

STOCK SUBSCRIPTION OPTION PLAN OF SANOFI

RULES OF THE PLAN 16 P

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The Combined General Meeting of Sanofi held on May 4, 2016 has, in its 12th resolution, authorized the Board of Directors, according to Articles L. 225-177 to L. 225- 186-1 of the French Commercial Code, to establish stock purchase or subscription option plans for Sanofi (“**Sanofi**” or the “**Company**”) and the companies within its group.

Following the proposal of its Compensation Committee, the Board of Directors has adopted the following rules for the plan (the “**Plan**”) with effect from May 10, 2017 (the “**Date of Grant**”).

1. BENEFICIARIES

Upon the proposal of the Compensation Committee, the grant of options to subscribe shares of Sanofi to a list of designated persons who are employee of a Group Company (collectively the “**Beneficiaries**”, and individually, a “**Beneficiary**”) and the number of options granted to each such Beneficiary has been approved by the Board of Directors.

“**Group Company**” means Sanofi and any company or economic interest in which Sanofi owns directly or indirectly at least 50% of the share capital and voting rights at the date of ascertainment.

The rights granted are not transferable unless the options are exercised.

2. DURATION OF THE PLAN

The Plan has a duration of ten years from the Date of Grant. It will expire on May 10, 2027 at midnight Paris Time.

3. EXERCISE PRICE

The stock option exercise price was set by the Board of Directors on May 10, 2017 at €[XXX] subject to any future price adjustments provided for in Article 7.

4. EXERCISE CONDITIONS

The exercise of the options, also called “exercise of the options to subscribe for shares”, is not allowed during the first four years following the Date of Grant, *i.e.*, through May 10, 2021 (inclusive) (the “**Vesting Period**”), except in specific cases mentioned under Article 4.3 below.

The options can be exercised, on one or more occasions at the Beneficiaries’ discretion, at any time between May 11, 2021, and May 10, 2027 at midnight Paris Time (the “**Exercise Period**”). Thereafter, the options will automatically lapse.

Each option entitles its holder to subscribe for one ordinary Sanofi share subject to any future adjustments provided for in Article 7 and in Article 8.

The options to subscribe for shares may be exercised provided that the conditions and criteria of the award determined by the Board of Directors are fulfilled at the end of the Vesting Period.

4.1 Condition of Continued Employment

The purpose of this Plan is to promote employee retention and availability for future service.

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4.1.1 Continued Employment in the Group

The exercise of the options is reserved to Beneficiaries who have remained continuously employed by a Group Company during the full Vesting Period. If the Beneficiary ceases to be an employee of a Group Company, subject to the specific cases provided in paragraphs 4.1.2 and 4.1.3. below, or if the Beneficiary's employer ceases to be a Group Company before the end of the Vesting Period, then this condition will be deemed not to have been satisfied, except in case of a contrary decision of the General Management of Sanofi. Intra-group transfer without any interruption will not be considered as a breach of the condition of continued employment.

4.1.2. Departure of the Beneficiary

Unless otherwise decided by the General Management of Sanofi in exceptional cases, which may be represented by its Human Resources Director, any Beneficiary ceasing to be an employee of a Group Company **before the expiry of the Vesting Period** may retain or lose irrevocably all or part of his/her rights to exercise his/her options in the following events and conditions:

a) Full loss of rights

Events	Effective Date	Impact on Rights	Conditions
<u>Resignation</u> of the Beneficiary	End date of the Beneficiary's employment contract	Full loss of rights to exercise the options	N/A
<u>Dismissal for gross negligence or misconduct</u> of the Beneficiary	End date of the Beneficiary's employment contract	Full loss of rights to exercise the options	N/A

