

**THALES**

**ARTICLES OF ASSOCIATION**

**(15 May 2008)**



## **ARTICLE 1 FORM**

The company established as between the owners of the shares specified below and the owners of any shares which may be created subsequently shall have the form of a "Société anonyme" (joint-stock company). The company is governed by the provisions of "Code de commerce", by all other legal provisions in force and by the present "Articles of Association".

## **ARTICLE 2 OBJECT**

The object of the company, both directly and indirectly, and applicable in all countries of the world, is as follows :

1. Design, construction, installation, maintenance, operation, manufacture, purchase, sale, exchange, contribution or hire of all equipment, tooling, workstations, devices, finished or semi-finished articles, materials, components, systems, processes, and generally any products concerning applications of electronics in all areas .

For this purpose, the registration, purchase, sale, exchange, contribution, franchise or utilization of any patents, licences and manufacturing or trade marks.

2. Identification, acquisition, purchase, transfer, exchange, contribution, rental or operation of any franchises or public or private companies, training of personnel, and provision of any services relating to the above purposes.
3. Formation of any companies or associations, or acquisition of an interest, in whatever form, in any companies or undertakings having an object similar to, or connected with that of the Company.
4. Generally, any commercial, industrial, financial, movable asset and real estate transactions and activities, connected, directly or indirectly, with the object listed above.

## **ARTICLE 3 COMPANY NAME**

The name of the Company is :

**THALES**

## **ARTICLE 4 REGISTERED ADDRESS**

The registered address of the company is : 45 rue de Villiers, NEUILLY-SUR-SEINE (Hauts de Seine), France.

## **ARTICLE 5 DURATION**

The company is formed for a period of 99 years, running from the date of official incorporation, the expiry of this period consequently being set at 4 February 2017, unless the period is extended or the Company is wound up at an earlier date.

## **ARTICLE 6 SHARE CAPITAL**

The share capital is € 595,000,998 represented by 198,333,666 shares with a unit par value of € 3, fully paid up.

The share capital includes a special share resulting from the conversion of an ordinary share belonging to the French state, as decided by Decree N° 97-190 of 4 March 1997 in application of Article 10 of Law N° 86-912 of 6 August 1986, as amended.

This special share confers on the State the following prerogatives :

- prior approval by the Minister responsible for the Economy for any increase in the direct or indirect holding of shares, irrespective of the nature or legal form of ownership, beyond a threshold of one tenth or a multiple of one tenth of the capital or voting rights of the Company, by a natural person or legal entity, whether acting singly or in concert;
- appointment by decree, at the proposal of the Minister of Defence, of a representative of the State to sit on the board of the Company as a non-voting director ;
- the right of the Minister responsible for the Economy to oppose decisions to assign or allocate by way of guarantee the assets specified in the annex to the above-mentioned Decree N° 97-190.

## **ARTICLE 7 SHARE FORM INFORMATION AND DECLARATIONS CONCERNING SHAREHOLDERS**

The fully paid-up shares are registered or bearer shares, at the choice of the shareholder, apart from those shares which must be created in registered form, in accordance with the requirements of the law.

The shares are entered in securities accounts, under the conditions, and in accordance with the procedures laid down by the laws and regulations in force.

The Company is entitled, at any time and in accordance with the conditions laid down by law, to obtain information on the identity of and the number of shares held by shareholders presently or in future representing a fraction of the share capital of the Company.

Any natural person or legal entity that comes into ownership of a number of shares greater than or equal to 1% of the number of shares forming the share capital, and of any multiple of this percentage, must notify the Company of the number of shares it owns within the time specified for crossing the statutory thresholds.

This obligation to inform the Company applies, under the same conditions, as and when the holding falls below one of the thresholds mentioned in the previous paragraph.

These thresholds are determined by application of Article L. 233-9 of "Code de commerce".

In the event of failure to observe the obligation to declare the number of shares held, as stipulated in this Article, the shareholder shall be deprived of the voting rights attaching to any shares exceeding the threshold in question, subject to the conditions and limits defined by law.

