
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 2
to
SCHEDULE TO
(Rule 13e-4)

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

PDF SOLUTIONS, INC.

(Name Of Subject Company (Issuer) and Filing Person (Offeror))

Options to Purchase Common Stock, Par Value \$0.00015 Per Share
(Title of Class of Securities)

69328210
(CUSIP Number of Class of Securities (Underlying Common Stock))

JOHN K. KIBARIAN
President and Chief Executive Officer
PDF Solutions, Inc.
333 West San Carlos Street, Suite 700
San Jose, California 95110
(408) 280-7900
(Name, Address, and Telephone Number of Person Authorized to Receive Notices
and Communications on Behalf of Filing Persons)

With copies to:

Peter Cohn, Esq.
Christine A. McCarthy, Esq.
Orrick, Herrington & Sutcliffe LLP
1020 Marsh Road
Menlo Park, California 94025
(650) 614-7400

CALCULATION OF FILING FEE

Transaction Valuation*
\$34,451,677

Amount of Filing fee**
\$1,354

* Calculated solely for purposes of determining the filing fee. This amount assumes that options to purchase 4,551,711 shares of common stock of PDF Solutions, Inc. that have an aggregate value of \$34,451,677 as of June 5, 2008 will be exchanged pursuant to this offer. The aggregate value of such options was calculated based on the Black-Scholes option pricing model.

** The amount of the filing fee, calculated in accordance with Rule 0-11(b) of the Securities Exchange Act of 1934, as amended by Fee Rate Advisory No. 5 equals \$39.30 per million dollars of the value of the transaction.

- 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: \$1,354
Form or Registration No.: SC TO

Filing Party: PDF Solutions, Inc.
Date Filed: June 10, 2008

- 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:

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Introductory Statement

This Amendment No. 2 to Schedule TO amends and supplements the Tender Offer Statement on Schedule TO filed with the Securities and Exchange Commission on June 10, 2008, as amended and supplemented by Amendment No. 1 thereto filed with the Securities and Exchange Commission on July 9, 2008 (the "Schedule TO"), by PDF Solutions, Inc. (the "Company") relating to the offer by Company to exchange certain outstanding stock options to purchase the Company's common stock, par value \$0.00015 per share, for restricted stock rights that will be granted under the Company's 2001 Stock Plan, upon the terms and subject to the conditions set forth in the Offer that was filed as Exhibit (a)(1)(A) to the Schedule TO.

Except as specifically set forth herein, this Amendment No. 2 does not modify any of the information previously reported in the Schedule TO. All capitalized terms used in this Amendment No. 2 and not otherwise defined have the respective meanings ascribed to them in the Schedule TO.

As permitted by General Instruction F to the Schedule TO, the information set forth in the Schedule TO, as amended by this Amendment No. 2, including the Email Communication from P. Steven Melman to All Eligible Option Holders Offering French Qualified Restricted Stock Rights to Eligible French Participants and all other appendices, schedules, exhibits and annexes hereto and thereto, is hereby expressly incorporated by reference herein in response to Items 1 through 12 of the Schedule TO. You should read this Amendment No. 2 to the Schedule TO together with the Schedule TO.

This Amendment No. 2 amends and supplements the Schedule TO and the Offer in order to provide that eligible French participants who elect to participate in the offer will receive French qualified restricted stock rights in connection with the offer in exchange for tendered eligible options which will be canceled promptly following the expiration of this offer. You should read this Amendment No. 2 to the Schedule TO together with the Schedule TO.

ITEM 12. EXHIBITS.

Item 12 of the Schedule TO is hereby amended and restated as follows:

EXHIBIT	DESCRIPTION OF EXHIBIT
(a)(1)(A)	Offer to Exchange, dated June 10, 2008 *
(a)(1)(B)	Form of Election Form *
(a)(1)(C)	Form of Notice of Withdrawal *
(a)(1)(D)	Form of Restricted Stock Agreement under PDF Solutions, Inc. 2001 Stock Plan *
(a)(1)(E)	Email Communication from P. Steven Melman to All Eligible Option Holders *

