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Thales launches a new employee share offering “SharingThales 2017”

Thales (Euronext Paris: HO) is announcing today the launch of its 2017 employee share offering, “SharingThales 2017”. This offer will be open to Group staff in 25 countries and will involve approximately 70,000 employees and retirees.

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

It will be made through the sale of existing treasury shares which have been bought by Thales within the framework of a share buy-back programme.

Terms and conditions of this offer can be found in the appendix.

About Thales

Thales is a global technology leader for the Aerospace, Transport, Defence and Security markets. With 64,000 employees in 56 countries, Thales reported sales of €14.9 billion in 2016. With over 25,000 engineers and researchers, Thales has a unique capability to design and deploy equipment, systems and services to meet the most complex security requirements. Its exceptional international footprint allows it to work closely with its customers all over the world.

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2017 employee share offering: Terms & conditions

Purpose of the transaction – reasons for the offering

This offering of shares is extended to the Group's employees in Australia, Austria, Belgium, Brazil, Canada, China, France, Germany, Hong Kong, India, Italy, Mexico, Netherlands, Norway, Poland, Portugal, Qatar, Romania, Spain, Singapore, Saudi Arabia, South Africa, United Arab Emirates, and United States of America, 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 opportunity to become 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 bought by Thales within the framework of a share buy-back programme 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 Labour Code, with the exception of the offering in the United Kingdom where it will be conducted in accordance with the SIP.

On 27 February 2017, the Board of Directors decided on the implementation of this share offering, reserved for employees, and delegated to the Chairman & 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 500,000 shares.

The Chairman & Chief Executive Officer, acting by delegation on behalf of the Board of Directors, has set the dates of the subscription period and has fixed the acquisition price by a decision dated 12 October 2017. The acquisition price will be equal to 80% of the Reference Price.

The Reference Price, established by the Chairman & Chief Executive Officer on 12 October 2017, corresponding to the average of the opening price of Thales shares on Euronext Paris over the twenty (20) trading days preceding this date, is equal to 94.91 euros. The acquisition price is consequently equal to 75.93 euros. The 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 who 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 who 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:**
 - Thales parent company, with a total share capital of 636 584 298 euros, having its registered office at Tour Carpe Diem, place des Corolles, esplanade nord, 92400 Courbevoie, France, 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, Austria, Belgium, Brazil, Canada, China, France, Germany, Hong Kong, India, Italy, Mexico, the Netherlands, Norway, Poland, Portugal, Qatar, Romania, Spain, Singapore, Saudi Arabia, South Africa, United Arab Emirates, and United States of America 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 or through direct shareholding, depending on the countries, and through a Trust for the SIP.
- **Acquisition formula of Thales shares:** employees will be able to acquire Thales shares within the framework of a subscription formula called classic. The employees will receive a matching contribution from their employer corresponding to one bonus share for four acquired shares up to forty shares purchased, within the limit of ten bonus shares.
- **Voting rights:** The voting rights associated with the shares will be exercised by the FCPE Supervisory Board and by the employees in case of direct shareholding. Under the SIP, the voting rights of the shares may be exercised by the beneficiaries.
- **Subscription cap:** the beneficiaries' annual payments made in the Group Savings Plan shall not exceed, in accordance with Article L.3332-10 of the French Labour Code, one-fourth of their gross annual remuneration for the year 2017.
- **Lock-up applicable to the corresponding FCPE units or the shares held directly:** the employees participating in the offering shall hold the corresponding units of the FCPEs or the shares held directly for a five year period, except in the occurrence of an early exit event provided for in Article R.3334-22 of the French Labour Code and by local regulations.

Tentative transaction calendar

- **Subscription period:** from 23 October 2017 (inclusive) to 14 November 2017 (inclusive).
- **Settlement-delivery of the offering:** scheduled for or around 19 December 2017.

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

Listing

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

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 any questions regarding this offering to their Human Resources contact 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 Autorité des Marchés Financiers (AMF) in accordance with article 212-4 5° of the AMF General Regulations and article 19 of circular n° 2016-04.