

THALES

EMPLOYEE SHARE PLAN 2002

SUPPLEMENTAL TAX INFORMATION

Contained in the Information Pack you received setting out the details of the Thales Employee Share Plan 2002 (the "Plan") was a Tax Information sheet setting out how participation in the Plan would be taxed in the UK.

We have now received confirmation from the UK Inland Revenue on how gains made on the redemption of FCPE units under both the Classic Plan and the Leveraged Plan will be taxed.

This Supplemental Tax Information sheet should be read in conjunction with the Tax Information sheet previously received, as the numbering of the supplemental questions set out below relates to the numbering of questions used on that Tax Information sheet.

CLASSIC PLAN

4 (a) Will there be any income tax if I become entitled to an early release?

The Inland Revenue have confirmed that where you redeem your FCPE units at the end of the lock-in period or where you become entitled to an early release there will be **no income tax charge** and that any gains which you make will be subject **only to capital gains tax**.

The capital gains tax treatment outlined in the Tax Information sheet will apply.

LEVERAGED PLAN

4 Will there be any income tax when I redeem my investment in the FCPE?

The Inland Revenue have confirmed that on a redemption of your FCPE units at the end of the lock-in period or where you become entitled to an early release there will be **no income tax charge** and that any gains which you make will be subject **only to capital gains tax**.

The capital gains tax treatment outlined in the Tax Information sheet will apply.

You should note that the Revocation Period during which you may withdraw your application for Thales shares will commence on 11 December 2002. Any orders not withdrawn by midnight on 13 December 2002 will become irrevocable. A Revocation Form should have been included in the Information Pack already received.

If you leave employment with the Thales group prior to 20 December 2002, but decide to continue with your application, you will not be entitled to any of the early release provisions and your shares / FCPE units must be retained for the full lock-in period.

Should you have any queries in connection with this Supplemental Tax Information sheet you should contact Michael Seabrook, Assistant Corporate Secretary, Thales Plc, michael.seabrook@uk.thalesgroup.com, telephone number 01932 824 800, fax number 01932 824 922 **as soon as possible**.