## **ARTICLE 8 RIGHTS ATTACHING TO EACH SHARE**

Apart from the voting right assigned by law, each share carries entitlement to a portion of the share capital, profits or proceeds of liquidation in proportion to the number and par value of the existing shares of the Company.

To ensure that all shares without distinction receive the same net sum and can be recorded on the same line, the Company will, unless prohibited by law, bear the amount of any proportional tax which may be due with respect to certain shares only, especially in the event of the Company being wound up or the capital reduced.

Whenever it is necessary to hold a certain number of shares in order to exercise a right, it is the responsibility of the shareholders who do not possess the requisite number of shares to group their holdings as necessary.

## **ARTICLE 9 PAYMENT OF SHARES**

The amount of any shares issued in connection with a capital increase for cash will be payable under the conditions decided by the Board.

Subscribers and shareholders will be advised of the calling up of capital, at least fifteen days prior to the date set for each payment, by an announcement published in a journal for legal announcements within the jurisdiction in which the registered address of the Company is situated, or by individual registered letter.

Any delay in payment of sums due against the outstanding amount of share subscriptions will lead, automatically and without need for any formalities, to payment of interest, calculated at the legal rate on a daily basis with effect from the due date, without prejudice to any action which the Company may take against the defaulting shareholder, and enforcement procedures provided for by law.

## **ARTICLE 10 BOARD OF DIRECTORS**

10.1. The Company is administered by a Board of Directors consisting of :

10.1.1. from nine to eighteen directors appointed by the general meeting of shareholders,

10.1.2. two salaried directors elected by the employees of the Company and the employees of direct or indirect subsidiaries of the Company which have their registered address on French territory.

Of the directors representing the employees, one shall be elected by the electoral college of executives and one by the electoral college of other employees.

The directors representing the employees shall be appointed in accordance with the conditions laid down in the above-mentioned Law on Commercial Companies and in the present Articles of Association.

The electoral college of executives includes voters who normally vote in the third electoral college for elections to the Works Council.

In companies or establishments which do not have a committee or a third electoral college, membership of the electoral college of executives shall be determined by the application of the collective labour agreements.

Candidatures other than those submitted by a national labour organisation within the meaning of Article L.423-2, paragraph 2 of the Labour Code must be accompanied by a document containing the names and signatures of 5% of the electors or, if the number of the said electors exceeds two thousand, the names and signatures of one hundred of them.

The voting schedule, together with any voting procedures not defined by the above-mentioned law on commercial companies or by the present Articles of Association shall be determined by the General Management, after consultation with the representative union organisations.

The monthly time allowance granted to the directors elected by the employees shall be determined by the Board of Directors.

- 10.1.3 one director representing the employee shareholders under those conditions determined by the Commercial Code. This director is appointed by the Ordinary General Meeting by such terms and methods laid down by the Commercial Code and by these Articles of Association.

Prior to the Ordinary General Meeting which is to appoint the director representing the employee shareholders, the chairman of the board of directors shall seize the supervisory boards of the mutual funds which invest in the companies shares and consult the employee shareholders under those conditions laid down in these Articles of Association.

Candidates for appointment are designated under the following conditions:

- Where the voting rights attached to the shares held by the employees is exercised by the supervisory board of a mutual fund investing in the enterprise's shares, this supervisory board may designate a candidate chosen from among its members.

Where there are several Enterprise Mutual Funds, holding the enterprise's securities, with the voting rights attached to shares being exercised by the supervisory board, the supervisory boards of these mutual funds may agree, by identical decisions, to present a common candidate chosen from among all of their members.

- Where the voting rights attached to shares held by the employees is directly exercised by these employees, candidates may be designated at the time of consultations organised by the company.

These consultations, preceded by calls for candidacies, shall be organised by the company by way of secret ballots, using any means suited to the specificities of the method in which said securities are held. To be admissible, a candidacy must be presented by a group of shareholders representing at least 5% of the shares held by the same method.

An ad hoc electoral commission, constituted by the enterprise, may be created to verify that the process is correctly implemented.

