

THALES EMPLOYEE SHARE SCHEMES

FREQUENTLY ASKED QUESTIONS

1998 AND 2000 OFFERS ONLY

(1) What are the costs of selling shares?

Currently, the costs of selling shares are €22.87 (commission) plus 0.3% of the gross sale proceeds (brokerage). Please see the reverse of the “Sale of Shares” form for more information.

(2) In relation to sales, what is the difference between the daily and the monthly facility?

The daily facility means that your shares are sold by Societe Generale (the French broker) on the same business day as your instruction is received by Mourant, provided your instruction is valid and is received before 12 noon.

Monthly sales are processed on the last working day of the month (provided the French Stock Exchange is open). The shares of all participants who have chosen to sell on this date are aggregated and sold in one transaction. This means that the commission charge of €22.87 is split pro rata between the number of sellers. Note, however, that if you choose to sell your shares using the monthly facility you are not guaranteed to benefit from reduced commission as there may not be any other sellers on that date. Please see the reverse of the “Sale of Shares” form for more information.

(3) How can I find out the Thales share price?

This can be found on the Thales UK intranet, the Thales Group website at www.thalesgroup.com or alternatively on the Thales UK Employee Shareholder website (TUES) at www.tues.org.uk

(4) Is there a company facility to buy further Thales shares outside of the scheme?

No there is no such facility.

(5) Is it possible to transfer released shares to an ISA?

Free shares received in September 2001 (under the 1998 Offer) and locked in for three years can be transferred to an ISA after their release date in September 2004. Shares must be transferred to an ISA within 6 months of their release date. Further details on how to transfer shares to an ISA will be issued by Thales Corporate shortly.

(6) Who pays Mourant’s costs for administering the share offers?

Thales pays for the on-going management and administration of the share schemes.

(7) Can I transfer shares into my name and hold a share certificate once they are released?

No, it is not possible to transfer Thales shares into your own name and hold a share certificate. All Thales shares are uncertificated and as such must be held in custody with a bank or broker. You are free to transfer your released shares from Mourant to another custodian but bear in mind that you will probably have to pay fees to the new custodian.

(8) Is Avoir Fiscal being abolished?

It is our understanding that 2004 is the last year for which Avoir Fiscal can be reclaimed due to a change in French legislation. Thales will pay the administration costs of reclaiming the Avoir Fiscal on the 2004 dividend.

(9) Why do I not have a share certificate?

The 1998 and 2000 share schemes were set up under a trust deed which means that the shares are held by a trustee – Mourant ECS Trustees Limited. The trustee holds the shares on your behalf but you still have the rights as a shareholder such as the right to receive a dividend and the right to vote at shareholder meetings.

(10) Are Thales shares traded on the London Stock Exchange?

No, Thales shares are traded on the Paris Stock Exchange only.

(11) What happens to my shareholding if I leave the company and move abroad?

Mourant will continue to hold the shares on your behalf and will continue to send correspondence and, if applicable, dividend cheques to your address. Remember that when you change address you must notify Mourant by completing a “Change of Circumstance” form.

(12) How are dividends paid?

Dividends are paid either by cheque sent to your home address or by bank transfer. You are advised to have your dividend paid directly into your bank account as this is a quicker and much safer method of payment. If you would like to receive future dividends by this method, please contact the Mourant Helpline (020 8409 2629) for further details. Note that you would continue to receive the dividend tax voucher by post.

(13) Can I receive my dividend in Euros?

No. Mourant receive the dividend payment in sterling. It would not be cost effective to convert this into Euros.

(14) When should I complete a Change of Circumstance form?

It is imperative that you complete a Change of Circumstance form if move house, change your name, leave Thales' employment or transfer employment from one Thales company to another (for example, if you transfer from Thales Comms to Thales Telecom). Furthermore, if you have elected to have your dividends paid directly into your bank account, you should complete a change of circumstance form if your bank account details change. This is the only way Mourant can keep an accurate record of whereabouts and ensure that you receive dividends and documentation in relation to your shareholding. A copy of your completed Change of Circumstance form must be lodged with your HR Dept on each occasion.

(15) When will I receive documents relating to the Annual General Meeting?

This year's AGM will be held on 11 May 2004. The details of the AGM were first published in the official bulletin in France on 31 March 2004. The information in the bulletin is now being prepared by Societe Generale, the registrar, into documents for mailing – brochure, voting/proxy form and guidance notes. These documents will start to be posted on or around 21 April.

Last month Mourant wrote to you to ask whether you wished to receive the AGM documents when they become available. This was done to speed up the process of you receiving the documents. If you replied to this letter your AGM documents will be posted to you directly by Societe Generale in France on or around 21 April. As we are relying on the overseas postal system you may experience delays in receiving the documents.

Upon receipt of the documents, you are advised to complete and return the voting/proxy form immediately to enable your vote to be registered prior to the meeting. If you wish to attend the AGM in person you should fax your voting/proxy form to the Employee Shareholders Dept by 5 May 2004. Further details, including the fax number, can be found in Mourant's letter of 8 March 2004.

2002 OFFER ONLY

(1) Can I sell my units before 2 April 2007?

Your units are locked in until 2 April 2007 unless you qualify for an “early redemption”. This applies if you leave the company due to redundancy, retirement, early retirement or if the company or business in which you are employed is sold out of the group. If any of these apply to you, you will be given six months from the date of the event in which to redeem your units. Of course you do not have to redeem your units, you can leave them where they are until they mature in 2007. If you leave the company it is important that you notify Mourant by completing a Change of Circumstance form.

(2) Where can I obtain a Change of Circumstance form?

You can obtain a form by calling the Mourant Helpline (020 8409 2629). Alternatively you can download a form from the Thales UK Employee Shareholder (TUES) website at www.tues.org.uk

(3) How can I obtain a price for my classic and leverage units?

You can obtain the current value for both classic and leverage units by logging onto the website run by Credit Lyonnais (www.pacteo.com). To do this you will need an account number and password. These can be found in the top left hand corner of your last share statement.

(4) When the offer matures in April 2007 will the sale of a large number of shares have an adverse impact on the Thales share price?

No. Thales has set up the offer in a way to ensure that the selling of shares at the time of maturity will not impact the Thales share price.

Issued April 2004