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FILING OF A DRAFT TENDER OFFER

for the shares of



by

THALES

Presented by

 **R ROTHSCHILD**

Offer price: €5.65 per share



This press release is prepared by Thales in connection with this tender offer and is published pursuant to Article 231-16 of the AMF General Regulations. The draft offer memorandum was filed on December 17, 2008 with the French *Autorité des marchés financiers* (the “AMF”).

**THIS OFFER AND THE DRAFT OFFER MEMORANDUM ARE STILL SUBJECT TO
REVIEW BY THE AMF**

The draft offer memorandum (*projet de note d'information*) is available on the internet websites of Thales (www.thalesgroup.com) and of the AMF (www.amf-france.org). Copies of the draft offer memorandum (*projet de note d'information*) may also be obtained free of charge from:

- Thales: 45, rue de Villiers - 92200 Neuilly-sur-Seine;
- Rothschild & Cie Banque: 23bis, avenue de Messine - 75008 Paris.

The information relating to the characteristics of the Offeror, in particular its legal, financial and accounting features, will be made public on the same terms, on or before the day prior to the opening of the offer, pursuant to Article 231-28 of the AMF General Regulations.

1. PRESENTATION OF THE OFFER

Pursuant to Section III of Book II and specifically Articles 232-1 et seq. of the AMF General Regulations, Thales, a *société anonyme* organized under the laws of France with a share capital of 595,000,998 Euros, having its registered office at 45, rue de Villiers – 92200 Neuilly-sur-Seine, registered at the Trade and Companies Registry of Nanterre under number 552 059 024 (“**Thales**” or the “**Offeror**”) has offered to the shareholders of CMT Medical Technologies, Ltd. (the “**Shareholders**”), a company organized under the laws of Israel, having its registered office at 7/2 Ha’ Carmel St., Yokneam Illit 20692, Israel, registered with the Trade and Companies Registry of Israel under number 52-004416-5 (“**CMT**” or the “**Company**”), whose shares are traded on the Eurolist market (*Compartiment C*) of NYSE Euronext Paris S.A. (“**Euronext Paris**”) (the “**Shares**”), to acquire all their Shares in consideration for a sum in cash of €5.65 per share (the “**Price per Share**”) on the terms set out below (the “**Offer**”).

Rothschild & Cie Banque, in its capacity as presenting bank for the Offer, filed the draft Offer with the AMF on December 17, 2008. It guarantees, in accordance with the provisions of Article 231-13 of the AMF General Regulations, the content and irrevocable nature of the undertakings made by the Offeror in connection with the Offer.

1.1. Reasons for the Offer

1.1.1. Context of the Offer

On December 16, 2008, Thales and CMT entered into a letter agreement (the “**Letter Agreement**”) whereby Thales agreed to file a cash tender offer for all the Shares of the Company at a Price per Shares equal to €5.65. In consideration for the Offer, CMT committed to certain covenants, including (i) the confirmation by the board of directors of the Company that they consider the Offer to be in the interest of the Company and its shareholders and that they will recommend that shareholders of the Company tender their Shares pursuant to the Offer, and (ii) not to solicit competing bids, provide information to, or negotiate with third parties, subject to a customary “fiduciary out” enabling the Board to withdraw or modify its recommendation of the Offer in the event an unsolicited superior competing bid is filed for all the Shares of the Company.

On the same date, the Offeror entered into with Nofit Center, an Israeli company represented by Mrs. Chaya Greenberg a share tender agreement in relation to 920.620 Shares, representing approximately 21.53% of CMT’s share capital on a fully diluted basis, or 24.52% on the basis of the number of existing Shares as of this date (the “**Tender Agreement**”). Pursuant to this Tender Agreement (which contains usual conditions regarding the possibility to withdraw the tender in the event a competing superior offer by a third party to purchase the Shares has been filed with and cleared by the AMF and an improvement offer (*surenchère*) by the Offeror has not been filed with and cleared by the AMF, and certain representations and warranties), Nofit Center agreed to tender all of its Shares into the Offer no earlier than January 20, 2009 and no later than the 10th business day following the commencement of the Offer. This Tender Agreement is subject to French law and any disputes relating to it are submitted to the exclusive jurisdiction of the Paris Commercial Court.