Only those two candidacies who are presented either by the supervisory boards of the enterprise mutual funds, or by groups of employee shareholders, which hold the greatest number of shares, shall be submitted to the Ordinary General Meeting.

The minutes of the supervisory board(s) and/or ad hoc electoral commission presenting the candidacies must be communicated to the board of directors at the latest 8 days before the date of the meeting which is to determine the resolutions to be presented to the General Meeting concerning the appointment of the director representing the employee shareholders.

To be admissible, each candidacy must present a principal candidate and a substitute. The substitute, who must meet the same eligibility conditions as the

principal, is intended to be co-opted by the board of directors in order to succeed to the representative appointed by the General Meeting in the event that said representative can no longer remain in office until the end of the fixed term of office.

In order to ensure continuity in the representation of employee shareholders until the end of the term of office, and in the event that the substitute is also unable to remain in office for the full term, the chairman of the board of directors shall seize the body which initially designated the candidate (mutual fund supervisory board, or group of employee shareholders), for it to designate a new candidate whose cooptation by the board of directors shall be submitted to the next General Meeting for ratification.

The terms and methods for designating candidates which are not defined by law or by these Articles of Association shall be determined by the company's management.

10.2. A representative of the State, appointed in application of Decree N° 97-190 of 4 March 1997 shall sit on the Board of Directors but shall not have the right to vote.

10.3. During his term, each Director must, under the conditions provided by the Commercial Code ("Code de commerce"), own at least 500 (five hundreds) shares of the Company.

10.4. The directors are elected or appointed for a period of six years.

By exception to here above mentioned, the term of appointment, whose nomination or renewal has been submitted to the General Meeting of Shareholders of 11 May 2004, under the terms of the seventh to eighteenth resolutions, shall be two years for one-third of the Directors, four years for another third of the Directors, and the remaining four Directors shall serve for a statutory term of six years.

10.5. At the proposal of the Chairman, one or two non-voting directors may be appointed by the Board of Directors for their expertise in one or more areas of relevance to the Company. Non-voting directors may or may not be shareholders in the Company.

Non-voting directors are invited to Board meetings and may attend in a consultative capacity only.

Non-voting directors are appointed for a term of no more than three (3) years. The Board of Directors may renew their terms or end them at any time.

On the decision of the Board of Directors, non-voting directors may receive compensation. Compensation of non-voting directors is covered by the yearly amount of directors' compensation set aside by the General Meeting of Shareholders for attendance of Board meetings.

## **ARTICLE 11 BOARD DECISIONS**

Meetings of the Board may be called by any appropriate method, including verbally.

Board meetings are chaired by the Chairman of the Company, or in his absence by the Deputy Chairman (where a Deputy Chairman has been appointed), or by a director designated by the Board at the commencement of the Board meeting.

Decisions are taken under the quorum and majority conditions specified by law. In the event of a tied vote, the Chairman of the meeting has a casting vote.

The Chairman may call on members of the Company management to attend Board meetings in a consultative capacity.

The Board designates persons, who need not be members of the Board, to act as Board Secretary.

Minutes of Board meetings are prepared, and copies or extracts of Board decisions are issued or certified in accordance with the requirements of the law.

Decisions can also be taken by all other means agreed by law, and among others by video conference.

## **ARTICLE 12 BOARD POWERS**

The Board of Directors has the widest powers to act on all occasions in the name of the Company. The Board exercises these powers within the limits of the object of the Company, and subject to the powers expressly assigned by law to meetings of shareholders.

The Board of Directors determines the Company's business policies and supervises their implementation. Subject to the powers expressly granted by law to meetings of shareholders, and within the limit of the corporate purpose, the Board is also informed of all matters concerning the proper functioning of the Company and settles such matters through its deliberations.

The Board of Directors makes such controls and verifications as it deems appropriate. Each Director receives all information needed to carry out his duties and can request all documents he deems pertinent.

In its relations with third parties, the Company is bound by all acts of the Board of Directors that do not come within the corporate purpose, unless the Company can prove that the third party knew, or must have known in the circumstances, that the action in question was outside the corporate purpose. The disclosure of the articles of association is not of itself sufficient proof thereof.

