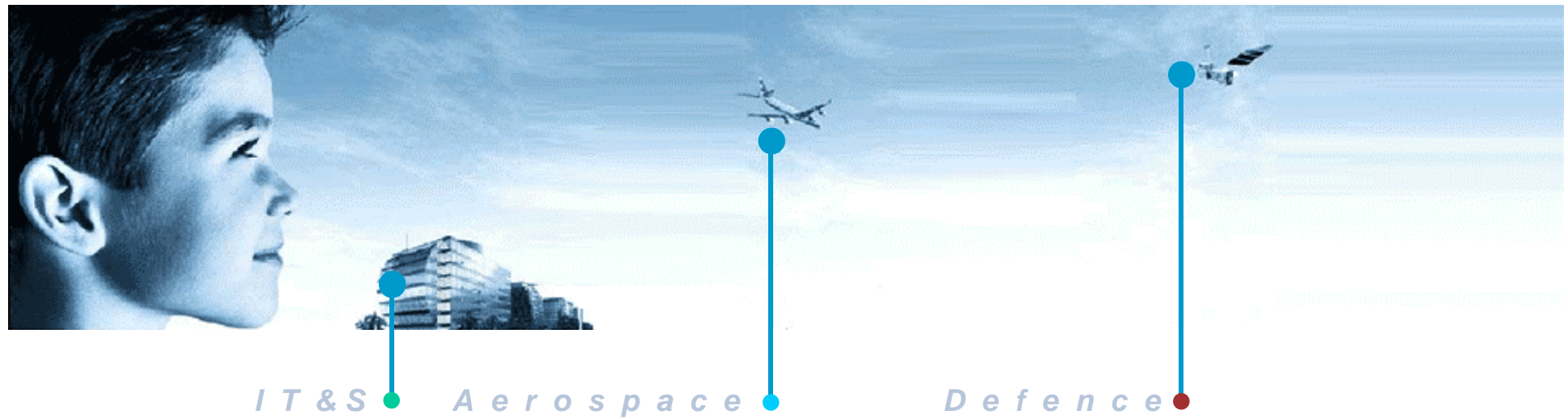


THALES Share offer 2004



November 2004

René Vérot
THALES



“ I am very strongly committed to employee stock ownership as a federating force and a way of including employees personally and purposefully with their company.....”

Denis Ranque
Chairman & CEO



THALES policy of employee investment in its capital, has been developed:

- first through privatisation offers made by the French State, in 1998 and 2000
- then through a capital increase reserved for employees in 2002

These offers were designed (whenever possible) with different formulas answering the main attitudes toward investment in shares:

- **A traditional “shareholder risk taking” attitude**, associated with a discount on the share price
- **and a more cautious attitude**,
for which the formula proposed to employees limited the risk taken, either in improving the price with a company special contribution or in, guaranteeing the refund of personal investment in case of a negative evolution of the share.



THALES Employee Shareholding Schemes



THALES had made its best efforts to implement these schemes as widely as possible

Previous offers have been introduced in 16 countries:

Australia, Belgium, Canada, France, Germany, Greece,

Italy, Japan, Korea, Norway, Singapore,

Spain, South Africa, Switzerland, United Kingdom, United States

They have enabled a further feeling of participation to develop amongst employees in the Company. Presented through global communication they have re-inforced the common awareness of belonging to the same group.

For example, employees in Korea have received the same message as Norway, South Africa or US employees and they have the same information and finally share the same expectation in their company.

Whenever « equal treatment » was possible THALES has gone as far as possible to offer it, while being always compliant with legal and fiscal local constraints.



THALES schemes have been widely subscribed by its employees:

- A total of 10.8 million shares were transferred to employees.
- Today about 8.6 million are held by employees:
representing more than 5% of the company's capital

2 employees out of 3 own THALES shares

- Average individual assets invested in THALES shares amount to 3 000 euros
- THALES shares are mainly held through dedicated mutual funds*
- All shares benefit from the normal rights, dividend**, voting...

* *in some countries legal constraints did not allow the implementation of a fund.*

** *except those under the leverage formula*





THALES policy of employee investment in its capital

will be extended in 2004 through an acquisition of existing shares

THALES will propose 1 million shares through a new offer

Allowing employees to acquire shares with a company contribution





Treasury shares will be sold to employees under favorable conditions

A company contribution in free shares instead of discount granted under previous offers

One matching share for every six purchased shares

***A Share Incentive Plan
opened for UK employees***





2004 offer principles

- Global offer open in 11 Countries

*Australia, Belgium, Canada, France, Germany, Norway,
the Netherlands, Singapore, South Africa, Switzerland, United Kingdom*

- Offer to be made at no less than €25 per share, at market value
- As far as possible all employees worldwide to be treated the same.