b) Rights partially retained

Events	Effective Date	Impacts on rights	Conditions
<p><u>Individual dismissal</u> other than for <u>gross negligence or misconduct</u> of the Beneficiary</p>	<p>End date of the Beneficiary's employment contract</p>	<p>The number of options that can be exercised will be calculated pro rata on the basis of the portion of the Vesting Period during which the Beneficiary has been present in the Group (from the Date of Grant until the date of departure from the Group) to the total duration of the Vesting Period (*)</p>	<p>Rights to vesting will remain subject to the other conditions of the Plan, including the non-compete condition mentioned in paragraph 4.1.3 below and the performance conditions stated in Article 4.2 below.</p>
<p><u>Retirement</u> of the Beneficiary before 60 years old</p>	<p>End date of the Beneficiary's employment contract</p>	<p>The number of options that can be exercised will be calculated pro rata on the basis of the portion of the Vesting Period during which the Beneficiary has been present in the Group (from the Date of Grant until the date of departure from the Group) to the total duration of the Vesting Period (*)</p>	<p>Rights to vesting will remain subject to the other conditions of the Plan, including the non-compete condition mentioned in paragraph 4.1.3 below and the performance conditions stated in Article 4.2 below.</p>
<p><u>The employer of the Beneficiary loses the qualification of Group Company</u></p>	<p>Closing date of the transaction causing the employer to lose the status of Group Company (sale, merger, split, divestiture of assets...)</p>	<p>The number of options that can be exercised will be calculated pro rata on the basis of the portion of the Vesting Period during which the Beneficiary has been present in the Group (from the Date of Grant until the date of loss of status of Group Company) to the total duration of the Vesting Period (*)</p>	<p>Rights to vesting will remain subject to the other conditions of the Plan, including the performance conditions stated in Article 4.2 below.</p>

(*) Each month started will be counted as a whole month

c) Rights retained

Events	Effective Date	Impact on Rights	Conditions
Individual dismissal of the Beneficiary in the framework of a <u>collective dismissal</u> , <u>economic dismissal</u> or within the framework of a <u>collective departure</u> plan negotiated and validated by the General Management of Sanofi	End date of the Beneficiary's employment contract	Beneficiary will continue to hold the full vesting rights to options	Rights to vesting will remain subject to the other conditions of the Plan, including the non-compete condition mentioned in paragraph 4.1.3 below and the performance conditions stated in Article 4.2 below.
The Beneficiary leaves (x) on <u>retirement after meeting retirement eligibility</u> in accordance with applicable local law (in any event after 60 years old) or (y) on <u>early retirement</u> within the framework of a collective legal or contractual early retirement scheme set up by the relevant Group Company and duly approved by the General Management of Sanofi	End date of the Beneficiary's employment contract	Beneficiary will continue to hold the full vesting rights to options	Rights to vesting will remain subject to the other conditions of the Plan, including the non-compete condition mentioned in paragraph 4.1.3 below and the performance conditions stated in Article 4.2 below.
<u>Disability</u> of the Beneficiary, in the second or third of the categories provided for by Article L. 341-4 of the Social Security Code, consisting of an impossibility for the Beneficiary to carry on any professional activity	Date of diagnosis of disability	Beneficiary will be entitled to request early exercise of the options at any time. The shares resulting from the exercise of the options will then be freely transferable (subject to the provisions of Article 5).	Rights to vesting will remain subject to the other conditions of the Plan, including the performance conditions stated in Article 4.2 below by applying the specific rule in case of disability.
<u>Death</u> of the Beneficiary	Date of death	Beneficiary's heirs or assignees may request an early exercise of the options within six (6) months from the date of death of the Beneficiary, otherwise they will lose this right. The shares resulting from the exercise of the options will then be freely transferable (subject to the provisions of Article 5).	Rights to vesting will remain subject to the other conditions of the Plan, including the performance conditions stated in Article 4.2 below by applying the specific rule in case of death.

4.1.3. Non-compete condition

Whenever the Beneficiary continues to hold all or part of his/her option rights after leaving the Group and the conditions set forth above specify that a non-compete clause applies, the right to exercise his/her options will be subject to the non-compete condition described below. If at any time before the expiry of his/her option rights, the Beneficiary provides services to a competitor of the Group, he/she shall irrevocably lose all his/her option rights. For the purposes of the present non-compete condition, the General Management of Sanofi, which may be represented by its Human Resources Director, shall determine whether a business and/or entity is a “competitor” and shall be entitled to request from the Beneficiary a written representation as to his/her compliance with this condition, and a Beneficiary may request that such a determination be made in advance of engaging in any activity. As an exception, the General Management of Sanofi may decide not to apply the non-compete condition on the option rights of a Beneficiary.

For these purposes, a Beneficiary shall be deemed to compete with Sanofi if he or she directly or indirectly participates in, renders services to or becomes associated with any business unit, division, or company of any organization or entity, whether as a principal, partner, member, employee, consultant, shareholder (greater than 5%) or in any other capacity, that, directly or indirectly, competes with, or has a reasonable potential for competing with, any business of Sanofi (including any subsidiary thereof) which is involved in the therapeutic or product areas with which the Beneficiary worked in any capacity at any time during his or her employment with Sanofi (including any subsidiary thereof) or about which he or she acquired confidential information through his or her work with Sanofi (including any subsidiary thereof), without the express prior written agreement of Sanofi, which may be represented by its Director of Human Resources.