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EXHIBIT	DESCRIPTION OF EXHIBIT
(a)(1)(F)	Email Communication to Certain Officers of PDF Solutions, Inc. dated June 10, 2008 *
(a)(1)(G)	Form of "Question and Answer" Meeting Announcement *
(a)(1)(H)	Copy of PowerPoint Presentation for Eligible Option Holder "Question and Answer" Meeting *
(a)(1)(I)	Form of Confirmation of Receipt of Election Form *
(a)(1)(J)	Form of Confirmation of Receipt of Notice of Withdrawal *
(a)(1)(K)	Form of Reminder of Expiration of Option Exchange Offer *
(a)(1)(L)	Form of Confirmation of Participation in the Option Exchange Offer *
(a)(1)(M)	PDF Solutions, Inc. Annual Report on Form 10-K for its fiscal year ended December 31, 2007, SEC File No. 000-31311, filed with the Securities and Exchange Commission on March 17, 2008 and incorporated herein by reference *
(a)(1)(N)	PDF Solutions, Inc. Quarterly Report on Form 10-Q for its fiscal quarter ended March 31, 2008, SEC File No. 000-31311, filed with the Securities and Exchange Commission on May 12, 2008 and incorporated herein by reference *
(a)(1)(O)	Email Communication from P. Steven Melman to All Eligible Option Holders Extending Offer *
(a)(1)(P)	Email Communication from P. Steven Melman to All Eligible Option Holders Regarding Extended Offer
(a)(1)(Q)	Email Communication from P. Steven Melman to All Eligible Option Holders Offering French Qualified Restricted Stock Rights to Eligible French Participants
(a)(1)(R)	Form of Restricted Stock Agreement under PDF Solutions, Inc. 2001 Stock Plan (France Qualified)
(a)(1)(S)	Email Communication from P. Steven Melman to All Eligible Option Holders Regarding French Qualified Restricted Stock
(b)	Not applicable
(d)(1)	1996 Stock Option Plan and related agreements (incorporated by reference to Exhibit 10.8 to PDF's Registration Statement on Form S-1, as amended, SEC File No. 333-43192, filed with the Securities and Exchange Commission on August 7, 2000) *
(d)(2)	1997 Stock Plan and related agreements (incorporated by reference to Exhibit 10.9 to PDF's Registration Statement on Form S-1, as amended, SEC File No. 333-43192, filed with the Securities and Exchange Commission on August 7, 2000) *
(d)(3)	2001 Stock Plan (incorporated by reference to Exhibit 10.1 to PDF's Form 10-Q, SEC File No. 000-31311, filed with the Securities and Exchange Commission on May 10, 2007) *
(d)(4)	Sub-Plan to the PDF Solutions, Inc. 2001 Stock Plan (France) *
(d)(5)	Form of Stock Option Agreement under the Sub-Plan to the PDF Solutions, Inc. 2001 Stock Plan (France) *
(d)(6)	2001 Stock Option/Stock Issuance Plan (incorporated by reference to Exhibit 4.1 to PDF's Registration Statement on Form S-8, SEC File No. 333-109809, filed with the Securities and Exchange Commission on October 17, 2003) *
(d)(7)	Form of Stock Option Agreement, including Addendum to Stock Option Agreement, under the 2001 Stock Option/Stock Issuance Plan (incorporated by reference to Exhibit 4.2 to PDF's Registration Statement on Form S-8, SEC File No. 333-109809, filed with the Securities and Exchange Commission on October 17, 2003) *
(d)(8)	2001 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.11 to PDF's Registration Statement on Form S-1, as amended, SEC File No. 333-43192, filed with the Securities and Exchange Commission on August 7, 2000) *
(d)(9)	Sub-Plan to the PDF Solutions, Inc. 2001 Stock Plan Qualified Restricted Stock (France)
(h)	Not applicable

* Previously filed

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.

PDF SOLUTIONS, INC.

By: /s/ John K. Kibarian
John K. Kibarian
President and Chief Executive Officer

Dated: August 4, 2008

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(h)	Not applicable

* Previously filed

[FORM OF COMMUNICATION FROM P. STEVEN MELMAN TO ALL ELIGIBLE OPTION HOLDERS]

To: Eligible Option Holders
From: P. Steven Melman
Date: August 4, 2008
Subject: Extended Deadline for PDF Stock Option Exchange Program

Dear Eligible Participants,

As you know, on July 9, 2008, we extended the expiration date of our Stock Option Exchange Program such that it will not expire until 9 p.m. U.S. Pacific Time on August 18, 2008.

I am writing to remind you of this new deadline. Please note that this new deadline is effective for purposes of all of the relevant notices and forms provided to eligible participants in connection with the Stock Option Exchange Program, including the Election Form and the Notice of Withdrawal. Therefore, you may submit an Election Form or Notice of Withdrawal at any time prior to 9 p.m. U.S. Pacific Time on August 18, 2008, despite the deadline date set forth in those forms.

If you have any questions, please do not hesitate to call me at (408) 938-6445 or email me at stevem@pdf.com or tenderoffer@pdf.com.

Thank you
P. Steven Melman

[FORM OF COMMUNICATION FROM P. STEVEN MELMAN TO ALL ELIGIBLE OPTION HOLDERS]

To: Eligible Option Holders
From: P. Steven Melman
Date: August 4, 2008
Subject: Offer of French Qualified Restricted Stock Rights

Dear Eligible Participants,

In order to make the PDF Stock Option Exchange Program more beneficial to eligible individuals in France, we have decided to amend the offer to exchange so that French eligible individuals who choose to participate in the offer will receive restricted stock rights that are qualified under French law. No other changes are being made to the offer to exchange and these changes do not impact non-French eligible individuals.

The remainder of this document provides information only applicable to French eligible individuals. You should read this document in conjunction with the documents previously provided to you in connection with the offer to exchange.

If you elect to participate in the offer to exchange, for every 4.2 shares subject to an eligible stock option that you surrender in the exchange, you will receive one French qualified restricted stock right. Such qualified restricted stock rights will be granted under the PDF Solutions, Inc. 2001 Stock Plan and the Sub-Plan to the PDF Solutions, Inc. 2001 Stock Plan Qualified Restricted Stock (France), each of which is being provided to you along with this summary. The qualified restricted stock rights will also be subject to the terms and conditions of the Form of Restricted Stock Agreement under the PDF Solutions, Inc. 2001 Stock Plan (France Qualified), which is also attached to this summary.

As you know, if you would like to participate in the offer to exchange, you must notify PDF of your election to participate before the offer expires at 9 p.m. U.S. Pacific Time on August 18, 2008. Also attached is a blank Election Form which sets forth the vesting applicable to French Qualified Restricted Stock Rights. You will be receiving a separate email shortly with your Election Form that includes the details of your outstanding eligible stock options and the restricted stock rights that you would receive if you elect to participate in the offer.

The following is a summary, in question and answer format, which addresses some questions you may have about French qualified restricted stock rights. Please review the documents previously provided to you in connection with the offer to exchange for additional information related to the offer.

1. What are French qualified restricted stock rights?

French qualified restricted stock rights are rights to acquire PDF common stock that may receive preferential tax treatment under French law. The tax implications are set forth in more detail in the attached Guide to French Tax Issues, which replaces the Guide to French Tax Issues that was previously provided to you as part of the Offer to Exchange. Other than as set forth below, a French qualified restricted stock right will be subject to the same terms that were set forth in the Offer to Exchange.