1.1.2. Reasons for the Offer

Thales, through the intermediary of its Thales Components and Subsystems (“**TCS**”) business line, which CMT would integrate, is an important player in the medical imaging sector. TCS is involved in the medical radiology sector (manufacture of detectors) and had a turnover of €425 million in 2007. TCS has around 2,300 employees.

CMT’s activities are complementary to those of TCS. The combination of the two companies would create an entity involved in the entire medical imaging value chain, from detectors to digital solutions. CMT and TCS already have business relationships as CMT has been a client of TCS for

many years.

The combination with Thales would also enable CMT to have access to Thales' international distribution network, thus increasing the number of its potential clients. In addition, CMT would benefit from Thales' strong brand recognition and reputation, providing more opportunities for cross-selling and increased visibility when marketing full digital imaging packages.

Moreover, such combination would provide CMT with extensive means to accelerate its effort in the field of research and development: Thales intends to contribute its experience in this area with CMT in order to develop CMT's range of products and be able to offer a combined range of products in the short-term.

1.1.3. Competitive Environment

The medical imaging market can be divided into two main sectors: (i) large-scale equipments (over €500,000) such as X-ray rooms or urological examination tables; and (ii) smaller-scale equipment (unitary price below €500,000) such as scanners or MRI equipments.

The medical imaging market is dominated by four large players: GE Healthcare, Siemens Medical Solutions, Philips Medical Solutions and Toshiba Medical Systems. Their aggregate market share is estimated by Thales at 95% of the large-scale equipment market.

CMT is active in the smaller-scale equipment market in which the four companies referred to above have an estimated market share of 50%. The rest of the market is shared between about 150 companies. CMT's two main competitors are the Italian company ATS and the American company Infimed. Both these companies are slightly smaller than CMT.

1.2. **Offeror's intentions for the next twelve months**

1.2.1. Strategy and industrial policy

The acquisition of CMT is part of Thales' long-term strategy, intended to develop its presence in the medical imaging sector.

CMT will become part of the TCS business line, while retaining its own legal and organizational structures. Moreover, Thales considers that CMT's operation in Israel (mainly the Yoqneam site) is an excellent platform to pursue the active growth strategy adopted by CMT over the past few years. As such, Thales would leverage of the existing facilities, together with the technical know-how of CMT's employees, to strengthen the development strategy of its TCS business line and to benefit from the attractive growth prospects offered by the digital imaging market.

1.2.2. Composition of the Company's governing bodies and management

The Offeror's objective is to acquire control of the Company. If the Offer is successful, the composition of the Company's board of directors will be modified in order to reflect its new shareholding structure, in accordance with applicable regulations.

1.2.3. Employment matters

The Offer is part of an industrial strategy to continue and develop the Company's business. As such, the Offeror does not intend to undertake any significant restructuring following the transaction.

In particular, the Offeror intends to maintain the existing location of the Company's principal operating facilities.

1.2.4. Dividend distribution policy

The Offeror is not able as at today's date to decide upon the company's future dividend distribution policy, if the Offer is successful.

The Offeror reserves the right to change the Company's dividend distribution policy after the Offer, pursuant to applicable laws and the Company's bylaws and in accordance with the Company's distribution capacities and financial capabilities.

1.2.5. Merger prospects

As at the date of this press release, the Offeror does not intend to merge with the Company. However, it is possible that, in the future, the Company will be involved in some form of merger and/or restructuring with other companies in the Thales group.

1.2.6. Squeeze-out - Delisting

As the registered office of the Company is not located in France, the squeeze-out procedure set out under article L. 433-4, III of the French Monetary and Financial Code and article 237-14 et seq. of the AMF General Regulations is not applicable. However, pursuant to article 337(a) of the Israeli Companies Law, the Offeror intends to implement a mandatory squeeze-out of the Shares, if the Shares not tendered in the Offer represent less than 5% of the share capital of the Company. Pursuant to this mandatory squeeze-out procedure, if the Shares not tendered in the Offer represent less than 5% of the share capital of the Company, such Shares that have not been tendered in the Offer will be automatically transferred to the Offeror and the records of ownership of the Company will be amended accordingly.

Pursuant to Article 338 of the Israeli Companies Law, on implementation of a squeeze-out and at the request of a Shareholder submitted within 3 months of the closing of the Offer, the Israeli district courts have the power to set the fair value of the Shares, if such courts consider that the Price per Share is less than the fair value of the Shares.