If the Beneficiary is subject to a non-compete condition in his/her employment contract, (i) the non-compete conditions described in this Article 4.1.3. will apply in parallel to that undertaking and (ii) for purposes of determining the end date of the employment contract for purposes of Article 4.1.2, the Beneficiary will be deemed to be employed by Sanofi or any Group Company until the expiry of the period covered by such non-compete obligation.

The Company reserves the right to temporarily suspend the exercise of the options, in particular in the event of financial transactions affecting, immediately or in the future, the share capital of Sanofi.

4.2 Performance Conditions

The number of options that each Beneficiary may exercise following the end of the Vesting Period, subject to meeting the condition of continued employment described above (the “**Exercisable Options**”) and except in specific cases described in Article 4.3 below, will depend on the fulfilment of a performance condition consisting of the cumulative attainment, over a three-year period, namely 2017-2019 (the “**Period**”) of two performance criteria: the “**Business Net Income**” and the “**ROA**” (defined hereafter). It shall be equal to the number of options initially granted to such Beneficiary on the Date of Grant multiplied by a rate (the “**Global Allocation Rate**”) equal to the weighted average of the “**Business Net Income Allocation Rate**” (for 60%) and “**ROA Allocation Rate**” (for 40%) determined for the Period on the basis, respectively, of the “**Business Net Income**” and the Return on Assets, or “**ROA**”, in accordance with the rules set forth below. In any event, if such weighted average exceeds 100%, the number of Exercisable

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Options will be equal to 100% of the options granted on the Grant Date, subject to the adjustments set forth in Article 7 and in Article 8 below.

(i) Business Net Income Achievement Rate

This performance criterion corresponds to an average achievement of business net income versus budgeted business net income over the entire Period.

Budgeted Business Net Income as forecasted in the Budget (“**Budgeted Business Net Income**”) will vary from one fiscal year to another and will be approved by the Board of Directors at the beginning of each fiscal year.

For each fiscal year in the Period, the percentage, at a constant exchange rate, of (i) actual Business Net Income¹ (“**Business Net Income**”) over (ii) Budgeted Business Net Income will be calculated (such annual rate, the “**Annual BNI Achievement Rate**”).

At the end of the Period, the arithmetic average of the Annual BNI Achievement Rates for each fiscal year in the Period (the “**BNI Achievement Rate**” or “**R**”) will be calculated and the Board of Directors will determine the Business Net Income Allocation Rate corresponding to such BNI Achievement Rate, as follows:

BNI Achievement Rate (“R”)	Business Net Income Allocation Rate
If R is less than 95%	0%
If R is equal to 95%	50%
If R is more than 95%, but less than 98%	$(50 + [(R - 95) \times 16])\%$
If R is equal to or more than 98% but less than or equal to 105%	R %
If R is more than 105%, but less than 110%	$(105 + [(R-105) \times 3]) \%$
If R is equal to, or more than, 110%	120%

¹ Business net income is a non-GAAP financial indicator defined as Net Income attributable to equity holders of Sanofi, determined under IFRS, excluding:

- amortization and impairment losses charged against intangible assets (other than software and other rights of an industrial or operational nature);
- fair value remeasurements of contingent consideration liabilities related to business combinations;
- other impacts associated with acquisitions (including impacts of acquisitions on associates and joint ventures)
- restructuring costs and similar items⁽¹⁾;
- others gains and losses (including gains and losses on major disposals of non-current assets⁽¹⁾);
- other costs and provisions associated with litigation⁽¹⁾;
- the tax effects related to the items listed above;
- the effects of major tax disputes;
- the 3% tax on the distribution of dividends to equity holders of Sanofi;
- those Animal Health items that are not included in business net income⁽²⁾;
- the portion attributable to non-controlling interests of the items listed above.

⁽¹⁾ Reported in the consolidated income statement line items: “Restructuring costs and similar items” and “Other Gains and losses, and litigation”.

⁽²⁾ Impact of discontinuation of depreciation and impairment of property, plant & equipment from the start date of application of IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations, amortization and impairment of intangible assets until the start date of IFRS5 application, costs incurred as a result of the divestment, and the tax effects of these items.

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(ii) **ROA**

This performance criterion corresponds to a Return on Assets objective (the “**ROA Target**” or “**T**”) over the entire Period.