2. When will my French qualified restricted stock rights vest?

French qualified restricted stock rights received in exchange for eligible options will be subject to new vesting schedules which will generally provide that the shares subject to the French qualified restricted stock rights will be unvested on the date of the exchange and will require a minimum period of approximately twenty-seven months of service after the date of the exchange before any of the French qualified restricted stock rights vest, even if the exchanged options were fully vested. The length of the vesting schedule for each French qualified restricted stock right will depend on when your stock options you exchange were granted to you. If your service with us terminates before all of your French qualified restricted stock rights have vested, you will generally forfeit any French qualified restricted stock rights that remain unvested at that time. However, if your service with us terminates due to your death, you will become fully vested in all of the shares underlying the French qualified restricted stock rights you received in the exchange.

Vesting Applicable to French Qualified Restricted Stock Rights:

**Year During Which Exchanged Options
Were Granted**

2006 and later years

**Vesting Schedule of
French Qualified Restricted Stock Right**

50% on 11/15/2010 and 12.5% every 6-months thereafter

Only a whole number of French qualified restricted stock rights will vest in any period. Any fractional French qualified restricted stock right that would otherwise vest will be carried over to the next vesting period.

3. Why are the French qualified restricted stock rights subject to a different vesting schedule than set forth in the offer?

Under French law, French qualified restricted stock rights cannot vest before two years from the date of the grant. We have modified the prior vesting schedule set forth in the offer so that the vesting schedule will satisfy such two-year requirement.

4. What if PDF is acquired by another company after I receive my French qualified restricted stock rights?

If you are a participant in the offer to exchange, and we are acquired by another company after we accept and cancel your tendered options and grant you French qualified restricted stock rights, *if permitted under applicable French law*, any unvested French qualified restricted stock rights will immediately vest, and any shares received pursuant to vested French qualified restricted stock rights will be treated in the same manner as all other shares of PDF common stock outstanding at the time of the merger or acquisition transaction. If such acceleration of vesting is not permitted under French law, you will not receive any acceleration of vesting.

5. Are there other special rules with respect to French qualified restricted stock rights?

Yes. Under French law, shares received upon vesting of French qualified restricted stock rights must be held by you for a minimum of two years after the vesting date — the date the shares are actually issued to you. After such holding period, you may sell your shares, subject to any other restriction on sale that may apply. However, if your service with us terminates due to your death or disability during the two-year holding period, the holding period restriction will automatically be waived and will no longer apply.

6. What are the tax consequences of participation in the offer if I live in France?

Eligible individuals who are residents of France who receive French qualified restricted stock rights in the offer will be subject to tax under applicable French law. Please see the attached Guide to Tax Issues in France for a more detailed discussion of the tax rules applicable to French qualified restricted stock rights.

If you have any questions, please do not hesitate to call me at (408) 938-6445 or email me at stevem@pdf.com or tenderoffer@pdf.com.

Thank you
P. Steven Melman

OFFER TO EXCHANGE: A GUIDE TO TAX ISSUES IN FRANCE

The following is a general summary of the material tax consequences of the exchange of your eligible options and the subsequent grant of qualified restricted stock rights for eligible individuals subject to tax in France. This summary is based on the law in effect in France as of August 2008. This summary is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible employees, directors and consultants. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this summary may be out of date at the time the qualified restricted stock rights are granted, the qualified restricted stock rights vest or you sell shares acquired upon vesting of the qualified restricted stock rights.

This summary is based on the assumption that the restricted stock rights will meet the requirements of Articles 225-197-1 and seq. of the French *Code de commerce* and that they will thus qualify for preferred treatment for French tax and social security contribution purposes.

If you are a citizen or resident of another country for local law purposes, the information contained in this summary may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how tax or other laws apply to your specific situation.

TAX INFORMATION

Option Exchange and Grant of Qualified Restricted Stock Rights

You will not be required to recognize income for income tax or social contribution purposes as a result of the cancellation of your eligible options and the grant of qualified restricted stock rights.

Vesting of Qualified Restricted Stock Rights

You will not be subject to income tax and social contributions when your eligible qualified restricted stock rights vest. However, the fair market value of the shares on the date of vest will be the basis to determine future tax obligations applicable upon the sale of such shares, if any.

Sale of Shares

When you subsequently sell the shares issued to you at vesting, you will be subject to income tax on the fair market value of the shares (*i.e.*, the closing price of the shares on the date of vest multiplied by the number of shares) (the "Acquisition Gain"). In addition, if the fair market value of the shares on the date of sale exceeds the fair market value of the shares on the date of vest (the "Sale Gain"), you will be subject to an additional tax on such difference.

The Acquisition Gain will generally be subject to income tax at the flat rate of 41% (30% income tax plus 11% social contribution tax). However, if your marginal income tax rate is lower than 30%, you may elect to be taxed at your marginal income tax rate. In addition, the Acquisition Gain will be subject to a 2.5% social insurance contribution applicable to qualified restricted stock rights granted in 2008.

The Sale Gain will be taxable only insofar as your and your spouse's and children's total proceeds from the sale of all securities (including PDF shares) during the calendar year of sale exceeds a certain amount (this amount is set annually and is €25,000 for 2008).

If your and your spouse's and children's total proceeds from the sale of all securities during the year of sale exceeds the set amount, then you must pay capital gains tax on the entire Sale Gain you realize. Capital gains are subject to tax at the rate of 29% (18% income tax plus 11% social contribution tax).

If the sale price is less than the fair market value of your shares on the vesting date, you will realize a capital loss. Such capital loss can be offset against the Acquisition Gain and, as the case may be, on the capital gains realized from the sale of any other securities during the year in which you sold the shares and/or during the ten following years.

