Exchange Commission. The terms and conditions of the Exchange Offer are set forth in the prospectus (the "Prospectus"), which is part of the Registration Statement and the related Form of Acceptance and Letter of Transmittal.

Item 1. Summary Term Sheet.

The information set forth in the sections of the Prospectus entitled "Questions and Answers about the Exchange Offer" and "Summary of the Prospectus" is incorporated herein by reference.

Item 2. Subject Company Information.

(a) The issuer of the common shares and ADSs subject to the Exchange Offer is ActivCard S.A., a *société anonyme* organized under the laws of the Republic of France, whose registered address is 24-28, avenue du Général de Gaulle, Suresnes, Cedex, France, telephone number 011-33-142-04-8400, and whose principal executive offices are located at 6623 Dumbarton Circle, Fremont, California 94555, U.S.A., telephone number (510) 574-0100.

(b) The subject class of equity securities includes all of the issued and outstanding common shares, par value 1.00 Euro per share, of ActivCard S.A., of which there were 27,327,000 shares issued and outstanding as of December 18, 2002, and all of the issued and outstanding American depositary shares (ADSs), of which there were 14,533,036 ADSs issued and outstanding as of December 18, 2002.

(c) ActivCard S.A.'s common shares are traded on Nasdaq Europe and its ADSs are traded on the Nasdaq National Market, both under the symbol "ACTI." The information regarding ActivCard S.A. common shares and ADSs set forth in section of the Prospectus entitled "Market Price and Dividend Information" is incorporated herein by reference.

Item 3. Identity and Background of Filing Person.

(a) ActivCard S.A., the Issuer, is the subject company and its principal executive offices are located at 6623 Dumbarton Circle, Fremont, California 94555, U.S.A., telephone number (510) 574-0100. The information set forth in the section of the Prospectus entitled “Information about ActivCard S.A.–Executive officers and directors” is incorporated herein by reference. The address of each director and/or executive officer listed in that section is 6623 Dumbarton Circle, Fremont, California 94555, U.S.A., telephone number (510) 574-0100. Additionally, Mr. Kheng Nam Lee, one of ActivCard S.A.’s directors, serves as an officer for Vertex Venture Holdings Ltd. Vertex Venture Holdings and its affiliates, Vertex Investments International (III) Inc., Vertex Asia Limited, Vertex Management (II) Pte Ltd, and Vertex Investment (II) Ltd. (collectively, “Vertex Management”), hold in the aggregate approximately ten percent of the outstanding voting securities of ActivCard S.A. The principal address of Vertex Management is 77 Science Park Drive, #02-15 Cinetech III, Singapore 118256 and the phone number is 65-67770122.

ActivCard Corp., the Offerer, was formed for the purpose of carrying out the Exchange Offer. The principal executive offices of ActivCard Corp., are located at 6623 Dumbarton Circle, Fremont, California 94555, U.S.A., telephone number (510) 574-0100. ActivCard Corp. currently has the same board of directors and the same executive management team as ActivCard S.A. Christopher

Sozzi, Director of Legal Affairs of ActivCard, Inc., holds the sole issued and outstanding share of ActivCard Corp. His address is 6623 Dumbarton Circle, Fremont, California 94555, U.S.A., telephone number (510) 574-0100.

Item 4. Terms of the Transaction.

- (a) The information set forth in the sections of the Prospectus entitled "Questions and Answers about the Exchange Offer," "Summary of the Prospectus," "The Exchange Offer," "Terms of the Exchange Offer" and "Comparison of Rights of Holders of Capital Stock" is incorporated herein by reference.
- (b) The Exchange Offer is open to all holders of common shares and ADSs who tender their securities in a jurisdiction where the Exchange Offer is permitted under the laws of that jurisdiction. Therefore, any officer, director or affiliate of ActivCard S.A. who is a holder of common shares and/or ADSs of ActivCard S.A. may participate in the Exchange Offer. The information regarding ownership of outstanding common shares and ADSs set forth in the section of the Prospectus entitled "Matters Relating to Security Ownership of ActivCard S.A." is incorporated herein by reference.

Item 5. Past Contracts, Transactions, Negotiations and Agreements.

- (e) The information set forth in the sections of the Prospectus entitled "The Exchange Offer—Treatment of options, warrants and rights," "Information about ActivCard S.A. —Employment contracts," "—Stock option plans," "—Director share warrants plan," "—Related party transactions," and "Information about ActivCard Corp.—2002 Stock Option Plan" is incorporated herein by reference.

Item 6. Purposes of the Transaction and Plans or Proposals.

- (a) The information set forth in the section of the Prospectus entitled "The Exchange Offer—Purpose and reasons for the exchange offer" is incorporated herein by reference.
- (b) The information set forth in the section of the Prospectus entitled "The Exchange Offer—Effect of the exchange offer" is incorporated herein by reference.
- (c) (1) None.
(2) None.
(3) None.
(4) The information set forth in the section of the Prospectus entitled "Information about ActivCard Corp.—Directors and executive officers" is incorporated herein by reference.
(5) None.
(6) The information set forth in the sections of the Prospectus entitled "Summary of the Prospectus—The securities," "The Exchange Offer—Transfer of Nasdaq and Nasdaq Europe listings" and "Risk Factors—Risk related to the exchange offer and ActivCard Corp.—This transaction may adversely affect the liquidity and value of non-tendered ActivCard S.A. securities" is incorporated herein by reference.
(7) Pursuant to the Exchange Offer, ActivCard Corp. is attempting to acquire all of the outstanding common shares and ADSs of ActivCard S.A., which would result in the ActivCard S.A. securities becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934, as amended.
(8) Not applicable.

(9) None.

(10) None.

Item 7. Source and Amount of Funds or Other Consideration.

(a) The consideration to be paid by ActivCard Corp. in the Exchange Offer consists solely of shares of ActivCard Corp. common stock. ActivCard Corp. will exchange one share of its common stock for each common share of ActivCard S.A. and one share of its common stock for every ADS of ActivCard S.A.

(b) Not applicable.

(d) Not applicable.

Item 8. Interest in Securities of the Subject Company.

(a) The information set forth in the section of the Prospectus entitled "Matters Relating to Security Ownership of ActivCard S.A." is incorporated by reference.

(b) Transactions in ActivCard S.A. securities since November 7, 2002:

Name and Title	Date	Type of Transaction	Number of Shares	Type of Security	Price	Market
Yves Audebert Director, Founder, Vice Chairman, President and Chief Operating Officer	11/7/02	Sale	300,000	ADSs	\$ 8.75	Nasdaq National Market
	11/7/02	Sale	100,000	ADSs	\$ 8.80	Nasdaq National Market
	11/7/02	Sale	31,800	ADSs	\$ 8.79	Nasdaq National Market
	11/26/02	Sale	15,000	ADSs	\$ 9.25	Nasdaq National Market
	11/27/02	Sale	20,000	ADSs	\$ 9.05	Nasdaq National Market
	12/3/02	Sale	15,000	ADSs	\$ 9.00	Nasdaq National Market
	12/11/02	Sale	15,000	ADSs	\$ 8.84	Nasdaq National Market
	12/12/02	Sale	5,000	ADSs	\$ 8.90	Nasdaq National Market
	12/12/02	Sale	5,000	ADSs	\$ 9.05	Nasdaq National Market
Blair W. Geddes Chief Financial Officer	12/6/02	Purchase	3,000	ADSs	\$ 7.90	Nasdaq National Market
Marc Hudavert Vice President and General Manager, ActivCard Europe	11/12/02	Sale	10,000	ADSs	\$ 8.35	Nasdaq National Market
	11/22/02	Sale	10,000	ADSs	\$ 8.65	Nasdaq National Market
	11/12/02	Exercise of stock option	10,000	Common Shares	\$ 4.65	N/A
	11/22/02	Exercise of stock option	10,000	Common Shares	\$ 4.65	N/A
Sergio Cellini Director	11/29/02	Sale	20,000	ADSs	\$9.1045	Nasdaq National Market
	12/2/02	Sale	26,700	ADSs	\$ 9.06	Nasdaq National Market
	11/29/02	Exercise of warrant	20,000	Common Shares	\$ 5.75	N/A
	12/2/02	Exercise of warrant	8,000	Common Shares	\$ 5.75	N/A
	12/2/02	Exercise of warrant	11,200	Common Shares	\$ 1.25	N/A
	12/2/02	Exercise of warrant	7,500	Common Shares	\$ 4.14	N/A
James E. Ousley Director	11/22/02	Sale	25,000	Common Shares	\$ 8.91	Nasdaq Europe
	11/22/02	Sale	23,000	Common Shares	\$ 8.86	Nasdaq Europe