Return on Assets (“**ROA**”) is defined, for each of the years in the Period, as the ratio at constant exchange rates of the Business Operating Income after tax expense, divided by the average capital employed. Capital Employed means the Group’s consolidated assets, net of liabilities, excluding financial items².

The ROA Target, the intermediate performance (“**T**”) and the minimum performance (“**M**”) will be set at the beginning of the Period by decision of the Board of Directors.

Average ROA (“**P**”) is the arithmetic average of ROA for each of the years in the Period as measured by the Board of Directors. At the end of the Period, the Board of Directors will determine the level of achievement of the ROA Target, by establishing an “**ROA Allocation Rate**” for the Period as follows:

Average ROA (“ P ”)	ROA Allocation Rate
If P is less than or equal to M	0%
If P is more than M but less than I	$[30 \times (\mathbf{P}-\mathbf{M})/(\mathbf{I}-\mathbf{M})]\%$
If P is equal to I	30%
If P is more than I but less than T	$[70 \times (\mathbf{P}-\mathbf{T})/(\mathbf{T}-\mathbf{I}) + 100]\%$
If P is more than or equal to T	100%

(iii) **Global Allocation Rate**

For the Period, the Global Allocation Rate is the weighted average of the Business Net Income Allocation Rate (for 60%) and the ROA Allocation Rate (for 40%).

At the meeting of the Board of Directors at which the 2018 financial statements are adopted, the Board will determine whether or not the performance conditions have been met, by determining successively: (i) the Business Net Income Allocation Rate, (ii) the ROA Allocation Rate, and (iii) the Global Allocation Rate.

² Average capital employed is defined as the arithmetic average of capital employed on January 1st and December 31st of the year involved, at constant exchange rates. Capital employed for a fiscal year is defined as the sum of tangible assets, goodwill (other than those relating to the Aventis business combination), other intangible assets (in gross value for all intangible assets other than those relating to the Aventis business combination, software and acquired R&D assets impaired as of December 31, 2016), investment in associates and JV, deferred tax assets, inventories, accounts receivable, other current assets and assets held for sale or exchange, reduced by provisions and other non-current liabilities (with the amount of actuarial gains and losses related to provisions for pensions and other post-employment benefits fixed as of December 31, 2016), current and noncurrent liabilities related to business combinations and to non-controlling interests, deferred tax liabilities (restated for the portion linked to the intangible assets included for their gross value), accounts payable, other current liabilities and liabilities related to assets held for sale or exchange, as shown in the Group’s Consolidated Balance Sheet.

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If, for a given Beneficiary, the multiplication of the number of subscription options initially granted by the Global Allocation Rate results in a fractional number of Exercisable Options, such number of Exercisable Options will be rounded upward to the next highest whole number.

In any event, the maximum number of Exercisable Options may not be more than the number of options initially granted, subject to the adjustments set forth in Article 7 and in Article 8 below.

The objectives set are final. The Board of Directors will have the right, however, to adjust the performance conditions in case unusual circumstances justify such change, with concurring recommendation of the Compensation Committee, *i.e.*, in case of a change in the Company's scope of consolidation, a change in accounting methods, or any other circumstance justifying such adjustment in the opinion of the Board of Directors, so as to neutralize, to the extent possible, the consequences of such changes on the objective fixed at the time of the initial grant.

In the event of disability or death of a Beneficiary before the determination of the Global Allocation Rate, the Global Allocation Rate will be deemed to equal 100% on the date the relevant event occurs. In such case, the number of Exercisable Options will be equal to the number of options initially granted.

In the event of disability or death after the determination of the Global Allocation Rate, the Global Allocation Rate will be the rate determined by the Board of Directors. Disability and death, as used in this paragraph, are described above in Article 4.1.2 (c).

4.3 Specific cases

4.3.1 If before the expiry of his/her option rights a Beneficiary (i) retires after meeting retirement eligibility in accordance with applicable local law, custom or practice and in any event after 60 years of age, subject to any applicable Provisions Specific to Certain Countries listed herein, or (ii) takes early retirement in the context of a collective legal or contractual early retirement scheme set up by the relevant Group Company and duly approved by the General Management of Sanofi, he/she keeps his/her option rights until their expiration, but shall be bound by the other terms and conditions of the Plan, including the Performance Conditions set forth in Article 4.2 above, or if a Beneficiary (iii) retires before the age of 60 years of age, he/she keeps his/her option rights until their expiration but in this case, the number of option rights to be vested will be calculated on a pro rata basis of the Vesting Period during which the Beneficiary has been present in the Group (from the Award Date until the date of departure from the Group) to the total duration of the Vesting Period and shall be bound by the other terms and conditions of the Plan, including the Performance Conditions set forth in Article 4.2. above.