The Board of Directors decides, subject to the provisions of ordinary law on quorum and majority, whether the general management of the company is conducted by the Board Chairman or by a "Directeur Général" (chief executive officer), such decision remaining valid until changed by the Board.

The Board of Directors may decide to establish committees to examine and give their opinion on questions submitted to them by the Chairman or the Board or by the Board itself.

### **ARTICLE 13 REMUNERATION OF DIRECTORS**

Directors may be granted attendance fees.

The allocation of attendance fees is determined by the Board of Directors itself.

Special remuneration can also be granted to directors by the Board in the case and under the circumstances specified by law.

### **ARTICLE 14 CHAIRMAN**

The Board of Directors elects a Chairman from among its members and determines his remuneration. The Board determines the Chairman's term of office, which cannot exceed his term as Board member.

The Chairman organises and directs the work of the Board of Directors, for which he reports to the General Meeting of Shareholders. The Chairman supervises the orderly operation of the Company's governing bodies and ensures that its Directors are capable of carrying out their duties.

### **ARTICLE 15 OFFICE OF CHIEF EXECUTIVE**

15.1 If the Board of Directors does not delegate general management to the Chairman, it appoints a "Directeur Général" (chief executive Director), who need not be a Board member, and determines his term in office and remuneration.

The "Directeur Général" has the broadest powers to act in all circumstances on behalf of the Company, within the limits of the corporate purpose and subject to the powers expressly assigned by law to general meetings of shareholders and to powers specific to the Board of Directors.

The "Directeur Général" represents the Company in its relations with third parties.

The Company is bound all acts of the "Directeur Général" that do not come within the corporate purpose, unless the Company can prove that the third party knew, or must have known in the circumstances, that the action in question was beyond the corporate purpose. The disclosure of the articles of association is not of itself sufficient proof thereof.

The provisions of this Article and those of the Commercial Code ("Code de commerce"), pertaining to the "Directeur Général" shall apply when the general management of the Company is conducted by the Chairman.

15.2 Upon the recommendation of the "Directeur Général", the Board of Directors can delegate one or more persons to act as "Directeur Général Délégué" (executive vice president).

The maximum number of "Directeurs Généraux Délégués" is fixed at five.

The scope and duration of the powers delegated to the "Directeurs Généraux Délégués" are determined by the Board of Directors in agreement with the "Directeur Général".

With respect to third parties, the "Directeurs Généraux Délégués" have the same powers as the "Directeur Général".

In the event of a vacancy in the office of the chief executive, the functions and powers of the "Directeurs Généraux Délégués" remain valid until a new "Directeur Général" has been appointed, unless otherwise decided by the Board of Directors.

## **ARTICLE 16 AUDITORS**

One or more Auditors are appointed and carry out their auditing duties in accordance with the requirements of the law.

On their appointment, or where applicable on their reappointment, the Auditors must be under the age of 65.

## **ARTICLE 17 GENERAL MEETINGS OF SHAREHOLDERS**

General Meetings of Shareholders are convened, and take decisions under the conditions laid down by law.

Meetings of shareholders are held at the registered address of the Company, or in any other place indicated in the notice of the meeting.

General Meetings of Shareholders comprise all shareholders, irrespective of the number of shares held, and provided said shares are paid up in accordance with calls.

Attendance at General Meetings, in any form whatsoever, is subject to the recording or registration of the shares under those conditions and within those deadlines provided for by regulations in force.

The board of directors shall be entitled to accept voting slips and proxy powers which the company receives after the deadline laid down by regulations in force.

Each member of the General Meeting of Shareholders has one vote for each share which he owns or represents, without limitation but subject to the following stipulations concerning double voting rights and the exceptions specified by law.

However, owners of registered, fully-paid shares who can substantiate that they have been registered in the Company's records for at least two years without interruption shall have double the voting rights stipulated above.

Double voting rights will be assigned to registered shares issued free of charge to a shareholder on the basis of old shares which he already holds and for which he possesses double voting rights.