11/22/02	Sale	17,000	Common Shares	\$ 8.88	Nasdaq Europe
11/22/02	Sale	10,000	Common Shares	\$ 8.90	Nasdaq Europe
	Exercise of Stock Option				
11/22/02	Option	75,000	Common Shares	\$ 4.23	N/A
Vertex Management					
Beneficial Shareholder	11/8/02	Sale	20,000	ADSs	\$ 8.70 Nasdaq National Market
	11/11/02	Sale	10,000	ADSs	\$ 8.66 Nasdaq National Market
	11/12/02	Sale	30,000	ADSs	\$ 8.66 Nasdaq National Market
	11/13/02	Sale	30,000	ADSs	\$ 8.57 Nasdaq National Market
	11/14/02	Sale	30,000	ADSs	\$ 8.67 Nasdaq National Market
	11/15/02	Sale	10,000	ADSs	\$ 8.90 Nasdaq National Market
	11/15/02	Sale	30,000	ADSs	\$ 8.76 Nasdaq National Market

Name and Title	Date	Type of Transaction	Number of Shares	Type of Security	Price	Market
	11/18/02	Sale	15,000	ADSs	\$8.78	Nasdaq National Market
	11/19/02	Sale	6,500	ADSs	\$8.62	Nasdaq National Market
	11/19/02	Sale	5,000	ADSs	\$8.60	Nasdaq National Market
	11/20/02	Sale	10,000	ADSs	\$8.70	Nasdaq National Market
	11/20/02	Sale	5,100	ADSs	\$8.65	Nasdaq National Market
	11/21/02	Sale	15,500	ADSs	\$8.80	Nasdaq National Market
	11/21/02	Sale	17,000	ADSs	\$8.90	Nasdaq National Market
	11/21/02	Sale	6,900	ADSs	\$8.75	Nasdaq National Market
	11/22/02	Sale	33,000	ADSs	\$8.87	Nasdaq National Market
	11/22/02	Sale	20,000	ADSs	\$9.00	Nasdaq National Market
	11/22/02	Sale	20,000	ADSs	\$8.93	Nasdaq National Market
	11/22/02	Sale	20,000	ADSs	\$8.91	Nasdaq National Market
	11/29/02	Sale	25,000	ADSs	\$9.14	Nasdaq National Market
	11/29/02	Sale	3,000	ADSs	\$9.20	Nasdaq National Market
	11/29/02	Sale	5,000	ADSs	\$9.10	Nasdaq National Market
	12/2/02	Sale	11,000	ADSs	\$9.06	Nasdaq National Market
	12/2/02	Sale	9,000	ADSs	\$9.08	Nasdaq National Market
	12/2/02	Sale	5,000	ADSs	\$9.05	Nasdaq National Market
	12/3/02	Sale	15,000	ADSs	\$8.91	Nasdaq National Market
	12/3/02	Sale	15,000	ADSs	\$8.97	Nasdaq National Market
	12/4/02	Sale	10,700	ADSs	\$8.75	Nasdaq National Market
	12/4/02	Sale	20,000	ADSs	\$8.70	Nasdaq National Market
	12/5/02	Sale	4,500	ADSs	\$8.60	Nasdaq National Market
	12/13/02	Sale	9,300	ADSs	\$9.02	Nasdaq National Market
	12/13/02	Sale	35,000	ADSs	\$9.03	Nasdaq National Market
	12/13/02	Sale	10,600	ADSs	\$9.05	Nasdaq National Market
	12/13/02	Sale	4,400	ADSs	\$9.10	Nasdaq National Market

Item 9. Persons/Assets, Retained, Employed, Compensated or Used.

(a) The information set forth in the sections of the Prospectus entitled “Terms of the Exchange Offer–Information agent, exchange agents and depositaries” and “–Fees and expenses” is incorporated herein by reference.

Item 10. Financial Statements.

(a) The consolidated financial statements of ActivCard S.A. set forth under the section entitled “ActivCard S.A. Consolidated Financial Statements” in the Prospectus and the information set forth under “Summary of the Prospectus–Selected per share data” are incorporated herein by reference.

(b) The information set forth in the Prospectus under the section entitled “Summary of the Prospectus–Unaudited consolidated pro forma capitalization” is incorporated herein by reference.

Item 11. Additional Information.

(a) Agreements, Regulatory Requirements and Legal Proceedings.

(1) The information set forth in Item 5 of this Schedule TO and the information set forth in the sections of the Prospectus entitled “Information About ActivCard Corp.–Director compensation,” “–Executive compensation, employment and change in control arrangements,” “–Indemnification,” and “Information About ActivCard S.A.–Employment agreements” are incorporated herein by reference.

(2) The information set forth in the Prospectus under “The Exchange Offer–Regulatory approvals” and “Risk Factors” is incorporated herein by reference.

(3) Not applicable.

(4) Not applicable.

(5) Not applicable.

(b) None.

Item 12. Exhibits.

A list of exhibits filed herewith is contained in the Index to Exhibits, which is incorporated herein by reference.

Item 13. Information Required By Schedule 13E-3.

Not applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: January 6, 2003

ACTIVCARD CORP.

By: /s/ Blair W. Geddes
Name: Blair W. Geddes
Title: Chief Financial Officer

ACTIVCARD S.A.

By: /s/ Blair W. Geddes
Name: Blair W. Geddes
Title: Chief Financial Officer

INDEX TO EXHIBITS

**EXHIBIT
NUMBER**

(a)(1)(i) Form of Acceptance relating to ActivCard S.A. common shares (incorporated by reference to Exhibit 99.1 to the Registration Statement)

(a)(1)(ii) Letter of Transmittal relating to ActivCard S.A. ADSs (incorporated by reference to Exhibit 99.2 to the Registration Statement)

(a)(1)(iii) Notice of Guaranteed Delivery relating to ActivCard S.A. ADSs (incorporated by reference to Exhibit 99.3 to the Registration Statement)

(a)(1)(iv) Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees (incorporated by reference to Exhibit 99.4 to the Registration Statement)

(a)(1)(v) Letter to Clients re ADSs (incorporated by reference to Exhibit 99.5 to the Registration Statement)

(a)(1)(vi) Letter to holders of ActivCard S.A. common shares (incorporated by reference to Exhibit 99.6 to the Registration Statement)

(a)(1)(vii) Letter to holders of ActivCard S.A. ADSs (incorporated by reference to Exhibit 99.7 to the Registration Statement)

(a)(1)(viii) Press release dated September 24, 2002*

(a)(1)(ix) Press release dated January 6, 2003*

(a)(2) Not applicable

(a)(3) Not applicable

(a)(4) Prospectus dated December 31, 2002 (incorporated by reference to that prospectus filed with the SEC on January 6, 2003 by ActivCard Corp. pursuant to Rule 424(b)(3) under the Securities Act of 1933.)

(a)(5) Not applicable

(b) Not applicable

(d)(1) ActivCard S.A. 1997 Stock Option Plan (incorporated by reference to Exhibit 4.3.1 to ActivCard S.A.'s Registration Statement on Form S-8, file no. 333-50114)

(d)(2) ActivCard S.A. 1998 Stock Option Plan (incorporated by reference to Exhibit 4.3.2 to ActivCard S.A.'s Registration Statement on Form S-8, file no 333-50114)

(d)(3) ActivCard S.A. 1999 Stock Option Plan (incorporated by reference to Exhibit 4.3.3 to ActivCard S.A.'s Registration Statement on Form S-8, file no 333-50114)

(d)(4) ActivCard S.A. 2000 Stock Option Plan (incorporated by reference to Exhibit 4.3.4 to ActivCard S.A.'s Registration Statement on Form S-8, file no 333-50114)

(d)(5) ActivCard S.A. 2001 Stock Option Plan

(d)(6) ActivCard S.A. 2002 Stock Option Plan

(d)(7) ActivCard Corp. 2002 Stock Option Plan (incorporated by reference to Exhibit 10.1 to the Registration Statement)

(d)(8) Employment Offer Letter between Steven Humphreys and ActivCard, Inc. dated October 22, 2001 (incorporated by reference to Exhibit 10.5 to the Registration Statement)

(d)(9) Employment Offer Letter between Blair W. Geddes and ActivCard S.A. dated September 12, 2000 (incorporated by reference to Exhibit 10.7 to the Registration Statement)

(d)(10) Promissory Note dated October 22, 2001 (incorporated by reference to Exhibit 10.8 to the Registration Statement)

(g) Not applicable

(h)(1) Opinion of Heller Ehrman White & McAuliffe LLP (incorporated by reference to Exhibit 8.1 to the Registration Statement)

(h)(2) Opinion of Shearman & Sterling LLP (incorporated by reference to Exhibit 8.2 to the Registration Statement)

*Filed pursuant to Rule 425 under the Securities Act of 1933, as amended and deemed filed pursuant to Rule 13e-4 (e) under the Securities Exchange Act of 1934, as amended.