Moreover, the Offeror reserves the right, if it is unable, at the closing of the Offer, to implement a squeeze-out, to ask Euronext Paris to delist the Shares from the Eurolist market of Euronext Paris, if applicable. Please note that Euronext Paris may only accede to this request, if the liquidity of the Shares is heavily reduced on closing of the Offer, with the result that the delisting of the Shares is in the interests of the market, and subject to the Euronext market rules.

1.3. Advantage of the Offer for the companies and their shareholders

1.3.1. Advantage of the Offer for Thales and its shareholders

The strengthening of TCS's position in the medical imaging sector will enable Thales' shareholders to benefit from the complementary technology and business aspects described in section 1.2.1 and benefit from the growth factors in a very attractive sector.

1.3.2. Advantage of the Offer for CMT and its shareholders

The Offer is entirely in cash and includes a substantial premium over the Shares' closing price of €2.30 as of December 16, 2008 (the closing price for the Shares on the last trading day prior to the

filing of the Offer).

1.4. Agreements that are likely to affect the valuation or outcome of the Offer

Except for the Letter Agreement between the Offeror and the Company dated December 16, 2008 and the Tender Agreement dated as of the same date, the Offeror is not aware of and is not party to any agreements that could have a material impact on the Offer or its outcome.

2. FEATURES OF THE OFFER

2.1. Conditions of the Offer

Pursuant to Article 231-13 of the AMF General Regulations and on the terms of a filing letter dated December 17, 2008, Rothschild, acting on behalf of the Offeror, filed the draft Offer on December 17, 2008 with the AMF in the form of a cash tender offer.

The Shareholders that wish to tender their Shares in the Offer on the terms proposed in the draft offer memorandum (*projet de note d'information*) have to provide their financial intermediary (credit institution, investment firm etc.) with a sell order, using the form provided to them by such intermediary, on or before the closing date of the Offer and within sufficient time to enable their order to be processed. Such financial intermediary will transfer the Shares tendered to its account to Euronext Paris.

The Shares tendered in the Offer must be freely negotiable and unsecured by any lien, collateral, pledge or other security or restriction of any form whatsoever which limits the free transfer of title thereto. The Offeror reserves the right to refuse any tendered Share which does not satisfy this condition.

2.2. Number and Nature of the Securities subject to the Offer

As at the date of this press release, the Offeror does not hold, whether directly or indirectly, alone or in concert, any Shares issued by the Company.

It is nevertheless reminded that pursuant to the Tender Agreement dated December 16, 2008, Nofit Center has agreed to tender all of its Shares in the Company, *i.e.*, 920,620 Shares.

Pursuant to Article 231-6 of the AMF General Regulations and subject to the terms and conditions of the Offer, the Offer is made in respect of all the Company's Shares, *i.e.*, any existing Shares or Shares to be issued, during the Offer or the Reopened Offer, as applicable, as a result of the exercise of CMT's stock options, *i.e.*, to the Offeror's knowledge, a maximum number of 4,275,090 Shares.¹

Other than the Shares and stock options referred to above, there are, to the Offeror's knowledge, no other equity securities or other financial instruments or rights which may grant access whether now or in the future to the Company's share capital or voting rights.

¹ Including, according to the Company, (i) 3,754,124 shares existing as at September 30, 2008 and (ii) 520,966 Shares which may be issued as a result of the exercise of Company stock options which are currently exercisable or that can become exercisable in the event of a change of control, including 76,666 in-the-money options at a Price per Share of € 5.65.

2.3. Terms of the Offer

The Offeror is proposing to acquire the Shares of CMT's shareholders in consideration for €5.65 per Share in cash.

If, between December 17, 2008, the date of filing of the draft offer memorandum (*projet de note d'information*) with the AMF (inclusive) and the date of settlement-delivery of the Offer (inclusive), the Company decides to make a dividend distribution (including any interim dividend), the payment date of which or the reference date of which, for a shareholder to be eligible to exercise the right, is set before the date of settlement-delivery of the Offer, the Price per Share will be reduced by the amount of the dividend distributed per Share.

Any adjustment of the Price per Share will be submitted to the AMF beforehand.