The non-compete condition does not in any way restrict the activities the Beneficiary may choose to undertake following retirement. However, if the Beneficiary chooses to undertake activities that compete with Sanofi, his/her status under this Plan will be relegated to that of an employee who has chosen to leave Sanofi to work for a competitor.

4.3.2 If a Beneficiary becomes disabled as defined under the second and third categories of Article L. 341-4 of the French Social Security Code, that is to say he/she can no longer conduct any professional activity, the Beneficiary may exercise his/her options immediately notwithstanding the Vesting Period. The Beneficiary will

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retain his/her option rights until their expiration i.e. until May 4, 2026 at midnight Paris Time and may immediately sell or transfer the shares acquired through the exercise of such option rights.

4.3.3 If a Beneficiary dies, his/her heirs can exercise the options during the six (6) month period following the date of death; otherwise they will irrevocably lose the right to exercise the options. They may immediately sell or transfer the acquired shares notwithstanding the Vesting Period.

5. TRANSFER OF SHARES

The transfer of the shares resulting from the exercise of the options is possible only as of May 11, 2021.

However, any Beneficiary or the heirs or assigned of a deceased Beneficiary as provided by Article 4 above are entitled to transfer the resulting shares at any time after the acquisition of such shares.

The exercise of the options by the Beneficiary and the transfer or sale of the resulting shares by the Beneficiary must be made in compliance with various provisions aimed at ensuring the transparency and the security of financial markets, and in particular those provisions concerning insider trading. In this regard, periods preceding the publication of the annual and interim financial statements will be fixed and announced by the Company, during which the sale of shares will be prohibited. Furthermore, the Board of Directors may implement procedures that Beneficiaries must follow before selling shares, in order to ensure that they are in not in possession of information liable to block such sale.

6. CHARACTERISTICS OF THE SHARES AND SHARES RIGHTS

The shares subscribed by the Beneficiaries will be new or existing ordinary shares to be issued by Sanofi, at the choice of the Board of Directors of Sanofi, which may delegate to the Chief Executive Officer or the Chief Financial Officer the power to make such choice. In the absence of an express choice before the end of the Vesting Period, then the shares will be new shares.

The shares shall have, as from their issuance and/or delivery, the same rights as those attached to the existing Sanofi shares. Consequently, they will give entitlement to any distribution of dividend that would be decided after their subscription.

By way of exception, if new shares are to be delivered upon exercise, the shares subscribed by the Beneficiaries between the 1st of January of a fiscal year and the ex-dividend date of the dividend relating to the previous fiscal year will not be entitled to such dividend (except for the extraordinary distributions of reserves).

As a result, such shares shall have the same rights as those attached to the existing Sanofi shares after the ex-dividend date or, if no dividend was distributed, as from the date of the annual general meeting.

7. ADJUSTMENT

In the event of a redemption or reduction of share capital, a change in the allocation of profits, a grant of free shares to all of the shareholders, an increase in share capital by incorporation of reserves, profits or share premium, a distribution of reserves, a share buy-back at a price above the share price on the stock exchange or any issues of equity instruments that includes subscription rights reserved for the shareholders, the exercise price and the number of shares to which an

option gives right will be adjusted in order to take into account such issuance or other capital transaction.

If such a situation is covered by existing law or regulation, such law or regulation shall be applied.

If such a situation is not covered by existing law or regulation, the General Meeting of Shareholders or the Board of Directors when deciding to proceed with such securities issuance or other modification of the share capital may adopt any adjustment measures necessary to protect the rights of the holders of the options, using by analogy the rules and regulations which would govern similar cases.

Each Beneficiary will be informed of the practical terms of such an adjustment and of its consequences on his/her award of options.

8. RESTRUCTURING AND MERGERS

In accordance with article L. 228-101 of the French Commercial Code, if the Company is absorbed by another company or merges with one or several other companies resulting in the creation of a new entity, or in case of a demerger (*scission*), the Beneficiaries will be entitled to exercise their options in the company or companies receiving the capital contributions.

9. SOCIAL AND TAX TREATMENT

The Beneficiary is responsible for making declarations and payments to be made or owed by him/her under applicable law and particularly in respect of his/her tax liabilities. Applicable social security law and tax law vary depending on the country of residence of the Beneficiaries.

Each Beneficiary is responsible for inquiring about the social and tax treatment applicable to him /her in his/her country of residence due to the grant or exercise of options or the issuance or transfer of the resulting shares.