**ACTIVCARD S.A.
2001 STOCK OPTION PLAN**

(a) Preamble

In compliance with sections L. 225-177 to L. 225-185 of the French Commercial Code as amended by French law n° 2001-420 dated May 15, 2001, an Extraordinary Shareholders Meeting of ACTIVCARD (hereafter indiscriminately “ACTIVCARD S.A.” or the “Company”) dated June 27, 2001, has authorized, in its 18th resolution, the Board of Directors (hereafter the “Board”) to implement a plan of options to subscribe ACTIVCARD shares (hereafter the “2001 Stock Option Plan”) to the benefit of all or part of the employees and managers (hereafter the “Beneficiaries”) of ACTIVCARD S.A. and of the linked companies as defined under section L.225-180 of the Commercial Code (the Company and the linked companies, hereafter together the “Group”), including the subsidiaries ACTIVCARD EUROPE S.A. and ACTIVCARD Inc. The purpose of this document is to define the conditions of allocation and the exercise of the options to subscribe for ACTIVCARD shares allocated to the Beneficiaries with respect to the 2001 Stock Option Plan (hereafter the “Options”), as well as the conditions of transfer of the shares subscribed by exercise of the Options (hereafter the “Shares”), pursuant to the decisions of the Board.

Pursuant to the Extraordinary Shareholders Meeting’ authorization of June 27, 2001, the maximum amount of Options authorized, shall not give the right, at each date of allocation considered, to subscribe a number of Shares superior to 1,600,000 shares. Each Option allows the subscription of one Share of a par value of one (1) euro. The Board dated July 25, 2001 decided to adopt the principle of allocating in blocks: (a) Block A including Options allocated to Beneficiaries who are French fiscal residents as of the date of allocation by the Board of Directors (“Options A”), and (b) Block B including Options allocated to Beneficiaries who are non-French fiscal residents as of the date of allocation by the Board of Directors (“Options B”).

The Options are not negotiable and, unless specified by the Board and permitted by applicable law, can be transferred solely by succession.

(b) Beneficiaries of the Options

The Board will fix, during its meetings (hereafter the “Date of Allocation”), pursuant to the proposal of the Remuneration Committee, the list of Beneficiaries of Options A and Options B, specifying the number of Options allocated to each Beneficiary and the price of exercise of the Options. This list will be divided into two sub-lists corresponding respectively to the Beneficiaries of Options A and Options B. This list will be attached to the minutes of the each Board’ s meeting proceeding to allocations.

(c) Price of exercise of the Options

Following the modalities of determination of the exercise price of the Options fixed by the Extraordinary Shareholders Meeting dated June 27, 2001, the special report of the statutory auditors to this meeting and the Board’ s report to this meeting, the exercise price for the Options A and Options B will be fixed by the Board of Directors as the date the Options are granted. The price shall be equal to the average of the closing quotation price of the Share during the 20 quotation days on the NASDAQ EUROPE preceding the day of allocation of Options by the Board of Directors, converted into euros using the exchange rate of the day prior to the allocation of the options by the Board of directors.

This exercise price fixed for the duration of the validity of Options A and Options B shall be, as the case may be, modified pursuant to the provisions of section L. 225-181 of the French Commercial Code.

(d) Modalities of exercise of Options A and Options B and of transfer of the Shares subscribed to by exercise of the Options

(A) Block A

(i) Any Beneficiary, subject to remaining an employee or manager of a company of the Group will be able to exercise, in whole or in part, at once or in several blocks, the following quantities of Options A:

Fifty percent (50%) of Options A as of the second (2nd) anniversary of the Date of Allocation (indicated in the notification of allocation sent to the Beneficiary); and

One forty-eighth (1/48) additionally each month during the following 24 months, subject to the Beneficiary remaining an employee or manager of a company of the Group on each such vesting date.

After the seventh (7) anniversary of the Date of Allocation, all Options A not exercised shall be irrevocably null and void and shall be canceled without payment therefor.

(ii) Except as provided below, if the Beneficiary breaks his contract of employment or resigns from his managing position with a company of the Group, the right to exercise his Options A, which may be exercised pursuant to clause (i) hereabove, will cease automatically three (3) months after the date of breach of his contract of employment or resignation from his managing position with a company of the Group, as the case may be.

As an exception, the right to exercise the Options A will remain, in the event of death or invalidity corresponding to the events provided in section 91 ter of Annex II of the General French Tax Code, under the following conditions:

In case of death, and to the extent that the Beneficiaries could personally exercise the Options A as of the date of death, the heirs shall have twelve (12) months from the date of the death to exercise the allocated Options A;

In case of invalidity and under the aforementioned conditions, the Beneficiary will be able to, during the validity period of the Options A, exercise all or part of the Options A that will have been allocated to him with respect to this plan;

With respect to the two paragraphs hereabove, the Options A will be considered as open to exercise as of the Date of Allocation.

(iii) The Board will be able to temporarily suspend the exercise of the Options A during the periods of realization of operations of share capital or implying the detachment of a right.

(iv) The Shares subscribed by the exercise of the Options A will be allowed to transfer or to conversion into bearer form, except as provided in clause (ii) hereinabove, only after the fourth (4th) anniversary of the Date of Allocation.

(B) Block B

(i) Any Beneficiary, subject to remaining an employee or manager of a company of the Group will be able to exercise, in whole or part, at once or in several blocks, the Options B that were allocated to him pursuant to the following modalities:

Twenty five percent (25%) of Options B as of the first (1st) anniversary of the Date of Allocation (indicated in the notification of allocation sent to the Beneficiary); and

One forty-eighth (1/48) additionally each month during the following 36 months, subject to the Beneficiary remaining an employee or manager of a company of the Group at those dates.

After the seventh (7) anniversary of the Date of Allocation, the Options B not exercised shall be irrevocably null and void and shall be canceled without payment therefor.

(ii) Except as provided below, if the Beneficiary breaks his contract of employment or terminates his employment with a company of the Group, the right to exercise his Options B, which may be exercised pursuant to clause (i) hereabove, will cease automatically three (3) months after the date of breach of his contract of employment or his termination of employment with a company of the Group, as the case may be.

As an exception, the right to exercise the Options B will remain, in the event of death or invalidity corresponding to the events provided in section 91 ter of Annex II of the General French Tax Code, under the following conditions:

In case of death, and to the extent that the Beneficiaries could personally exercise the Options B as of the date of the death, the heirs shall have a twelve (12) months period as of the date of the death to exercise the allocated Options B;

In case of invalidity and under the aforementioned conditions, the Beneficiary will be able to, during the validity period of the Options B, exercise all or part of the Options B that will have been allocated to him with respect to this plan;

With respect to the two paragraphs hereabove, the Options B will be considered as open to exercise as of the Date of Allocation.

- (i) The Board will have the right to temporarily suspend the exercise of the Options B during the periods of realization of operations of share capital or implying the detachment of a right.
- (ii) The Shares subscribed by the exercise of the Options B will be allowed to transfer or to conversion into bearer form, except as provided in clause (ii) hereinabove, as of their issuance.
- (iii) Any Beneficiary who will exercise his Options B in the United States will be required upon exercise of his Options, to provide the Company with an investor letter pursuant to which he represents and agrees (1) that he has subscribed to the Shares for investment and not with a view to the distribution thereof, and (2) that any resale of such shares will be made by such Beneficiary pursuant to a registration statement under the U.S. Securities Act of 1933, as amended, or applicable "blue sky" laws (or an exemption from registration) and (3) that such purchaser will deliver to each person to whom it transfers Shares a notice substantially to the effect of this legend.
- (iv) The Board shall have the right to set any other terms and conditions with respect to the allocation, transfer or exercise of Options B.

(e) Tax regime applicable to Options A

Under current French legislation, the following provisions summarize the tax consequences, for French resident employees of the Company, resulting from the exercise of the Options issued by the Company and the sale of Shares received upon exercise of their Options. This information is only meant to be a summary of the tax system applicable to the stock options. Beneficiaries of the Options are advised to consult their tax advisor to see which tax regime applies to their particular case.