Double voting rights will terminate automatically for any share transferred. However, the period of two years stipulated above will not be interrupted, and rights already acquired will be retained, in the event of any share transfer resulting from inheritance, whether testate or intestate, or the division of property as between spouses. These provisions will also apply in the case of a gift *inter vivos*, in favour of a spouse or a relative entitled to inherit.

Voting rights, and consequently the right to attend General Meetings of Shareholders, are held by the beneficial owner in the case of Annual General Meetings, and the bare owner for Extraordinary General Meetings. These rights are retained by the shareholder in the case of pledged shares.

The individual co-owners of shares are represented in the General Meeting of Shareholders by one of said co-owners, or by a joint proxy, the latter being appointed by the courts at the request of the first co-owner to take this initiative, in the event of disagreement between the co-owners.

General Meetings of Shareholders are chaired by the Chairman of the Board, or by one of the Deputy Chairmen, or in their absence, by a Director specifically delegated for this purpose by the Board. By default, the Chairman of the meeting is elected by the members of the General Meeting of Shareholders.

Minutes of the General Meeting of Shareholders are drawn up, and copies are certified and issued in accordance with the requirements of the law.

## **ARTICLE 18 COMPANY FINANCIAL STATEMENTS**

Each financial year of the Company commences on 1 January and terminates on 31 December.

The income statement, which records income and expenses for the financial year, also shows, by difference and after deduction of charges to depreciation and reserves, the profit or loss for the financial year.

The profit for each financial year, duly reduced by loss carry-overs where appropriate, is subject to initial appropriation for charges to reserves as required by law. An appropriation of 5% is made to cover a charge to the statutory legal reserve. This charge ceases to be mandatory when the total amount of this reserve reaches one-tenth of the share capital of the Company. This charge again becomes applicable, at such time as the amount of the legal reserve falls below this level for whatever reason.

Profit available for distribution comprises net profit for the financial year, less loss carry-overs and charges to reserves, in accordance with the requirements of the law, plus retained earnings brought forward.

At the proposal of the Board, the General Meeting of Shareholders can deduct from this profit, any sums which it sees fit to appropriate as a charge to any optional ordinary or special reserves, or to carry forward as retained earnings.

Any surplus then remaining is divided between all shares, in proportion to their paid-up and unredeemed amount.

The General Meeting of Shareholders, ruling on the financial statements for the last financial year, is empowered to grant each shareholder choice of payment of all or part of the dividend decided, in cash or in the form of shares.

## **ARTICLE 19 CIVIL SERVANTS ON SECONDMENT**

With a view to achieving the object of the Company, civil servants or military personnel on secondment may be appointed, limited to a maximum of twenty, to general management, technical, financial or administrative positions within the Company.

## **ARTICLE 20 WINDING UP AND LIQUIDATION**

If the decision is taken to wind up the Company, one or more liquidators are appointed by the General Meeting of Shareholders, under the quorum and majority conditions specified for Annual General Meetings of Shareholders.

The liquidator represents the Company. He is accorded the widest powers for realization of the assets of the Company, including out of court settlement. The liquidator is empowered to pay creditors and distribute the remaining balance.

The General Meeting of Shareholders can authorize the liquidator to continue current business transactions, or undertake new business transactions, for Company liquidation purposes.

The amount of any net assets remaining after redemption of the shares at par is allocated to the shareholders on a pro rata basis with respect to their individual equity holdings.

## **ARTICLE 21 DISPUTES**

Any disputes which may arise with regard to Company matters during the continuance of the Company or during its liquidation period, whether between the Company and the shareholders or between the shareholders themselves, shall be referred to the competent courts in the jurisdiction of which the registered address of the Company is situated.

For this purpose and in the event of any dispute, each shareholder will be required to nominate an address for service within the jurisdiction of the competent court for the registered address of the Company, and all summonses and notifications will be regularly delivered to this address for service, without regard to the normal address of the shareholder. Should the shareholder fail to nominate an address for service as required above, summonses and notifications will be validly delivered to the Public Prosecutor at the "Tribunal de Grande Instance" with jurisdiction for the registered address of the Company.