In the event that, as a result of the grant or exercise of options or the issuance or transfer of the resulting shares and, as the case may be, as provided by applicable law, Sanofi or a Group Company would have to pay taxes, social security contributions or any other tax or governmental contribution on behalf of the Beneficiary, Sanofi reserves the right to delay or prohibit the grant, exercise and/or issuance or transfer of the shares until such Beneficiary has repaid to Sanofi or to the relevant Group Company the amount corresponding to such taxes, social security contributions or any other tax or governmental contribution. Sanofi or the relevant Group Company as the case may be, reserves the right (i) to deduct such taxes, social security contributions or any other tax or governmental contribution from the compensation due to the Beneficiary concerned, or (ii) to transfer or sell a sufficient number of shares in order to fulfill the Beneficiary's obligations, the transfer proceeds being directly paid to Sanofi or to the relevant Group Company.

10. FOREIGN PARTICIPANTS

Any specific rules will be notified to foreign Beneficiaries on a case by case basis. In some foreign countries, local law and regulations (particularly those relating to tax and social security) require adjustments to the general terms described in the Plan.

The Beneficiaries who are employees of U.S. Group Companies will have the possibility of converting their ordinary shares into American Depositary Receipts ("ADRs") upon the exercise of their options.

11. CONSTRUCTION OF THE PLAN AND GOVERNING LAW

It will be the responsibility of the Board of Directors to construe the provisions of the Plan, if required, which may delegate this power to the Chief Executive Officer.

The Board of Directors shall have the right to change and amend the terms and conditions of this Plan, if it deems such change or amendment to be necessary and appropriate.

Any version of the Plan which may be drafted in a language other than the French language shall be for information purposes only for the convenience of non-French speaking Beneficiaries. The French version of the Plan shall prevail.

This Plan is governed and shall be construed in accordance with French law, except for the application to Beneficiaries living outside France of the definitions of disability and retirement of Article 4.1.2. and the 4th paragraph of Article 4, which shall be construed and interpreted in accordance with local law, and any claim relating thereto will be subject to the jurisdiction of the courts within the jurisdiction of the Court of Appeal of Paris. For Beneficiaries who are American residents or citizens, this Plan shall be construed in accordance with Section 409A of the United States Internal Revenue Code.

12. MODIFICATION OF THE PLAN

The terms of this Plan may be amended or supplemented by the Board of Directors (i) if it deems such amendment or supplement to be appropriate and not materially adverse to the interest of the affected Beneficiaries or (ii) by mutual agreement with the affected Beneficiaries.

More generally, in the event of a change in any legal, regulatory or accounting requirements applicable to the Plan, or any change in the interpretation thereof, in particular with respect to the fiscal or social treatment of any grant or exercise of options, or delivery of shares under the Plan, affecting the Company, any Group Company or any Beneficiaries, the terms of the Plan may be amended or supplemented by the Board of Directors, in its discretion and in the manner that it deems appropriate, in response to such change. For example, the Board of Directors may choose to shorten or lengthen the Vesting Period, the Exercise Period and/or to introduce a mandatory lock-up period and/or waive or modify any condition to Exercise Conditions and/or introduce new conditions. Furthermore, the Board of Directors may, if it deems the delivery of shares to any Beneficiary following exercise of options would be impossible or inopportune, choose to pay instead an amount in cash of equivalent value, net of taxes and social charges. The amount and timing of any such payment would be determined by the Board of Directors in its discretion, by reference to the number and timing of any shares to be otherwise delivered to Beneficiaries hereunder following the exercise of options, to be valued by the Board of Directors on or around the scheduled delivery date, or by reference to an average price over a period preceding such date.

Beneficiaries shall not be entitled to any indemnification for any loss of value and/or increased tax or social costs resulting from any such amendments or supplements to the Plan, irrespective of whether such loss or increase is of general application or is specific to them in view of their personal situation.

PROVISIONS SPECIFIC TO CERTAIN COUNTRIES

United States of America

For Beneficiaries who are U.S. residents or U.S. citizens, this Plan shall be construed in a manner consistent with, and in a manner designed to avoid adverse tax consequences under Section 409 A of the Internal Revenue code.

For Beneficiaries who are U.S. citizens or residents of the U.S. for tax purposes, if before the expiry of his/her option rights, such a Beneficiary takes retirement or early retirement, he/she will retain his/her right to vesting only if he/she has attained the age of 55 and at least 10 years of service.

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