The gains realized upon (i) the exercise of the Options (acquisition gain) and (ii) the sale of the Shares obtained upon exercise of the Options (sale's gain)¹ will both be taxable in the hands of the Beneficiaries for the year the Shares obtained upon exercise of the Options are sold.

¹ Assuming that the discount on the subscription price of the Shares (i.e. the difference between the market value of the Share on the date the Options are allocated and the exercise price of the Options) does not exceed 5% of the market value of the Shares on the date the Options are allocated.

(i) Acquisition Gain

The acquisition gain is equal to the difference between the market price of the Share on the date the Option is exercised and the exercise price of the Option. This acquisition gain is taxable for the year during which the Shares obtained upon exercise of the Options are sold.

Assuming that certain conditions² and formalities as well as a 4-year lock-up period between the allocation date of the Options and the sale date of the Shares obtained upon exercise of the Options are respected³, the acquisition gain realized upon exercise of the Options is taxable as follows:

- Upon election of the Beneficiary, as salary income at progressive income tax rates; or,
- As capital gain on securities at the specific rate of (i) 40% (including CSG, CRDS, and the 2% Social contribution) for the yearly portion of the acquisition gain up to 1 million francs (i.e. 152,000 euros) and (ii) 50% (including CSG, CRDS, and the 2% Social contribution) for the yearly portion of the acquisition gain which exceeds 1 million francs (i.e. 152,000 euros), if the annual sales realized during the year in which the Shares obtained upon exercise of the Options are sold, on the disposal of securities and company shares exceeds, per tax household, the threshold of 50,000 French Francs (i.e. 7,622 euros).

However, in the event that the Shares obtained upon exercise of the Options are retained for at least 2 years starting from the fourth anniversary of the allocation of the Options or the exercise date of the Options, whichever is later, the 40% and 50% rates are respectively reduced to 26% and 40% (including CSG, CRDS, and the 2% Social contribution).

(ii) Gain realized on the Sale of the Shares Obtained Upon Exercise of the Options

The gain realized on the sale of the Shares obtained upon exercise of the Options is equal to the difference between the Shares market price on the date of sale (the sale price) and the Shares market price on the date the Options were exercised.

Such capital gain is taxable at the rate of 26% (including CSG, CRDS, and the 2% Social contribution) if the annual sales realized during the year in which the Shares obtained upon exercise of the Options are sold, on the disposal of securities and company shares exceeds, per tax household, the threshold of 50,000 French Francs (i.e. 7,622 euros).

In the event that a capital loss is made on the sale of the Shares obtained upon exercise of the Options because the price of the Shares on the market has decreased since the Options were exercised, this capital loss could be offset against the acquisition gain and more generally, against any gain of similar under ordinary conditions.

(f) Several provisions common to the Options A and Options B

(i) The Board was authorized by the Extraordinary General Meeting to determine the modalities of the Options A and Options B.

The Board, using such authorization allowing it, notably to restrict, limit, or prohibit (a) the exercise of Options A and Options B or (b) the sale of the Shares resulting from the exercise of Options A and Options B, by the Beneficiaries during certain periods or as of certain events, has decided that the Options allocated with respect to Block A and Block B, shall not be exercised

² Among other things, the shares obtained upon exercise of the Options must be and remain registered in the books of the company (*actions sous la forme nominative*)

³ However, the four-year period is not required in cases of obligatory retirement, dismissal, invalidity or death of the employee

should the Company be subject to a spin-off, be part, as an absorbed company to a merger, or in the event of the sale of the majority of its assets.

However, in the event of a merger or a spin-off of the Company by contribution of absorption, or of a sale of the majority of its assets, the successor of the Company shall grant an option on its own securities or on that of a linked company as defined under section L. 225-180 of the French Commercial Code for each Option A or Option B allocated or an equivalent right.

Should the successor refuse to allocate the Options or to substitute them an equivalent, the Beneficiary may immediately exercise entirely the Options A or Options B, including those which could not be exercised yet. In such case, the Board or any person designated by it, shall inform the Beneficiary in writing that he disposes of a fifteen (15) day period following such notification to exercise his Options A and Options B. After such period, the Options A or Options B shall be null and void and canceled without payment therefor.

Moreover, the Board or any person appointed by it for this purpose may, as the case may be, (a) require for the exercise of the Options A or Options B by the Beneficiary, that he provides all necessary elements so as to guarantee that he will carry out all tax and social obligations that will result from the exercise of the Options or the sale of Shares subscribed through the exercise of the Options and (b) after express authorization of the Beneficiary, retain on the gains of the sale of the Shares the potential quota of social charges or the tax due by the Beneficiary.

- (ii) To the extent practicable, the Beneficiaries shall be informed at least one (1) week before the effectiveness of any temporary or definitive restriction, limitation or prohibition for the exercise of the Options A and Options B or the sale of the Shares resulting from the exercise of the Options A and Options B.
- (iii) The Shares subscribed through the exercise of the Options A and Options B allocated with respect to this 2001 Stock Option Plan shall be in registered form and will receive dividends as of the first day of the fiscal year of their subscription.
- (iv) The Board retains the right, as the case may be, and notwithstanding the provisions of clause d(A) (ii) hereabove, (a) to anticipate the dates of exercise of the Options allocated to all or part of the Beneficiaries of the Blocks A and B and (b) to maintain the possibility to exercise the Options A and Options B.
- (v) The Board shall be able to, as the case may be, pursuant to the clauses (ii) and (iv) hereabove and the rules of the EASDAQ Dealing Code and any other applicable law, suspend or prolong during certain periods the exercise of the Options A and Options B.
- (vi) Notwithstanding any provision in this Plan or the Option Agreement to the contrary, Options may not be transferred, pledged, assigned or otherwise disposed of except by will or the laws of descent and distribution; *provided, however,* that Options may be, with the approval of the Board (or its designee), transferred to a member or members of an Optionee's immediate family (as defined below) or to one or more trusts or partnerships established in whole or in part for the benefit of one or more of such immediate family members (collectively, "Permitted Transferees"), subject to such rules and procedures as may from time to time be adopted or imposed by the Board. If an Option is transferred to a Permitted Transferee, it shall be further transferable only by will or the laws of descent and distribution or, for no consideration, to another Permitted Transferee of the Optionee. An Optionee shall notify the Corporation (or its designee) in writing prior to any proposed transfer of an Option to a Permitted Transferee and shall furnish the Corporation, upon request, with information concerning such Permitted Transferee's financial condition and investment experience. For purposes of the Plan, an Optionee's "immediate family" means spouse, lineal descendant, father, mother, brother or sister of the transferor; *provided, however,* that if the Corporation adopts a different definition of "immediate family" (or similar term) in connection with the transferability of employee stock options awarded to Optionees, such definition shall apply, without further action by the Board, to the Plan.

U.S. APPENDIX

1. This Appendix governs the grant of Options to United States Participants

This Appendix constitutes the part of the Stock Option Plan 2001 that will govern the subscription of Shares by, and the grant of Options to, United States Participants (the “U.S. Options”) and incorporates all the terms of the Stock Option Plan 2001 (as set forth above) including as modified in accordance with the provisions of this Appendix.

2. The limit on the number of Shares which can be issued

The maximum aggregate number of Shares (which, for this purpose, means fully paid ordinary Shares in the capital of the Company) which may be issued under U.S. Options, intending to qualify as “incentive stock options” (“ISOs”) within the meaning of Section 422 of the U.S. Internal Revenue Code of 1986, as amended (the “U.S. Tax Code”), under the Stock Option Plan 2001 is 1,600,000, subject to such adjustments made in a manner consistent with Section 422 of the U.S. Tax Code in the event of any issue or reorganization, as determined by the Board in its sole discretion. To the extent permitted under Section 422 of the U.S. Tax Code, any Shares subject to an ISO Award (as defined in Section 7 below) which lapses, expires or is otherwise terminated without the issuance of such Shares may, in the sole discretion of the Board, again be available for purposes of this limit.

3. How U.S. Options will be granted

All U.S. Options shall be evidenced by an instrument(s) in such form or forms as may from time to time be approved by the Board that, among other things, shall set out the manner in which a Participant may exercise his U.S. Option and the form of payment for the Shares.

4. Administration of this Appendix

The Board shall (i) administer this Appendix, (ii) establish from time to time such rules and regulations as it may deem appropriate for the proper administration of this Appendix and (iii) make such determinations under (including, without limitation, factual determinations), and such interpretations of, and take such actions in connection with, this Appendix or the U.S. Options as it may deem necessary or advisable, including, without limitation, determinations, interpretations and actions to ensure that U.S. Options intended to qualify as ISOs shall so qualify.

