

Thales: two strategic moves towards alliances in the defence industry

Neuilly-sur-Seine, 15 December 2011

Thales raises its participation in DCNS capital

At a meeting of its board of directors held on 15 December 2011, Thales decided to exercise its option to increase its participation in the capital of DCNS to 35%. Thales has had this option since it acquired a 25% stake in DCNS in 2007.

This decision follows on the increasingly closer partnership between the two companies since 2007 as well as the successful cooperation between Thales and DCNS in France and on export markets. It is a significant step towards strategic alliances in the naval domain in Europe and, in accordance with the agreements signed in 2007, will give rise to additional rights for Thales in the governance of DCNS, thereby strengthening the cooperation between the two companies.

Thales and Nexter enter into discussions with a view to bring together their ammunition businesses, in conjunction with Thales taking up a minority stake in the capital of Nexter Systems

Further to their board meetings held respectively on 14 and 15 December 2011, Nexter and Thales announce their entering into discussions to bring together their ammunition businesses with the aim of strengthening Nexter Group's position within the European industry.

The project would bring together within Nexter the ammunition affiliates of both companies, Nexter Munitions and TDA Armements,. In conjunction, Thales would take up a minority stake in the capital of Nexter Systems and a technological and commercial cooperation agreement would be implemented between the two groups.

This project is a further step in the consolidation of the defence industry in Europe, benefiting both competitiveness and employment.

It aims at reinforcing the position of Nexter as a world leading player in the ammunition business. The new

entity would leverage on its complementary production facilities, thereby offering its customers a comprehensive product range, while increasing its competitiveness and capturing new export business opportunities.

While preserving the independence of Nexter Systems, Thales's participation in its capital would enable to strengthen the cooperation between the two companies, especially in the technological and commercial fields, and to leverage on their respective forces in these two fields to foster their development, in particular on international markets.

Thales and Nexter Systems are going to pursue their discussions with a view to reach an agreement proposal, which would then be presented to their respective boards of directors and employee representatives bodies. Thales will inform the financial markets about the evolution of these discussions in accordance with the applicable regulation.

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