Dividends

You may be entitled to receive dividends if the PDF Board of Directors, in its discretion, declares a dividend.

Any dividend paid will be subject to United States federal tax withheld at source and will then be subject to income tax in France. Pursuant to the provisions of the tax treaty entered into between France and the United States on August 31, 1994, the dividends received by a French tax resident who is not a U.S. citizen will generally be subject to a 15% withholding tax in France. Under French tax law, the dividends will generally be either (i) subject to progressive income tax rates on 40% of the gross dividend received (*i.e.*, before U.S. withholding tax) or (ii) subject to a 29% withholding tax (*i.e.*, 18% income tax plus 11% social contribution tax) on the gross dividend received (*i.e.*, before U.S. withholding tax). You may, however, be entitled to a foreign tax credit against your French income tax for the United States federal tax withheld at source.

Withholding and Reporting

Your employer may withhold and pay all applicable income taxes and social insurance contribution taxes at the time of the sale of the shares. By participating in the offer, you will agree to make arrangements satisfactory to PDF for the satisfaction of any applicable tax, social insurance or other obligations that arise in connection with the qualified restricted stock rights and any shares issued pursuant thereto. However, it is your responsibility to pay any taxes resulting from the sale of your shares, or the receipt of any dividends.

PDF SOLUTIONS, INC.
2001 STOCK PLAN

RESTRICTED STOCK AGREEMENT
(FRANCE QUALIFIED)

This Restricted Stock Agreement (the "Agreement") is made and entered into as of August 19, 2008 by and between you and PDF Solutions, Inc., a Delaware corporation (the "Company"), pursuant to the PDF Solutions, Inc. 2001 Stock Plan (the "Plan") and the Sub-Plan to the PDF Solutions, Inc. 2001 Stock Plan Qualified Restricted Stock (France) (the "Restricted Stock Sub-Plan"). To the extent any capitalized terms used in this Agreement are not defined, they shall have the meaning ascribed to them in the Plan and/or the Restricted Stock Sub-Plan, which are attached to, and made a part of, this Agreement. In the event of a conflict between the terms and provisions of the Plan or the Restricted Stock Sub-Plan and the terms and provisions of this Agreement, the Plan and Restricted Stock Sub-Plan terms and provisions shall prevail.

In consideration of the mutual agreements herein contained and intending to be legally bound hereby, the parties agree as follows:

1. **Stock Purchase Right**. Pursuant to the Plan, the Company hereby grants to you, and you hereby accept from the Company, a Stock Purchase Right consisting of the right to acquire the total number of "Shares Granted" as specified for this Agreement under the tab "Grant Listing" for your account at www.benefitaccess.com, on the terms and conditions set forth herein and in the Plan and Restricted Stock Sub-Plan.
 2. **Vesting of Stock Purchase Right**. So long as your Service continues for the full duration of the Acquisition Period and you have complied with the conditions set forth in the Restricted Stock Sub-Plan, the Stock Purchase Right shall vest in accordance with the following schedule: 50% of the Shares subject to the Stock Purchase Right will vest on November 15, 2010 and 12.5% of the Shares subject to the Stock Purchase Right will vest every six (6) months thereafter. Your Service will not terminate as long as you are on a bona fide leave of absence that is authorized by French law. Notwithstanding the foregoing and if, and to the extent, allowed under applicable French law, upon a consummation of a Change in Control any unvested portion of the Stock Purchase Right will fully vest. Further, if your Service terminates due to your death, any unvested portion of the Stock Purchase Right will fully vest. In the event of any such acceleration of vesting upon your death, your heirs may request delivery of the Shares underlying your Stock Purchase Rights within a period of six (6) months following your death. If your heirs do not make such a request within such period, the Shares will be delivered to your heirs in accordance with the vesting schedule set forth above.
 3. **Termination of Service**. Except as set forth in Section 2 above, in the event of the termination of your Service for any reason, the unvested portion of the Stock Purchase Right shall be immediately forfeited without consideration.
 4. **Settlement of Stock Purchase Right**. Shares shall be issued at the time and to the extent that the Stock Purchase Right vests from time to time, provided that the Company shall have no obligation to issue Shares pursuant to this Agreement unless and until you have satisfied any applicable obligations pursuant to Section 5 below and such issuance
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otherwise complies with all applicable laws, rules and regulations. Prior to the time the Stock Purchase Right is settled upon vesting, you will have no rights other than those of a general creditor of the Company. The Stock Purchase Right represents an unfunded and unsecured obligation of the Company.

5. **Withholding Taxes.** You agree to make arrangements satisfactory to the Company for the satisfaction of any applicable tax or other obligations that arise in connection with the Stock Purchase Right and any Shares issued pursuant thereto. Notwithstanding the foregoing, any sale of your Shares must be made in compliance with all applicable laws, rules and regulations and the Company's insider trading policies and no sales shall occur pursuant to this provision or otherwise unless and until such laws, rules and regulations are satisfied. The Company shall not be required to issue Shares pursuant to this Agreement unless and until the obligations described herein are satisfied.

6. **Tax and Legal Advice.** You represent, warrant and acknowledge that the Company has made no warranties or representations to you with respect to any applicable tax or legal consequences of the transactions contemplated by this Agreement and you are in no manner relying on the Company or the Company's representatives for an assessment of such tax or legal consequences. YOU UNDERSTAND THAT THE TAX AND OTHER LAWS AND REGULATIONS ARE SUBJECT TO CHANGE. YOU SHOULD CONSULT YOUR OWN TAX OR LEGAL ADVISOR REGARDING THIS AGREEMENT, THIS STOCK PURCHASE RIGHT AND SHARES TO BE ISSUED PURSUANT TO THIS STOCK PURCHASE RIGHT. YOU UNDERSTAND THAT THE COMPANY IS NOT PROVIDING ANY TAX OR LEGAL ADVICE, NOR IS THE COMPANY MAKING ANY RECOMMENDATION REGARDING YOUR ACCEPTANCE OF THIS GRANT. NOTHING STATED HEREIN IS INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAXPAYER PENALTIES.