5. Section 16 Compliance

If any officer, director or shareholder of the Company is awarded U.S. Options and therefore becomes subject to Section 16 of the U.S. Securities Exchange Act 1934, as amended (the “Exchange Act”), the Company shall take all appropriate action to ensure that such awards under this Appendix are exempt from Section 16(b) under the Exchange Act.

6. Form of U.S. Options

U.S. Options may be either ISOs under Section 422 of the U.S. Tax Code or “nonqualified stock options”. The Board shall have the sole authority and discretion as to whether and to whom to grant either type of U.S. Option; provided, however, that the terms of each U.S. Option shall specify clearly the type of U.S. Option granted and no U.S. Option shall permit a “tandem” exercise arrangement within the meaning of Temp. Treas. Reg. section 14a.422A-1(Q/A-21), (Q/A-39).

7. Compliance with the ISO Rules

The following provisions shall apply to any U.S. Option that is intended to qualify as an ISO (each, an “ISO Award”):

(a) The aggregate fair market value (determined as of the date the ISO Award is granted in accordance with the requirements of Section 422 of the U.S. Tax Code) of the Shares underlying one or more ISO Award that is first exercisable in any calendar year (under all stock

option plans of the Company and its Subsidiaries (within the meaning of Section 424 of the U.S. Tax Code) shall not exceed U.S. \$100,000 (or the equivalent) and, in the event

that such limit is exceeded, such U.S. Options shall be treated, to the extent of such excess, as nonqualified stock options.

(b) The exercise price of the Shares covered by each ISO Award shall not be less than 100% of the fair market value (determined as of the date the ISO Award is granted in accordance with the requirements of Section 422 of the U.S. Tax Code) of such Shares determined as of the date the ISO Award is granted in accordance with the requirements of Section 422 of the U.S. Tax Code (110% in the case of an ISO Award granted to a Ten Percent Shareholder).

(c) An ISO Award may not be exercisable more than 10 years after the date such ISO Award is granted (5 years in the case of an ISO granted to a Ten Percent Shareholder).

(d) The terms of such ISO Award shall provide that it is not transferable except by will or pursuant to the laws of descent and distribution, and shall not permit any U.S. Option designated to be an ISO to be exercised more than three months following the Participant's termination of employment with the Company or its Subsidiaries within the meaning of Section 424 of the U.S. Tax Code (more than 12 months following the Participant's death or disability, as disability is defined in Section 22(e)(3) of the U.S. Tax Code). The terms of such ISO Award shall further provide that, during the Participant's lifetime, such ISO Award shall only be exercisable by the Participant.

(e) This Appendix may be further modified to ensure that any U.S. Option that is intended to be an ISO under this Appendix will comply with the requirements of Section 422 of the U.S. Tax Code.

8. Term of U.S. Option: addition of consistent provisions

Subject to the provisions of Section 7 above, in the case of an ISO, the Company shall determine at the date the ISO Award is granted the term during which a U.S. Option may be exercised and whether any of the U.S. Option shall be exercisable in one or more installments. A U.S. Option may also be subject to any other provision imposed by the Company that is consistent with the purpose and intent of this Appendix.

9. Exercise Method of U.S. Options

A Participant may, in accordance with the terms of an applicable Award Agreement and subject to the sole discretion of the Board, exercise his U.S. Option, (i) by a cash payment to the Company of the exercise price(s) of all Shares purchased pursuant to the exercise of the U.S. Option, (ii) in Shares already owned by the Participant or (iii) by any combination of cash or Shares.

10. U.S. Withholding Taxes: disqualifying dispositions

It shall be a condition to the obligation of the Company to deliver Shares pursuant to any U.S. Option under the Stock Option Plan 2001 that the Participant pays to the Company (or the Subsidiary that employs the Participant) such amount as may be required by the Company or such Subsidiary for the purpose of satisfying any liability for any U.S. federal, state or local taxes of any kind required to be withheld with respect thereto. Any U.S. Option granted under the Stock Option Plan 2001 may require the Company (or the Subsidiary that employs the Participant), or, the Board, in its sole discretion, may permit the Participant to elect, in accordance with any applicable rules established by the Company, to withhold or to pay all or a part of the amount of the withholding taxes in Shares. Such election may be denied by the Company in its sole discretion, or may be made subject to certain conditions specified by the Board.

The applicable ISO Award shall provide that if a Participant makes a disposition, within the meaning of Section 424(c) of the U.S. Tax Code and the regulations promulgated thereunder, of any Shares issued to such Participant pursuant to the exercise of an ISO Award within the two-year period commencing on the date of grant or within the one-year period commencing on the date of transfer of such Share to the Participant pursuant to such exercise, the Participant shall, within 10 days of such disposition, notify the Company of it (or the Subsidiary that employs the Participant), by delivery of written notice to the Company or such Subsidiary at its principal executive office.

11. Securities Laws Compliance

No Shares may be issued or transferred in connection with the exercise of a U.S. Option, unless the

Company shall have determined that such issue or transfer is in compliance with or pursuant to an exemption from all applicable U.S. federal and state securities laws.

12. Certain definitions

For the purposes of the U.S. Options, the following terms shall have the following meanings (notwithstanding any contrary provision in the Stock Option Plan 2001):

“Participants” means the Beneficiaries who are selected by the Board to receive U.S. Options.

“Subsidiary” means any companies (other than the Company) in an unbroken chain of companies beginning with the Company, where each of the other than the last company in the unbroken chain owns stock possessing 50% or more of the total combined voting powers of all classes of stock in one or the other companies in such chain.

“Ten Percent Shareholder” means a Participant who, at the date an ISO Award is granted, owns (within the meaning of Section 422(b)(6) of the U.S. Tax Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or its Subsidiaries (as such term is defined in Section 424 of the U.S. Tax Code).

**ACTIVCARD, S.A.
2002 STOCK OPTION PLAN**

In conformity with the provisions of Articles L.225-177 et. seq. of the Law as defined herein, ACTIVCARD, S.A. (the "Company"), adopted a plan for the grant to Beneficiaries (as defined below) of options giving rights to subscribe or purchase shares of the Company. In furtherance of such decision, the Board of Directors has adopted the ACTIVCARD, S.A. 2002 Stock Option Plan (the "Plan"), which was approved by the shareholders of the Company on June 27, 2002.

The terms and conditions of the Plan are set out forth below.

1. OBJECTIVES OF THE PLAN

The objectives of this Stock Option Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Beneficiaries and to promote the success of the Company's business. All individuals within the definition of "Beneficiaries" are eligible to be granted options under the Plan.

Options granted under the Plan to U.S. Beneficiaries are intended to be Incentive Stock Options or Non-Statutory Stock Options, as determined by the Administrator at the time of grant of an Option, and are intended to comply in all respects with Applicable U.S. Laws in order that they may benefit from available fiscal advantages.

2. DEFINITIONS

As used herein, the following definitions shall apply:

(a) "ADMINISTRATOR" means the Board, as it shall administer the Plan in accordance with Section 4 of the Plan, it being specified that pursuant to the by-laws of the Company, any Board member who is eligible to receive Options is prohibited from voting on decisions to grant Options if such Board member is the Beneficiary of such Options.

(b) "ADR" means an American Depository Receipt evidencing an American Depository Share corresponding to one ordinary share.

(c) "AFFILIATED COMPANY" means a company which conforms with the criteria set forth in L 225-180 of the Law as follows:

Companies of which at least one tenth (1/10) of the share capital or voting rights is held directly or indirectly by the Company;

Companies which own directly or indirectly at least one tenth (1/10) of the share capital or voting rights of the Company; and

A Parent or a Subsidiary.

(d) "APPLICABLE U.S. LAWS" means the legal requirements relating to the administration of stock option plans under state corporate and securities laws in force in the United States of America and the Code.

(e) BENEFICIARY means the Chief Executive Officer (President-Directeur General) and Managing Directors (Directeurs généraux) and any Officers or other person employed by the Company or any Subsidiary. Neither service as a Director nor payment of a director's fee by the Company or a Subsidiary shall be sufficient to constitute "employment" by the Company or a Subsidiary.

(f) "BOARD" means the Board of Directors of the Company.