Official offer launching in France on November 17th

Subscription period between november 25th and december 6th 2004

Shares allocation before end of 2004




Message from Denis Ranque, Chairman and CEO Thales SA

"Thales employees through their participation in 1998 and 2000 French state offers as well as the Thales 2002 offer now hold a significant portion of Thales stock (approximately 5%). Thales Board of Directors and Executive Committee, as an example of their wish to extend this commitment, are launching a new employee share offering. Thales is offering you the opportunity to purchase existing Thales SA shares under preferential conditions. In addition, you will receive an employer contribution in the form of free shares. The purchased shares will be bought at market price.

The offer has been opened up in 11 countries : South Africa, Germany, Australia, Belgium, Canada, France, Norway, The Netherlands, Singapore, Switzerland and the United Kingdom (where a special scheme has been set up). In some countries where previous offers had been made, Thales, due to legal constraints, has not been able to make this offer available.

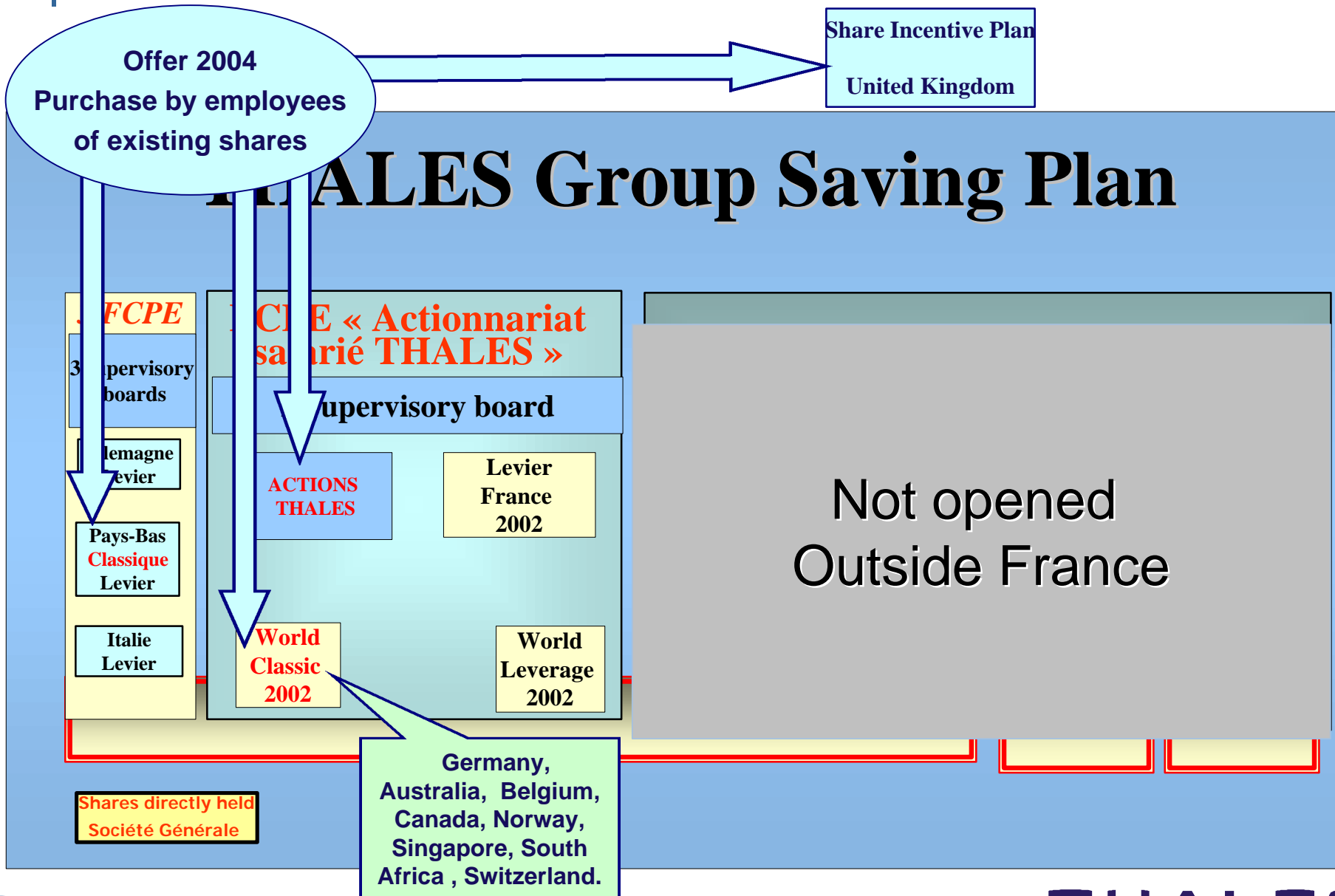
I deeply value the partnership between the employees and the Company through employees acquiring shares.

Although investing in our company shares must be based on a personal decision, I hope you will contribute to the reinforcement of employee shareholding through sharing in the success of the offer and I thank you in advance for the expression of your trust in the Company.

Denis Ranque
Chairman and CEO

(D.D. Please refer to the Glossary at the end of the document for definitions of key terms.)





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THALES EMPLOYEE SHAREHOLDING SCHEMES