7. **Holding Period.** The Shares that shall be issued to you at vesting will be subject to a mandatory Holding Period of two years, save the cases of death and Disability, as further described in the Restricted Stock Sub-Plan. All Shares issued at vesting of your Stock Purchase Rights which you may own at the time your Service terminates for any reason other than your death or Disability shall remain subject to the Holding Period.

8. **Public Diffusion.** Note that the grant of your Stock Purchase Rights does not qualify as a direct or indirect diffusion to the public in France of financial instruments governed by Articles L.411-1 and L.411-2 of the French Financial and Monetary Code (*Code Monétaire et Financier*). Therefore, neither the Plan nor the Restricted Stock Sub-Plan entails the issue of an information memorandum receiving the visa of the Autorité des Marchés Financiers and the Plan and the Restricted Stock Sub-Plan have not been authorized by the Autorité des Marchés Financiers.

9. **Non-Transferability of the Stock Purchase Right.** The Stock Purchase Right is personal to each Key Employee and it cannot be transferred, pledged or otherwise assigned by a Key Employee, including to a trustee of any trust or any similar institution of any kind. The only exception is for transfers that occur through succession to legal beneficiaries in the case of death of a Key Employee. The terms of this Agreement shall be binding upon your executors, heirs and successors.

10. **Restriction on Transfer.** Regardless of whether the transfer or issuance of the Shares to be issued pursuant to this Stock Purchase Right have been registered or qualified under the securities laws of any country or state, the

Company may impose additional restrictions upon the sale, pledge or other transfer of the Shares (including the placement of appropriate legends on stock certificates, if any, and the issuance of stop-transfer instructions to the Company's transfer agent) if, in the judgment of the Company and the Company's counsel, such restrictions are necessary in order to achieve compliance with the provisions of all applicable law, including the securities laws of any state or any other country.

11. **Representations, Warranties, Covenants, and Acknowledgments.** You hereby agree that, in the event the Company and the Company's counsel deem it necessary or advisable in the exercise of their discretion, the transfer or issuance of the Shares issued pursuant to this Stock Purchase Right may be conditioned upon you making certain representations, warranties, and acknowledgments relating to compliance with applicable securities laws.

12. **Compliance with Law.** Depending on your country of residence, there may be additional restrictions on this Stock Purchase Rights or Shares to be issued pursuant to this Stock Purchase Right which are set forth in the Restricted Stock Sub-Plan. Furthermore, you understand that the laws of the country in which you are working at the time of grant or vesting of the Stock Purchase Right or at the subsequent sale of any Shares issued pursuant to the Stock Purchase Right (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters), may subject you to additional procedural or regulatory requirements that you are solely responsible for and must independently fulfill in relation to the Stock Purchase Right or ownership or sale of Shares.

13. **Voting and Other Rights.** Subject to the terms of this Agreement, you shall not have any voting rights or any other rights and privileges of a stockholder of the Company unless and until Shares are issued upon vesting of this Stock Purchase Right.

14. **Authorization to Release Necessary Personal Information.** You hereby authorize and direct your employer to collect, use and transfer in electronic or other form, any personal information (the "Data") regarding your employment, the nature and amount of your compensation and the facts and conditions of your participation in the Plan (including, but not limited to, your name, home address, telephone number, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, number of Shares held and the details of all Awards or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding) for the purpose of implementing, administering and managing your participation in the Plan. You understand that the Data may be transferred to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, including any requisite transfer to a broker or other third party assisting with the administration of this Stock Purchase Right under the Plan or with whom Shares acquired pursuant to this Stock Purchase Right or cash from the sale of such Shares may be deposited. You acknowledge that recipients of the Data may be located in different countries, and those countries may have data privacy laws and protections different from those in the country of your residence. Furthermore, you acknowledge and understand that the transfer of the Data to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties is necessary for your participation in the Plan. You may at any time withdraw the consents herein by contacting your local human resources representative in writing. You further acknowledge that withdrawal of consent may affect your ability to realize benefits from this Stock Purchase Right, and your ability to participate in the Plan.

15. **No Entitlement or Claims for Compensation.**

(a) Your rights, if any, in respect of or in connection with this Stock Purchase Right or any other Award is derived solely from the discretionary decision of the Company to permit you to participate in the Plan and to benefit from a discretionary Award. By accepting this Stock Purchase Right, you expressly acknowledge that there is no obligation on the part of the Company to continue the Plan and/or grant any additional Awards to you. This Stock Purchase Right is not intended to be compensation of a continuing or recurring nature or part of your normal or expected compensation, and in no way represents any portion of your salary, compensation or other remuneration for purposes of pension benefits, severance, redundancy, resignation or any other purpose.

(b) Neither the Plan nor this Stock Purchase Right or any other Award granted under the Plan shall be deemed to give you a right to become or remain an Employee, Consultant or Director of the Company, a Parent, a Subsidiary or an Affiliate. The Company, its Parents, Subsidiaries and Affiliates, reserve the right to terminate your Service at any time, with or without cause, and for any reason, subject to applicable laws, the Company's Articles of Incorporation and Bylaws and a written employment agreement (if any), and you shall be deemed irrevocably to have waived any claim to damages or specific performance for breach of contract or dismissal, compensation for loss of office, tort or otherwise with respect to the Plan, this Stock Purchase Right or any outstanding Award that is forfeited and/or is terminated by its terms or to any future Award.