(g) “CHANGE IN CONTROL” shall mean, and shall be deemed to have occurred if:

Any person or entity, other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company acting in such capacity or a corporation owned directly or indirectly by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company, becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company’s then outstanding voting securities, or

Upon the consummation of a merger or consolidation of the Company with any other corporation or entity other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or

The shareholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of related transactions) all or substantially all of the Company’s assets to an entity other than an Affiliated Company.

(h) “CODE” means the United States Internal Revenue Code of 1986, as amended.

(i) “COMPANY” means ACTIVCARD, S.A., a corporation organized under the laws of the Republic of France.

(j) “CONTINUOUS STATUS AS A BENEFICIARY” means that the employment relationship with the Company or any Affiliated Company is not interrupted or terminated. An Optionee’s Continuous Status as a Beneficiary shall not be considered interrupted in the case of (i) any leave of absence approved by the Company with employment guaranteed on return or (ii) transfers between locations of the Company or between the Company or any Affiliated Company, or any successor. The Company may choose to treat a sick leave, military leave, or any other personal leave as an approved leave of absence.

(k) “DIRECTOR” means a member of the Board.

(l) “DISABILITY” means total and permanent disability, which for French Beneficiaries, must be certified in writing by a physician from the Ministry of Labor (médecin de travail) under applicable French law.

(m) “EMPLOYEE” means any employee of the Company or, to the extent permitted by the definition of Beneficiary, of any Affiliated Company within the meaning of the law applicable to the Company or any Affiliated Company.

(n) “EXCHANGE ACT” means the United States Securities Exchange Act of 1934, as amended.

(o) “FAIR MARKET VALUE” means, as of any date, the U.S. Dollar value of a Share determined as follows:

Listed Stock. If the Shares are traded on any established stock exchange or quoted on a national market system, the Fair Market Value shall be the closing sales price for the Shares as quoted on that stock exchange or system for the date the value is to be determined (the “Value Date”) as reported in The Wall Street Journal or a similar publication. If no sales are reported as having occurred on the Value Date, the Fair Market Value shall be that closing sales price for the last preceding trading day on which sales of Shares are reported as having occurred. If no sales are reported as having occurred during the five trading days before the Value Date, the Fair Market Value shall be the closing bid for Shares on the Value Date. If Shares are listed on multiple

exchanges or systems, the Fair Market Value shall be based on sales or bids on the primary exchange or system on which Shares are traded or quoted.

Stock Quoted by Securities Dealer. If Shares are regularly quoted by a recognized securities dealer but selling prices are not reported on any established stock exchange or quoted on a national market system, the Fair Market Value shall be the mean between the high bid and low asked prices on the Value Date. If no prices are quoted for the Value Date, the Fair Market Value shall be the mean between the high bid and low asked prices on the last preceding trading day on which any bid and asked prices were quoted.

No Established Market. If Shares are not traded on any established stock exchange or quoted on a national market system and are not quoted by a recognized securities dealer, the Board or the Administrator (following guidelines established by the Board will determine the Fair Market Value in good faith. The Board Administrator will consider the following factors, and any others it considers significant, in determining Fair Market Value: (i) the price at which other securities of the Company have been issued to purchasers other than Employees or Directors, (ii) the Company's net worth, prospective earning power, dividend-paying capacity, and non-operating assets, if any, and (iii) any other relevant factors, including the economic outlook for the Company and the Company's industry, the Company's position in that industry, the Company's goodwill and other intellectual property, and the values of securities of other businesses in the same industry.

(p) "FOREIGN OFFICER" means, with respect to an Affiliated Company, an officer, (i) within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder, or (ii) a person who has, under the corporate law rules applicable to the Affiliated Company in the jurisdiction of its incorporation, the authority to bind such Affiliated Company.

(q) "FRENCH BENEFICIARY" means a Beneficiary of the Company or an Affiliated Company residing in the Republic of France for tax purposes or who performs his or her duties in France and who is, by reason of such residence or such duties, subject to French income tax and social security contributions on his or her compensation.

(r) "INCENTIVE STOCK OPTION" means an Option granted only to U.S. Beneficiaries and intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(s) "INITIAL EXERCISE DATE" means one year from the date of grant of the relevant Option.

(t) "LAW" means the French Commercial Code as amended by the French Law n° 2001-420 dated May 15, 2001.

(u) "MANAGER" means a managing director (but not a Director who serves only as such), president, or other officer, within the class of persons eligible to receive options as described in Article L. 225-185 of the Law.

(v) "NON-STATUTORY STOCK OPTION" means an Option which does not qualify as an Incentive Stock Option.

(w) "NOTICE OF GRANT" means a written notice evidencing certain terms conditions of an individual Option grant. The Notice of Grant is part of the Option Agreement.

(x) "OPTION" means a stock option granted pursuant to the Plan as adjusted from time to time in accordance with Section 11 of the Plan.

(y) "OPTION AGREEMENT" means a written agreement between the Company and an Optionee evidencing the terms and conditions of an individual Option grant and which is subject to the terms and conditions of the Plan.

(z) “OPTIONEE” means a Beneficiary who holds at least one outstanding Option.

(aa) “OPTION EXCHANGE PROGRAM” means, after due consideration by the Board with respect to the corporate governance, fiduciary and accounting issues, a program implemented by the Administrator whereby outstanding Options are surrendered in exchange for options with a lower exercise price.

(bb) “PARENT” means a “parent corporation”, whether now or hereafter existing, as defined in Section 424(e) of the Code, which is also a parent company within the meaning of Article L. 225-180 of the Law.

(cc) “PLAN” means this 2002 Stock Option Plan, as amended from time to time.

(dd) “REGULATED MARKET” shall mean, as of any date, a stock exchange or system on which the Shares are traded which is a regulated market (“marché réglementé”) as defined by Article L 421-3 of the French Financial and Monetary Code.

(ee) “SHARE” means an ordinary share of the Company, as adjusted from time to time in accordance with Section 11 of the Plan.

(ff) “SHAREHOLDER AUTHORIZATION” means the authorization given by the shareholders of the Company at an annual general meeting held on June 27, 2002 permitting the Board to grant Stock Options.

(gg) “SUBSIDIARY” means a “subsidiary corporation”, whether now or hereafter existing, as defined in Section 424(f) of the Code, which is also a subsidiary company within the meaning of Article L. 225-180 of the Law.

(hh) “TERMINATION” means, if the Beneficiary is or was an Employee, the last day of any statutory or contractual notice period after which the Beneficiary is no longer an Employee, whether worked or not (provided, only the employer and not the Beneficiary may decide whether the Employee works during the notice period), and irrespective of whether the termination of the employment agreement is due to resignation or dismissal of the Beneficiary for any reason whatsoever; and if the Beneficiary is an Officer or a Foreign Officer, “Termination” means the date on which he/she effectively leaves his/her position as an Officer or a Foreign Officer.

(ii) “U.S. BENEFICIARY” means a Beneficiary of the Company or an Affiliated Company residing in the United States or otherwise subject to United States laws and regulations.

3. STOCK SUBJECT TO THE PLAN

3.1 Subject to the provisions of Section 11 of the Plan, the maximum aggregate number of Shares which may be optioned and issued under the Plan is 1,270,000 Shares of Euro 1.00 nominal value each.

3.2 Notwithstanding the above, and pursuant to the Law, options issued and outstanding under all option plans of the Company may not exceed one-third of the Company’s share capital.

3.3 If an Option should expire or become unexercisable for any reason without having been exercised in full, the unsubscribed or unpurchased Shares which were subject thereto shall, unless the Plan shall have been terminated, become available for future grant under the Plan.

4. ADMINISTRATION OF THE PLAN

4.1 PROCEDURE. The Plan shall be administered by the Administrator.

4.2 POWERS OF THE ADMINISTRATOR. Subject to the provisions of the Law, the Shareholder Authorization, the Plan and Applicable U.S. Laws, the Administrator shall have the authority, in its discretion:

To determine the Fair Market Value of the Shares;

To select the individuals to whom Options may be granted hereunder;

To determine whether and to what extent Options are granted hereunder;

To determine the number of Shares to be covered by each Option granted hereunder;

To determine the form of any Option Agreement or other document related to this Plan, and whether that document, including signatures, may be in electronic form;

To determine the terms and conditions of any Options granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option or the Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

To construe and interpret the terms of the Plan and of Options granted pursuant to the Plan;

To prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under the tax laws of any jurisdiction and for purposes of complying with the requirements of applicable law such as: (i) rules and procedures regarding the conversion of local currency, withholding procedures and the handling of stock certificates to comply with local practice and requirements, and (ii) sub-plans and Plan addenda for specific Optionees; ;

To modify or amend each Option (subject to Section 13.3 of the Plan), including the discretionary authority to extend the post-termination exercisability period of Options longer than is otherwise provided for in the Plan;

To authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Option previously granted by the Administrator;

To implement an Option Exchange Program in accordance with the terms set forth by the Board;

To determine the terms and restrictions applicable to Options, including without limitation to limit or prohibit the exercise of an Option as well as the sale of Shares acquired pursuant to the exercise of an Option, during certain periods or upon certain events which the Administrator shall determine in its sole discretion;

To determine the types of payment that may be used to purchase Option Shares;

To authorize any person to sign any Option Agreement or other document related to this Plan on behalf of the Company;

To correct any defect, remedy any omission, or reconcile any inconsistency in this Plan, any option agreement or any other document related to this Plan;

To make all other determinations deemed necessary or advisable for administering the Plan.

