



Aerospace Division: Thales's response

Neuilly-sur-Seine, April 2nd 2009

Following an article published today in the daily French newspaper La Tribune, THALES wishes to make the following clarifications :

In accordance with accounting standards, Thales carries out regular evaluations of the cost to complete of all its programs under implementation. As soon as Thales becomes aware of any new elements resulting in an upward reassessment of the cost to complete of any given program, the additional expenditure is immediately booked in the accounts ; and if as a result the program gross margin turns negative, a provision for loss at completion is booked. This approach led the Group to record an additional charge of €60m in the second half of 2008 (bringing the total up to €80m for 2008) under the A400M program. This number essentially reflects charges to come.

Thales further stresses that its 2008 financial statements, closed by the Board of Directors on February 26, 2009, and approved without reserves by the Auditors, reflect its best knowledge of the situation, insofar as the ongoing programs are concerned.

In addition, during the last few years, Thales has invested towards the development of an in-flight entertainment business. Now counting 45 airline companies as customers, and with almost 400 planes equipped, Thales is today a prominent player on this promising market. This investment can hardly be qualified as a "loss" and Thales reaffirms its confidence in the good positioning and prospects of this activity.

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