16. **Notices.** Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by telegram or fax or forty-eight (48) hours after being deposited in the mail, as certified or registered mail, with postage prepaid, and addressed to the Company at its principal corporate offices and to you at the address maintained for you in the Company's records.

17. **Entire Agreement; Enforcement of Rights.** This Agreement, together with the Plan and the Restricted Stock Sub-Plan, sets forth the entire agreement and understanding of the parties relating to the subject matter herein and therein and merges all prior discussions between the parties. Except as contemplated under the Plan, no modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

18. **Governing Law.** This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law.

19. **Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms.

20. **Successors and Assigns.** The rights and benefits of this Agreement shall inure to the benefit of, and be enforceable by, the Company's successors and assigns.

21. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to this Stock Purchase Right under the Plan and participation in the Plan or future Awards that may be granted under the Plan by electronic means or to request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

22. **Language.** This Agreement, the Plan and the Restricted Stock Sub-Plan shall be translated into French, but if the translated version is different than the English version, the English version will control.

23. **Acceptance of Agreement.** You must expressly accept the terms and conditions of your Stock Purchase Right as set forth in this Agreement by electronically accepting this Agreement by December 31, 2008. If you do not accept this Agreement by December 31, 2008 in the manner instructed by the Company or its designated broker/administrator, your Stock Purchase Right will be forfeited.

* * * *

You acknowledge that by electronically accepting this Agreement, you agree to be bound by all terms of this Agreement.

PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS

[FORM OF COMMUNICATION FROM P. STEVEN MELMAN TO ALL ELIGIBLE OPTION HOLDERS]

To: Eligible Option Holders
From: P. Steven Melman
Date: July 18, 2008
Subject: Tender Offer Update

Eligible Participants,

As all of you know, we have extended the tender offer period to August 18th. We are presently preparing an Amendment to our Tender Offer filed with the SEC to change the plan with regards to rules effecting only those people that hold eligible options under the French Sub-Plan. The changes being made to the plan will allow the French restricted stock to be "qualified" under French law. We presently plan to file such an Amendment with the SEC no later than August 1st, at which time you will be notified of such filing.

Therefore, if you do not hold eligible options under the French Sub-Plan, NOTHING will change with regards to your Election or your decision not to Elect. If you have Elected and received a confirmation from me, NOTHING will change and you need to do nothing further.

If you hold eligible options under the French Sub-plan, some parameters of the plan will change in order for the plan to be "qualified" in France. If you hold eligible options under the French Sub-plan and have already elected to participate, your Election will become void and you will be asked to Elect again. This election must be made before August 18th, at 9pm Pacific Standard Time. I know it is approaching holiday season in France. Please plan accordingly to get access to the new documents which will be sent to this alias and be prepared to make an Election, should you so chose, before the August 18th deadline.

Thank you
P. Steven Melman

APPENDIX B

**SUB-PLAN TO THE
PDF SOLUTIONS, INC. 2001 STOCK PLAN
Qualified Restricted Stock
(FRANCE)
July 28, 2008**

This Sub-Plan to the PDF Solutions, Inc. 2001 Stock Plan Qualified Restricted Stock (France) (the “**Restricted Stock Sub-Plan**”) was created under and pursuant to the PDF Solutions, Inc. 2001 Stock Plan, as amended from time to time, and is intended to govern Stock Purchase Rights granted to French-resident employees and/or officers of a French Subsidiary that are intended to qualify for preferred treatment under French tax and social security laws. All other types of Awards shall remain governed by the terms of the Plan or any applicable sub-plan, as the case may be.

The Committee may grant Stock Purchase Rights pursuant to this Restricted Stock Sub-Plan to any French-resident employees and/or officers. All Sections and subsections of the Plan are incorporated herein and shall apply to Stock Purchase Rights granted pursuant to this Restricted Stock Sub-Plan, except that Sections 4(b) and (c), 6 and 7 are not incorporated herein and the following Sections and subsections of the Plan shall be modified as set forth below.

Grants made pursuant to the present Restricted Stock Sub-Plan shall give rise to the issuance, by the Committee, of a Restricted Stock Agreement which shall specify the precise terms and conditions of each Grant, subject to the provisions contained in the present Restricted Stock Sub-Plan.

SECTION 2. DEFINITIONS. For purposes of this Restricted Stock Sub-Plan, the following terms shall have the meanings set forth in this Section 2. Unless otherwise defined in this Restricted Stock Sub-Plan, including this Section 2, capitalized terms used in this Restricted Stock Sub-Plan shall have the meaning set forth in the Plan.

“**Disability**” means total and permanent disability established on the basis of medical evidence and corresponding to the ranking in the second or third category provided in article L.341-4 of the French Social Security Code (“*Code de la sécurité sociale*”).

“**Director**” means an individual who is a corporate officer of a French Subsidiary, provided that he or she acts as managing director (*Président du Conseil d’Administration, Directeur Général, Directeur Général Délégué, Membre du Directoire*) and who is not otherwise an Employee.

“**Employee**” means an individual who is employed in a salaried position by a French Subsidiary, who is a resident of France for tax purposes on the date of grant of a Stock Purchase Right and who does not own on the date of grant of any Stock Purchase Right and will not own thereafter more than ten percent (10%) of the share capital of the Company hereunder.

“**French Subsidiary**” means a subsidiary of the Company, the share capital or voting power of which is at least ten percent (10%) owned, directly or indirectly, by the Company, and any other French company

in which the Company may come to own at least ten percent (10%) of the share capital or voting power, directly or indirectly.

"Grant" means the grant of a Stock Purchase Right under this Restricted Stock Sub-Plan.

