



ISSUER

THALES
NYSE Euronext Paris (France)
Common share ISIN code: FR0000121329

PURPOSE OF THE TRANSACTION – REASONS FOR THE OFFERING

This offering of shares is extended to the Group's employees in Australia, Belgium, Canada, France, Germany, Netherlands, Spain, and Italy, who will be eligible for and members of the Group Savings Plan (PEG), and to employees in the United Kingdom in accordance with the Share Incentive Plan (SIP).

The objective of this transaction is to strengthen Thales's existing relationship with its employees by offering them the possibility of becoming more closely associated with the future targets, successes and performance of the Group.

OFFERED SECURITIES

The Thales offering of shares to employees of the Group will consist of a sale of existing treasury shares which have been repurchased by Thales within the framework of a repurchase program, authorized by the General Assembly of shareholders, in accordance with Article L. 225-209 of the French *Code of Commerce*. The sale of shares to employees who are members of the Group Savings Plan will be implemented within the framework of the provisions set forth in Articles L. 3332-18 and seq. of the French Labor Code, with the exception of the offering in the United Kingdom where it will be conducted in accordance with the SIP.

On January 18, 2011, the Board of Directors decided on the implementation of this share offering, reserved for employees, and delegated to the Chief Executive Officer the powers required for its implementation. In accordance with the Board of Directors' decision, the offer will be limited to a maximum number of 1,200,000 shares.

The Chief Executive Officer, acting by delegation on behalf of the Board of Directors, will set the dates of the subscription-revocation period and will fix the acquisition price by a decision which is scheduled to take place on June 22, 2011. The acquisition price will be equal to:

- either 80% of the Reference Price within framework of the "classic" formula;
- or 85% of the Reference Price within the framework of the structured formula, known as "protected".

The Reference Price will be announced by the Chief Executive Officer on June 22, 2011, and will be equal to the average of the opening price of Thales shares on NYSE-Euronext Paris over the twenty (20) trading days preceding this date. The

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acquisition price for the offering in the United Kingdom will be determined in accordance with the applicable rules of the SIP.

As the shares acquired by the employees are existing common shares, they are entirely assimilated into the existing common shares that currently comprise Thales's share capital.

CONDITIONS OF THE OFFER

- *Beneficiaries of the share offering reserved for employees:* the beneficiaries of the offering are employees of companies in the offering perimeter that are members of the Group Savings Plan regardless of the nature of their employment contract (fixed or indefinite term length, full or part time employment) and that are able to justify a three-month seniority within the Group. Retired employees and employees on early retirement working in the French companies of the Group who were members of the Group Savings Plan prior to the end of their employment retain their status as beneficiaries subject to their having kept assets in the Group Savings Plan since the effective date of their retirement leave or early retirement leave. The Thales share offering in the United Kingdom is implemented in accordance with the SIP.
- *Companies in the offering perimeter:*
 - The Thales company, with a total share capital of 597 246 081 euros, with its registered office at 45 rue de Villiers 92200 Neuilly-sur-seine 92200, and
 - Companies of the Thales Group, for which Thales holds directly or indirectly more than 50% of the total share capital, with a registered office in Australia, Belgium, Canada, France, Germany, Netherland, Spain, and Italy, which are members of the Group Savings Plan, and the United Kingdom where the offering will take place in accordance with the SIP.
- *Terms and conditions of participating in the offer:* the shares will be acquired via an FCPE and through a Trust for the SIP.
- *Acquisition formula of Thales shares:* employees will be able to acquire Thales shares within the framework of two formulas, one called classic and the other called protected, which allow the employee to benefit from a guarantee on their investment in this offering. Under the classic formula, the employees will receive a matching contribution from their employer corresponding to one bonus share for ten acquired shares in the limit of five bonus shares. The protected formula will not be offered in the United Kingdom; the offering will be made pursuant to a SIP where the acquired shares will be matched by the employer.

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- *Voting rights*: The voting rights associated with the shares will be exercised by the FCPE Supervisory Board. Under the SIP, the voting rights of the shares may be exercised by the beneficiaries.
- *Subscription threshold*: the beneficiaries' annual payments made in the Group Savings Plan shall not exceed, in accordance with Article L.3332-10 of the French Labor Code, one-fourth of their gross annual remuneration for the year 2011. The maximum amount under the SIP is 1,500 pounds sterling per beneficiary.
- *Lock-up applicable to the corresponding FCPE units*: the employees participating in the offering shall hold the corresponding units of the FCPEs for a five year period, except in the occurrence of an early exit event provided for in Article R.3334-22 of the French Labor Code. Under the SIP, the employees participating in the offering are not required to hold the shares they acquired; however, they may not benefit from the tax advantages of their purchase, depending on the conditions of the plan, should they sell them before the expiration of a five-year period.

TENTATIVE TRANSACTION CALENDAR

- Reservation period for beneficiaries: from May 11, 2011 (inclusive) to May 24, 2011 (inclusive).
- Subscription/revocation period: from June 22, 2011 (inclusive) to June 24, 2011 (inclusive).
- Settlement-delivery of the offering: scheduled for or around July 28, 2011.

Specific timetable for the SIP:

- Reservation period for beneficiaries: from May 11, 2011 (inclusive) to May 24, 2011 (inclusive).
- Reporting period: from a date between June 22, 2011 and June 30, 2011 (inclusive) and until October 31, 2011 (inclusive)
- Delivery of shares: November 2011

These dates are provided on a tentative basis and may be subject to change.

LISTING

The Thales shares are listed on NYSE Euronext Paris (ISIN code: FR0000121329).

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HEDGING TRANSACTIONS

The implementation of the protected formula may generate hedging transactions from the financial establishment in consideration of the swap transaction, prior to the implementation of the offering and during the entire period of the offering.

SPECIAL NOTE REGARDING THE INTERNATIONAL OFFERING

This press release does not constitute an offer to sell or a solicitation of offers to the acquisition of Thales shares. The offering of Thales shares reserved for employees will be conducted only in countries where such an offering has been registered with the competent local authorities and/or following the approval of a prospectus by the competent local authorities or in consideration of an exemption of the requirement to prepare a prospectus or register the offering.

More generally, the offering will only be conducted in countries where all required filing procedures and/or notifications have been completed and the necessary authorizations have been obtained.

EMPLOYEE CONTACT

The beneficiaries may address all questions regarding this offering to their Human Resources contact person and/or to any other person specified in the documentation remitted to beneficiaries of the offer.

The present document constitutes the press release required by the AMF in accordance with article 212-4 5° of the AMF General Regulations and article 14 of circular n°2005-11 of December 13, 2005.

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