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Press Release

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***Thales Systems Canada wins \$111 Million Contract
for CP140 Aurora Communications Management System***

Thales Systems Canada, Ottawa, Ontario, Canada, today announced that it has been awarded a contract to provide Communications Management Systems (CMS) for the Canadian Forces' fleet of Aurora Long Range Patrol Aircraft.

In making today's announcement, Thales Systems Canada's President and CEO, Dave Spagnolo, said, "This contract is a major milestone for Thales Systems Canada. The CMS contract is an important challenge for all and our team is firmly committed to delivering a superb Communications Management System to the Canadian Air Force."

The CMS contract is part of DND's Aurora Incremental Modernization Program (AIMP) during which many of the aircraft mission and avionics systems, along with the ground-based support systems, will be modernized. The aircraft were first delivered to DND in 1980 and are expected to remain operational for another 20 years.

The contract involves the design, fabrication, integration, test, qualification, installation, certification, and delivery of the new CMS for the Aurora fleet and the ground support facilities at CFB Greenwood, Nova Scotia. The work includes modification and/or replacement of various types of radios and antennas, a new intercom system, interfaces to the navigation and flight instruments, software control of the radios, a new direction finder, and a new directional, command-activated sonobuoy system transmitter. The work will be undertaken on a total of 18 aircraft – a prototype, followed by a "proof-of-fit" aircraft, then 16 production systems. The schedule calls for the prototype aircraft to be ready for acceptance by the Department of National Defence (DND) in 27 months. The proof-of-fit aircraft is scheduled to be delivered five months later, and the project is scheduled to be completed by the end of 2006.

The aircraft are currently based at 14 Wing, CFB Greenwood, Nova Scotia, and at 19 Wing, CFB Comox, British Columbia.

Norm Smyth, Chairman of Thales Defence Canada, added that, "I am pleased to see Thales Systems Canada apply its Systems Integration and Communications expertise in the Aurora program. This is an important evolution of the Thales Communications business in Canada. It is also the first of what we all hope will be many other business successes in Airborne Mission Systems Integration."

Thales Systems Canada is the prime contractor and has overall, turnkey responsibility for the project. Thales will carry out the design, acquire all necessary subsystems from its subcontractors, build a "hot bench" in its Ottawa facility, and lead the test program. Thales Communications France will provide airborne communications expertise to the project. Major partners include: the IMP Group (Halifax, Nova Scotia) will carry out the installations in their Halifax facility; Palomar Products of California will provide the intercom system; Rockwell Collins and Raytheon will supply radios and associated expertise; and, CMC Electronics of Kanata will develop the software to control the radios. Approximately 70% of the work is to be done in Canada.

Thales, one of the world's largest defence electronics company, has major facilities throughout Europe, including France, the United Kingdom and the Netherlands. The company is also present in Australia, North America, South Africa, and the Far East. The Group employs 65,000 persons worldwide and has annual revenues of \$14 billion (Canadian). In Canada, Thales has seven operating companies located in the Maritimes, Quebec, and Ontario. These companies employ approximately 300 persons and earn annual revenues of approximately \$225 million. Since 1980, Thales has invested over \$50 million towards the growth of its Canadian subsidiaries.

For more information, please contact:

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