"Key Employee" means an Employee or a Director who has been selected by the Committee to receive a Stock Purchase Right under this Restricted Stock Sub-Plan.

"Restricted Stock" means a Share awarded at vesting pursuant to a Stock Purchase Right that is subject to selling restrictions for a period of two (2) years from the date of transfer of ownership, as further described in Section 8(h) below. The total number of Shares of Restricted Stock granted by the Company cannot exceed ten percent (10%) of its share capital.

"Stock Purchase Right" means the right, granted in accordance with articles L.225-197-1 et seq. of the French Commerce Code (*Code de Commerce*), giving a Key Employee the right to receive Restricted Stock pursuant to a vesting schedule set forth in the applicable Restricted Stock Agreement, it being specified that the vesting schedule cannot provide for vesting earlier than the second anniversary of the Grant Date.

The following definition shall be added to the definitions of Section 2 of the Plan:

"Grant Date" means the date on which the Committee grants Stock Purchase Rights to Key Employees.

SECTION 4. ELIGIBILITY.

The following paragraphs of Section 4 of the Plan shall be amended to read as follows:

General Rules. Only Employees and Directors shall be eligible for designation as Key Employees by the Committee.

SECTION 5. SHARES SUBJECT TO PLAN.

The following paragraph shall be added as paragraph (f) of Section 5 of the Plan:

(f) Repurchase of Shares. If Stock Purchase Rights granted hereunder give the right to acquire or receive existing Shares of Common Stock, the Company shall repurchase such Shares prior to the date on which the Stock Purchase Rights vest.

SECTION 8. TERMS AND CONDITIONS OF STOCK PURCHASE RIGHTS.

The following paragraphs of Section 8 of the Plan shall be amended to read as follows:

(c) Payment for Stock Purchase Rights and Restricted Stock. Stock Purchase Rights and Restricted Stock will be issued for free to the Key Employees who satisfy the conditions of the Plan, as amended by this Restricted Stock Sub-Plan, and the Restricted Stock Agreement. No investment is required on their part.

(d) Vesting Conditions. Subject to the employment conditions decided by the Committee and the terms of the Plan, the Stock Purchase Rights shall vest and the Restricted Stock shall be delivered to the Key Employees as set forth in the applicable Restricted Stock Agreement, it being specified that the vesting schedule cannot provide for a vesting earlier than the second anniversary of the Grant Date. The period between Grant Date and vesting is defined as the “**Acquisition Period**”. In the case of death of a Key Employee the vesting of any outstanding Stock Purchase Right held on the date of death shall fully accelerate and the Key Employee’s heirs may request the delivery of the Restricted Stock underlying the Key Employee’s Stock Purchase Rights within a period of six (6) months following his or her death. If no such request is made, the Restricted Stock will be automatically delivered to the Key Employee’s heirs at the end of the Acquisition Period, as set forth in the applicable Restricted Stock Agreement.

(e) Assignment or Transfer of Stock Purchase Rights. The Stock Purchase Rights are personal to each Key Employee. A Key Employee cannot sell, transfer or pledge his or her right to receive Restricted Stock pursuant to a Stock Purchase Right under the Plan. The only exception to this restriction is for transfers that occur through succession to legal beneficiaries in the event of death of the Key Employee pursuant to Section 8(d) above.

(f) Trusts. The Stock Purchase Rights cannot be transferred or otherwise assigned by a Key Employee to a trustee of any trust or any similar institution of any kind.

(g) Voting and Dividend Rights. Notwithstanding any provisions in the Plan and/or any Restricted Stock Agreement, Key Employees will not be required to invest cash dividends to acquire additional Restricted Stock.

The following paragraphs shall be added to this section:

(h) Selling Restrictions. The Restricted Stock will be delivered to the Key Employees as of the day following the date such shares vest to those employees who will have satisfied the Service condition, if any, set forth in the Restricted Stock Agreement (the “**Date of Delivery**”). Restricted Stock will be delivered and recorded in an account opened in the name of the shareholder (*inscription au nominatif*) with a broker or an escrow agent or in such other manner as the Company may otherwise determine in order to ensure compliance with applicable French law. However, the Key Employees will not be permitted to sell, transfer, pledge or otherwise assign his or her Restricted Stock for a period of two years from the date of transfer of ownership (the “**Holding Period**”). Accelerated sale will be permitted in the case of death or Disability of a Key Employee.

(i) Insider Trading Restrictions. Following the expiration of the Holding Period, the Restricted Stock may be subject to further sale restrictions as set forth in the Plan and this Restricted Stock Sub-

Plan. Pursuant to article L 225-197-1 of the French *Code de commerce*, shares of a listed company cannot be sold (i) during the period of ten (10) stock-exchange trading days that precede or follow the date on which the consolidated accounts, or failing that, the annual accounts are made public; and (ii) during the period between the date on which the company's management has knowledge of information which, if it were made public, could have a significant impact on the price of the company's securities, and the date ten (10) stock-exchange trading days after that on which the said information is made public. Persons who violate these general rules may be subject to legal and financial penalties. The rules shall apply to the Key Employees, unless the Key Employees are otherwise restricted from selling their Shares under similar restriction rules applicable under U.S. law, in which case the U.S. restriction rules shall prevail.

(j) Death of a Key Employee. Notwithstanding any provisions of the Plan, if a Key Employee is terminated because of death during the Acquisition Period, the legal heir or heirs of the deceased employee may request delivery of such employee's Restricted Stock within a period of six (6) months following the date of death. In this case, the Restricted Stock shall be delivered to such heir or heirs promptly following such request and the remainder of the Acquisition Period will not apply. Failing such a request, the Stock Purchase Rights shall vest and the Restricted Stock shall be delivered to such heir or heirs at the end of the Acquisition Period. Further, in the case of death of a Key Employee during the Holding Period, the Holding Period shall not apply and the Restricted Stock shall be immediately transferable, except as may be required under Section 8(i) above and the Plan.