4.3 EFFECT OF ADMINISTRATOR' S DECISION. The Administrator' s decisions, determinations and interpretations shall be final and binding on all Optionees, subject to the provisions of Article 13.3 of the Plan.

5. LIMITATIONS

5.1 U.S. BENEFICIARIES AND INCENTIVE STOCK OPTIONS. In the case of U.S. Beneficiaries, each Option shall be designated in the Notice of Grant either as an Incentive Stock Option or as a Non-Statutory Stock Option. The following rules of this Section 5.1 apply only to Incentive Stock Options and only to the extent these rules are more restrictive than the rules that would otherwise apply under this Plan. With the consent of the Optionee, or where this Plan provides that an action may be taken notwithstanding any other provision of this Plan, the Administrator may deviate from the requirements of this Section, notwithstanding that any Incentive Stock Option modified by the Administrator will thereafter be treated as a Non-Statutory Option.

- (a) The Expiration Date of an Incentive Stock Option shall not be later than the period provided in Section 7 of this Plan.
- (b) No Incentive Stock Option may be granted more than the later of the period provided in Section 6 of this Plan.
- (c) Options intended to be incentive stock options under Section 422 of the Code that are granted to any single Optionee under all incentive stock option plans of the Company, its Parent and its Subsidiaries, including incentive stock options granted under this Plan, may not vest at a rate of more than \$100,000 in Fair Market Value of stock (measured on the grant dates of the options) during any calendar year. For this purpose, an option vests with respect to a given share of stock the first time its holder may purchase that share, notwithstanding any right of the Company to repurchase that share. Unless the Administrator specifies otherwise in the related agreement governing the option, this vesting limitation shall be applied by, to the extent necessary to satisfy this \$100,000 rule, treating certain stock options that were intended to be incentive stock options under Section 422 of the Code as Non-Statutory Options. The stock options or portions of stock options to be reclassified as Non-Statutory Options are those with the highest option prices, whether granted under this Plan or any other equity compensation plan of the Company any Parent or any Subsidiary that permits that treatment. This Section 5.1(c) shall not cause an Incentive Stock Option to vest before its original vesting date or cause an Incentive Stock Option that has already vested to cease to be vested.
- (d) No Incentive Stock Option may be granted at less than Fair Market Value.
- (e) No Stock Option may be granted to a Ten Percent Shareholder. A "Ten Percent Shareholder" is any person who, directly or by attribution under Section 424(d) of the Code, owns stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company or of any Affiliate on the grant date.
- (f) Incentive Stock Options may be granted only to Eligible Employees of the Company, the Parent or a Subsidiary. If an Optionee changes status from an Eligible Employee of the Company, the Parent or a Subsidiary of the Company, that Optionee's Incentive Stock Options become Non-Statutory Options if not exercised within the time period described in Section 5(i). For the purposes of this Section 5.1, "Eligible Employee" means a regular employee of the Company or an Affiliate, including a Manager or a Director who is also an employer, who is treated as an employee in the personnel records of the Company or an Affiliate, but not individuals who are classified by the Company or an Affiliate as: (i) leased from or otherwise employed by a third party, (ii) independent contractors, or (iii) intermittent or temporary workers. An Optionee shall not cease to be an Eligible Employee due to transfers between the Company and a Parent or a Subsidiary. Neither service as a Director nor receipt of a director's fee shall be sufficient to make a Director an "Eligible Employee."
- (g) No rights under an Incentive Stock Option may be transferred by the Optionee, other than by will or the laws of descent and distribution. During the life of the Optionee, an Incentive Stock Option may be exercised only by the Optionee. The Company's compliance with a judgment, order, or decree meeting the requirements of Section 414(p) of the Code, or the exercise of an Incentive Stock Option by a guardian or conservator appointed to act for the Optionee, shall not violate this Section 5(h).
- (h) An Incentive Stock Option shall be treated as a Non-Statutory Option if it remains exercisable after, but is not exercised within, the three-month period beginning with the Optionee's termination for any reason other than the Optionee's death or disability (as defined in Section 22(c) of the Code). In the case of termination due to death, an Incentive Stock Option shall continue to be treated as an Incentive Stock Option if it remains exercisable after, but is not exercised within, that three-month period provided it is exercised before the expiration date of such option. In the case of termination due to disability, an Incentive Stock Option shall be treated as a Non-

Statutory Option if it remains exercisable after, but is not exercised within, one year after the Optionee's Termination. A leave of absence approved by the Company shall include sick leave, military leave, or any other personal leave. No such leave may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract, including Company policies. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, on the 91st day of such leave, any Incentive Stock Option held by an Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for U.S. tax purposes as a Non-Statutory Stock Option.

5.2 No Employment Rights. Neither the Plan nor any Option shall confer upon an Optionee any right with respect to continuing the Optionee's employment with the Company or any Affiliated Company, nor shall they interfere in any way with the Optionee's right or the Company's or Affiliated Company's right, as the case may be, to terminate such employment at any time, with or without cause.

5.3 Compliance with the Law. Notwithstanding anything else in the Plan, the terms of the Plan shall be governed Article 225-185 of the Law.

5.4 Directors not Eligible. Other than as expressly provided hereunder, including Section 2(e) above, no non-employee member of the Board of Directors shall be eligible to receive an Option under the Plan.

6. TERM OF PLAN

The Plan is effective and Options may be granted as of June 27, 2002, the date of the Plan's adoption by the shareholders subject to the provisions of Section 12 of the Plan.

The Board of Directors may grant the options on one or more occasions over a period of 38 months from the date of the authorization by the shareholders.

7. TERM OF OPTION

Subject to the provisions of Section 9 herein, the term of each Option shall be stated in the Notice of Grant, and may not be longer than the term provided by the Shareholder Authorization.

8. OPTION EXERCISE PRICE AND CONSIDERATION

8.1 EXERCISE PRICE. The per share exercise, for all Beneficiaries shall be equal to the greater of: (i) the average of the prices quoted for the shares on the Nasdaq during the twenty market sessions preceding the date when the Board of Directors grants the options and (ii) the closing price for the shares on the Nasdaq during the market session preceding the date when the Board of Directors grants the options, it being specified that under no circumstances the exercise price of the options to subscribe for new shares shall be lower than the nominal value of the shares, or (iii) for Shares that were re-purchased by the Company and are being re-issued under the Plan, 80% of the repurchase price actually paid by the Company.

8.2 WAITING PERIOD AND EXERCISE DATES. At the time an Option is granted, the Administrator shall fix the period within which the Option may be exercised and shall determine any conditions that must be satisfied before the Option may be exercised. In so doing, the Administrator may specify that an Option may not be exercised until the completion of a service period.

8.3 FORM OF CONSIDERATION. The consideration to be paid for the Shares upon exercise of Options, including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option, shall be determined at the time of grant) and shall consist entirely of an amount denominated in United States dollars corresponding to the exercise price which may be paid either by:

Wire transfer;

Check;

Delivery of a properly executed notice together with such other documentation as the Administrator and the broker, if applicable, shall require to effect exercise of the Option and delivery to the Company of the sale or loan proceeds required to pay the exercise price; or

Any combination of the foregoing methods of payment.

The Board may, as the case may be, authorize the beneficiary of the option to pay the exercise price in the currency of the country where the beneficiary is resident based on the an exchange rate determined by the noon buying rate of the Federal Reserve Bank in New York applicable on the exercise date.

9. EXERCISE OF OPTION

9.1 PROCEDURE FOR EXERCISE; RIGHTS AS A SHAREHOLDER

(a) Any Option granted to a person hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement.

(b) An Option may not be exercised for a fraction of a Share.

