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COMP/M. 4403 - THALES / FINMECCANICA / AAS / TELESPAZIO

SECTION 1.2

Description of the concentration

Thales is a French quoted company of which the French state is the largest shareholder. Alcatel holds approximately 9.5% of Thales's shareholding. Thales's core businesses are focused on critical information systems for defence, aerospace and civil security applications.

As regards the space sector, Thales is notably active in the field of satellite navigation systems, and in the ground segment for military satellite systems.

Finmeccanica is a public Italian quoted company of which the Italian Ministero dell'Economica e delle Finanze is the largest shareholder. The remaining shares are widely dispersed. Finmeccanica is a major diversified technology-based engineering company, active in six core business areas: aerospace, defence systems, energy, communications, transportation and automotion.

As regards the space sector, Finmeccanica, through its subsidiaries, designs, develops and produces space systems, including satellites, sub-systems and equipment for military and civil uses. Finmeccanica is also active in the development of satellite-based services and in space mission management.

AAS is a French company jointly controlled by Finmeccanica and Alcatel, which is active in the design, manufacture and supply of ground and space systems, including satellites, subsystems and equipment for telecommunications, earth observation and navigation in the commercial, institutional and military fields.

Telespazio is an Italian company jointly controlled by Finmeccanica and Alcatel, which is active in the provision of services and end-user applications using or related to satellite-based solutions and products for telecommunications, earth observation, navigation and other application areas, in the commercial, institutional and military fields.

Thales intends to acquire Alcatel's shares in AAS and Telespazio. Such acquisition will confer to Thales control, jointly with Finmeccanica, over AAS and Telespazio.

The acquisition of joint control by Finmeccanica and Thales over AAS and Telespazio constitutes a concentration under the merger control rules. The following markets will be concerned by the Operation:

- the worldwide markets for Travelling Wave Tubes (TWTs) and Travelling Wave Tubes Amplifiers (TWTAs);
- the worldwide market for commercial telecommunication satellites;
- the European market for civil institutional satellites;
- the French and Italian markets for military satellites.