(k) Disability of a Key Employee. Notwithstanding any provisions of the Plan, in the case of Disability of a Key Employee during the Holding Period, the Holding Period shall not apply and the Restricted Stock shall be immediately transferable, except as may be required under Section 8(i) above and the Plan.

SECTION 9. PROTECTION AGAINST DILUTION.

The following paragraph of Section 9 of the Plan shall be amended to read as follows:

(a) Adjustments. In the event of a subdivision of the outstanding Shares, a declaration of a dividend payable in Shares, a declaration of a dividend payable in a form other than Shares in an amount that has a material effect on the price of Shares, a combination or consolidation of the outstanding Shares (by reclassification or otherwise) into a lesser number of Shares, a recapitalization, a reorganization, a merger, a liquidation, a spin-off or a similar occurrence, the Committee shall make such adjustments as it, in its reasonable discretion, deems appropriate in order to prevent the dilution or enlargement of rights hereunder in one or more of: (i) the number of Shares available for future Awards and the per person Share limits under Section 5 of the Plan, or (ii) the number of Shares covered by each outstanding Award. Notwithstanding the foregoing, the Committee shall be authorized to make adjustments in the number of Restricted Stock granted pursuant to a Stock Purchase Right only insofar as the adjustment aims at protecting and maintaining the rights of the Key Employee. Any additional Restricted Stock that a Key Employee shall be entitled to receive shall be subject to the same vesting schedule and conditions as that awarded under initial Stock Purchase Rights.

SECTION 10. EFFECT OF A CHANGE IN CONTROL

The following paragraphs of Section 10 of the Plan shall be amended to read as follows:

(a) Merger or Reorganization. If, at any time during the Acquisition Period, the Company is merged or split and the Shares are replaced by shares of the surviving entity, restricted stock of the surviving entity will, subject to the original vesting and holding conditions, be delivered instead of the Restricted Stock in an amount that will depend on the respective values of the Company and the surviving entity.

If, at any time during the Holding Period, the Company is merged or split and the Shares are replaced by shares of the surviving entity, the shares of the surviving entity received in exchange for the Restricted Stock will be subject to the remaining time of the Holding Period (as such term is defined in section 8(h) of the Restricted Stock Sub-Plan).

If, at any time during the Holding Period, the Shares are subject to a public exchange offer without cash, Key Employees may tender their Restricted Stock and the shares received in exchange for their Restricted Stock will be subject to the remaining time of the Holding Period (as such term is defined in section 8(h) of the Restricted Stock Sub-Plan).

(b) Acceleration. The continuation of the Stock Purchase Rights in the event of a Change in Control that is not covered by the provisions in (a) above and, as the case may be, the acceleration of their vesting shall be possible only insofar as it is authorized by French law.

SECTION 13. DURATION AND AMENDMENTS.

The following paragraphs of this section 13 of the Plan shall be amended to read as follows:

(b) Right to Amend or Terminate the Plan. No modification may be made to the Plan or the Restricted Stock Sub-Plan unless such modification is required by law, regulation or published administrative interpretation. Key Employees shall be notified of any modifications to the Plan that affect their rights under the Plan rules. Such notification may be made by means of individual communication, general notice posted in the workplace, or such other means that are more adequate and appropriate.

The following Sections shall be added to this Restricted Stock Sub-Plan:

SECTION 14. NO ENTITLEMENTS.

A Participant's rights, if any, in respect of or in connection with any Stock Purchase Right are derived solely from the discretionary decision of the Company to permit the individual to participate in this Restricted Stock Sub-Plan and to benefit from a discretionary Stock Purchase Right. By accepting a Stock Purchase Right under the Restricted Stock Sub-Plan, a Participant expressly acknowledges that there is no obligation on the part of the Company to continue the Plan or the Restricted Stock Sub-Plan and/or grant any additional Stock Purchase Rights. Any Stock Purchase Right granted hereunder is not intended to be compensation of a continuing or recurring nature, or part of a Participant's normal or expected compensation, and in no way represents any portion of a Participant's salary, compensation, or other remuneration for purposes of pension benefits, severance, redundancy, resignation or any other purpose.

The Company and its Subsidiaries reserve the right to terminate the service of any person at any time, and for any reason, subject to applicable laws, the Company's Articles of Incorporation and Bylaws and a written employment agreement (if any), and such terminated person shall be deemed irrevocably to have waived any claim to future vesting, damages or specific performance for breach of contract or dismissal, compensation for loss of office, tort or otherwise with respect to the Plan or any outstanding Stock Purchase Right that is forfeited and/or is terminated by its terms or to any future Stock Purchase Right.

SECTION 15. SEVERABILITY

In the event that any term or condition of the Plan is considered to be void under applicable law in any jurisdiction with respect to any Key Employee, the Plan shall be interpreted in respect of such employee as if they did not contain such term or condition. All other terms and conditions of the Plan that are valid shall remain fully in force and shall be interpreted and applied in the manner that most closely respects the original intention of the Plan.

SECTION 16. INTERPRETATION — GOVERNING LAW

The Restricted Stock Sub-Plan is subject to the laws of the state of Delaware, without giving effect to principles of conflicts of law.

In the event of any dispute regarding the interpretation, validity or application of the Restricted Stock Sub-Plan, the relevant parties will strive to find an amicable solution. If such a solution cannot be found, the dispute shall be heard by a competent court in France.

SECTION 17. LANGUAGE

The Restricted Stock Sub-Plan and the Plan shall be translated into French but if the translated versions are different than the English version, the English version will prevail.