(c) An Option shall be deemed exercised when the Company receives: (i) written notice of exercise (in accordance with the Option Agreement) together with a share subscription or purchase form (bulletin d' achat ou de souscription) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised including required withholding taxes in accordance with local tax laws. Full payment must be made by the consideration and method of payment authorized by the Administrator and permitted by the Option Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee.

(d) Unless otherwise provided by the Administrator, the Optionee shall be obligated to use a broker chosen by the Company (the "Broker").

(e) For French Beneficiaries, all Shares must be and remain registered in the name of the French Beneficiary and may not be bearer securities within a four-year period from the date of grant of the Option.

(f) Upon exercise of any Option in accordance herewith, the Shares issued to the Optionee shall be assimilated with all other Shares of the Company and shall be entitled to dividends, if declared, after the date on which the Option is exercised.

(g) Subject to Section 3, the grant of an Option shall result in a decrease in the number of Shares, which thereafter may be available for purposes of the Plan, by the number of Shares as to which the Option is outstanding.

9.2 TERMINATION OF EMPLOYMENT. Upon Termination of an Optionee's Continuous Status as a Beneficiary during the term of the Option, other than upon the Optionee's death or Disability, the Optionee may exercise his or her Option, but only within such period of time as is specified in the Notice of Grant, and only to the extent that the Optionee was entitled to exercise it at the date of Termination (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant). In the absence of a specified time in the Notice of Grant, the Option shall remain exercisable for ninety (90) days following the Optionee's Termination of Continuous Status as a Beneficiary. If, at the date of Termination, the Optionee is not entitled to exercise his or her entire Option, or does not exercise his or her Option within the time specified, the Option shall terminate and the Shares covered by the unexercisable portion of the Option shall revert to the Plan.

9.3 DISABILITY OF OPTIONEE. In the event an Optionee's Continuous Status as a Beneficiary terminates during the term of the Option, as a result of the Optionee's Disability, the Optionee may exercise his or her Option at any time within six (6) months from the date of such Termination, but only to the extent that the Optionee was entitled to exercise it at the date of such Termination (but in no event later than the expiration of the term of such Option as set forth in the Notice of Grant). If, at the date of Termination, the Optionee is not entitled to exercise his

or her entire Option or does not exercise his or her Option within the time specified, the Option shall terminate and the Shares covered by the unexercised portion of the Option shall revert to the Plan.

9.4 DEATH OF OPTIONEE. In the event of the death of an Optionee during the term of the Option, the Option may be exercised at any time within six (6) months following the date of death, by the Optionee's estate or by a person who acquired the right to exercise the Option by bequest or inheritance, but only to the extent that the Optionee was entitled to exercise the Option at the date of death. If, at the time of death, the Optionee was not entitled to exercise his or her entire Option or the Optionee's estate or a person who acquired the right to exercise the Option by bequest or inheritance does not exercise the Option within the time specified herein, the Option shall terminate and the Shares covered by the unexercised portion of the Option shall immediately revert to the Plan.

10. NON-TRANSFERABILITY OF OPTIONS AND SHARES

10.1 An Option may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by laws of descent or distribution and may be exercised, during the lifetime of the Optionee, only by the Optionee.

10.2 French Beneficiaries may not sell or otherwise dispose of the Shares acquired upon exercise of the Option before three (3) years elapse from the Initial Exercise Date, except as otherwise provided for in Article 91ter of Annex II to the French Tax Code.

10.3 Optionee agrees that in the event he/she breaches any obligation set forth in the Plan, the Notice of Grant or the Option Agreement, the damages that will be suffered by the Company and/or any Affiliated Company will be no less than the amount of the taxes and social security contributions (employer's and employee's part) applicable to the related Options or Shares, which minimum amount will therefore be withheld by the Company, the Affiliated Company or the Broker as damages, without prejudice to the exercise of any rights or remedies that the Affiliated Company and or the Company may have against the Optionee under applicable law or the Plan.

11. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION, DISSOLUTION, MERGER OR ASSET SALE

11.1 **CHANGES IN CAPITALIZATION.** In the event of the carrying out by the Company of any of the financial operations pursuant to Article L 225-181 of the Law as follows:

Issuance of shares to be subscribed for in cash or by set-off of existing indebtedness offered exclusively to the shareholders;

A stock split or reverse stock split;

Capitalization of reserves, profits, issuance premiums or the distribution of free shares;

Issuance of bonds convertible or exchangeable into shares offered exclusively to shareholders;

Distribution of reserves in cash or portfolio securities;

Capital reduction motivated by losses; and

Repurchase of its own Shares at a price higher than market value, pursuant to Article 174-9A of the decree no. 67-236 of March 23, 1967,

the Administrator shall, in accordance with the conditions provided for in Articles 174-8 et seq. of the decree no. 67-236 of March 23, 1967 concerning commercial companies, effect an adjustment of the number and the price of the Shares for all purposes of the Plan, including the number of Shares authorized for issuance under the Plan and the Shares subject to Option grants.

11.2 **DISSOLUTION OR LIQUIDATION.** In the event of the proposed dissolution or liquidation of the Company, to the extent that an Option has not been previously exercised, it will terminate immediately prior to the consummation of such proposed action. The Administrator may, in the exercise of its sole discretion in such instances, declare that any Option shall terminate as of a date fixed by the Administrator and give each Optionee the right to exercise his or her Option as to which the Option would not otherwise be exercisable.

11.3 **CHANGE IN CONTROL.** In the event of a Change in Control of the Company, each outstanding Option shall be assumed or an equivalent option or right shall be substituted by the successor corporation or an affiliated company of the successor corporation. The Administrator may, in lieu of such assumption or substitution, provide the Optionee the right to exercise the Option as to the corresponding Shares as to which it would not otherwise be exercisable. If the Administrator makes an Option exercisable in lieu of assumption or substitution in the event of a Change in Control, the Administrator shall notify the Optionee that the Option shall be fully exercisable for a period of fifteen (15) days from the date of such notice, and the Option will terminate upon the expiration of such period. For the purposes of this Section 11.3, the Option shall be considered assumed if, following the Change in Control, the Option or right confers the right to purchase, for each Share subject to the Option immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) received in the Change in Control by holders of Shares or ADRs for each Share or ADR held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received was not solely common stock of the successor corporation, or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option for each Share subject to the Option, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Shares or ADRs in the merger or sale of assets.

12. DATE OF GRANT

12.1 The date of grant of an Option shall be, for all purposes, the date on that the Administrator makes the determination granting such Option. Notice of the determination shall be provided to each Optionee within a reasonable time after the date of grant.

12.2 To the extent applicable to the Company, the Company shall not grant Options during the closed periods required under Article L.225-177 of the Law.

13. AMENDMENT AND TERMINATION OF THE PLAN

13.1 **AMENDMENT AND TERMINATION.** The Administrator may at any time amend, alter, suspend or terminate the Plan.

13.2 **SHAREHOLDER AUTHORIZATION.** The Company shall obtain shareholder approval of any Plan amendment to the extent necessary and desirable to comply with the Law and with Applicable U.S. Laws, including Section 422 of the Code (or any successor rule or statute or other applicable law, rule or regulation, and including the requirements of any exchange or quotation system on which the Shares or ADRs is listed or quoted). Such shareholder approval, if required, shall be obtained in such a manner and to such a degree as is required by the applicable law, rule or regulation.

13.3 **EFFECT OF AMENDMENT OR TERMINATION.** No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Administrator, which agreement must be in writing and signed by the Optionee and the Company.

14. CONDITIONS UPON ISSUANCE OF SHARES

14.1 **LEGAL COMPLIANCE.** Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Shares shall comply with all relevant provisions of law including, without limitation, the Law, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, Applicable U.S. Laws and the requirements of any stock exchange or quotation system upon which the Shares may then be listed or quoted.

14.2 **INVESTMENT REPRESENTATIONS.** As a condition to the exercise of an Option, the Company may require the person exercising such Option to represent and warrant at the time of any such exercise that the Shares are being subscribed only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

15. LIABILITY OF COMPANY

The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue such Shares as to which such requisite authority shall not have been obtained.

16. LAW AND JURISDICTION AND LANGUAGE

16.1 This Plan shall be governed by and construed in accordance with the laws of the Republic of France. The Tribunal de Grande Instance of Nanterre shall be exclusively competent to determine any claim or dispute arising in connection herewith.

16.2 The Company, the Board and the Optionees recognize that the Plan has been prepared both in the French and the English language. The English version is the version that binds the parties; notwithstanding this, the French version represents an acceptable translation and, consequently, no official translation will be required for the interpretation of the Plan.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]