2.4. Condition to the Offer – Minimum Tender Condition

Pursuant to the provisions of Article 231-9 of the AMF General Regulations, the Offer is subject to the condition that, as of the closing of the Offer, Shares representing at least 50.01% of the Company's share capital and voting rights, existing as of the date of closing of the Offer, are tendered in the Offer, on a fully diluted basis (the "**Minimum Tender Condition**").

For the purposes of determining whether the Minimum Tender Condition has been satisfied, the following will be taken into consideration:

- under the numerator, the total number of Shares validly tendered in the Offer as of the closing day of the Offer; and
- under the denominator, all existing Shares of the Company as of the closing day of the Offer, on a fully diluted basis, including the Shares issued as a result of the exercise of stock options and other equivalent financial instruments which may exist pursuant to employee profit-sharing schemes or any other financial instrument which may grant access to the Company's share capital.

The Offeror and the Shareholders will not know whether the Minimum Tender Condition has been satisfied, before the publication of the definitive results of the Offer.

If the Minimum Tender Condition is not satisfied, the Offer will terminate and the Shares tendered in the Offer will be returned to their holders, without any interest, indemnity or other payment of any sum being due.

However, the Offeror reserves the right to simply waive such Minimum Tender Condition or, with the AMF's approval, to reduce the Minimum Tender Condition by filing an improved offer at least five trading days prior to the Offer's close, pursuant to Article 232-7 of the AMF General Regulations.

2.5. Right to Withdraw the Offer

Pursuant to Article 232-11 of the AMF General Regulations, the Offeror reserves the right to withdraw its Offer within five trading days of the publication of the timetable for a competing bid or improved offer.

Pursuant to Article 232-11 of the AMF General Regulations, the Offeror also reserves the right to seek the AMF's authorization to withdraw its Offer, if the Company adopts defensive measures

during the Offer period which result in a modification of its substance or if the Offer is successful or if the Offer becomes irrelevant.

In the event of a withdrawal, the Securities tendered in the Offer will be returned to their holders, without any interest, indemnity or other payment of any sum being due.

2.6. Indicative Timetable for the Offer

An indicative timetable for the Offer is set out below:

December 17, 2008	Filing of the draft Offer and of the draft offer memorandum (<i>projet de note d'information</i>) with the AMF
January 6, 2009	AMF clearance decision (<i>déclaration de conformité</i>) for the Offer, including the approval (<i>visa</i>) of the Offeror's offer memorandum
January 8, 2009	Publication of the Offeror's offer memorandum, in accordance with Article 231-27 of the AMF General Regulations
January 9, 2009	Opening of the Offer
February 26, 2009	Closing of the Offer
March 11, 2009	Publication of the notice announcing the definitive results of the Offer
March 12, 2009	If successful, reopening of the Offer

It is noted that the dates set out above for the period after closing of the Offer will be subject to the timetable for filing and approval of the Company's memorandum in response.

3. SUMMARY OF VALUATION CRITERIA FOR THE PRICE PER SHARE

The valuation criteria for the Price per Share set out below were prepared by Rothschild, the presenting bank for the Offer, on behalf of the Offeror, in accordance with commonly accepted valuation methods, on the basis of publicly available information on CMT, its business sector and its competitors. Rothschild was not instructed to verify such information nor to verify and value CMT's assets or liabilities.

The Price per Share in connection with the Offer can be compared to the various selected valuation methods, as set out below:

	Resulting value per CMT Share (€)	Premium / (discount) resulting from the Price per Share (%)
Selected methods on a primarily basis		
Trading price		
Closing price as at December 16, 2008	2,30 €	145,7%
1-month average ¹	2,61 €	116,1%
3-month average ¹	2,84 €	98,7%
6-month average ¹	2,73 €	106,7%
1-year average ¹	3,05 €	85,2%
1-year high	4,48 €	26,1%
1-year low	2,30 €	145,7%
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Premiums offered in previous public offers ²	3,1 € - 3,9 €	45,2% - 83,1%
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Selected methods on an indicative basis		
Market comparables	4,1€	38,4%
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Note

¹ Volume weighted average prices over the period

² Analysis of premiums offered in previous public offers (public offers fully paid in cash on French targets, offer announced after Jan 1st, 2005, and pro forma equity value inferior to €200m)

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