

Press Release**Finmeccanica and Alcatel to form the Space Alliance
creating the European leader in satellites systems and services**

Rome, June 18, 2004 – Finmeccanica (Milano: SIFI.MI; FNC.IM) and Alcatel (Paris: CGEP.PA and NYSE: ALA), today announced the signature of a memorandum of understanding to merge their space activities and form alliances in the space sector through the creation of two sister companies, to which both partners will contribute their respective satellite industrial and service activities.

The first company, Alcatel Alenia Space, of which Alcatel will hold approximately 67% and Finmeccanica approximately 33%, will combine Alcatel Space and Alenia Spazio's industrial activities. It will concentrate on the design, development, and manufacturing of space systems, satellites, equipment, instruments, payloads and associated ground systems. The management team of Alcatel Alenia Space will be located in France. The company will operate through five business divisions (Telecommunications, Optical Observation and Science, Observation Systems and Radar, Navigation, Infrastructure and Transportation). With estimated 2004 sales of 1.8 billion euros and around 7,200 people, it will create the undisputed European leader within the global satellite industry.

The second company, of which Finmeccanica will hold approximately 67% and Alcatel approximately 33%, will combine Telespazio with Alcatel Space's operations and services activities. It will concentrate on operations and services for satellite solutions, which includes control and exploitation of space systems as well as networking, value-added services, multimedia and earth observation. Its management team will be located in Italy. With estimated 2004 sales of 350 millions euros and around 1,400 people, it will be a key player in the space services market.

The two groups have decided to combine their respective strengths in the space industry to better serve this growing market and to benefit from the expansion of their customer base as well as to leverage the strong complementary nature of the technologies and know-how contributed by both parties. The two groups have identified significant operational synergies and economies of scale, in particular in R&D, product development, procurement policy and increased industrial efficiency. These synergies will improve operating profitability by several points and will be realized progressively, in line with business cycles.

Alcatel and Finmeccanica will account for Alcatel Alenia Space and the Services company respectively using proportional consolidation.

Overall, the space alliance will be overseen and coordinated by a dedicated Steering Committee, co-chaired by CEOs of Finmeccanica and Alcatel.

Pier Francesco Guarguaglini, Chairman and Chief Executive Officer of Finmeccanica, said: "The Alliance emphasizes the competencies of Alenia Spazio, Telespazio and Alcatel Space, thanks to the strong complementary nature and the investments done by the Italian and the French governments. Regarding Galileo, in particular, the combination of capabilities existing in the two companies, will permit them to play a pre-eminent role both in the field of satellite systems and operations and services activities."

Commenting on the alliance, Serge Tchuruk, Chairman and Chief Executive Officer, said: "This is a major step in the development of the European space industry. Alcatel Alenia Space will become the European leader for satellite solutions with balanced activities between commercial and institutional markets. The enhanced position of Alcatel Alenia Space in institutional markets will also enable Alcatel to expand its global leadership position in broadband access technologies."

The creation of the new companies is expected to be completed by the end of 2004, subject to the signing of definitive agreements and necessary approvals by shareholders and regulatory authorities.

Finmeccanica has been advised by Lazard whereas Alcatel has been advised by BNP.

About Finmeccanica, S.p.A.

Based in Rome, Finmeccanica S.p.A. (Milano: SIFI.IM; FNC.IM), is Italy's largest aerospace and defense group, a key player in European industry. In 2003, the company had revenues of 8.6 billion Euro and employed almost 45.000 people around the world. Finmeccanica has a leading capability both as platform maker and system integrator: network-centric solutions, space platform and satellite services, homeland security and EEZ management systems, pilots training, air traffic management and control, C4ISR, naval combat management systems. Finmeccanica provides systems and products for government agencies and commercial customers and its core competency are widely recognized by the market.

Finmeccanica Press Contacts

Press Office

Tel :+ 39 06 32473313

ufficiostampa@finmeccanica.it

About Alcatel

Alcatel SA (Paris :CGEP.PA and NYSE: ALA) provides communications solutions to telecommunication carriers, Internet service providers and enterprises for delivery of voice, data and video applications to their customers or to their employees. Alcatel leverages its leading position in fixed and mobile broadband networks, applications and services to bring value to its customers in the framework of a broadband world. With sales of Euro 12.5 billion in 2003, Alcatel operates in more than 130 countries. For more information, please visit <http://www.alcatel.com/>.

Alcatel Press Contacts

Aur lie Boutin / HQ

Tel :+ 33 (0)1 40 76 11 79

Aurilie.Boutin@alcatel.com

Florence Pontieux / HQ

Tel :+ 33 (0)1 40 76 12 02

Florence.pontieux@alcatel.com

Alcatel Investor Relations

Pascal Bantegnie

Tel : +33 (0)1 40 76 52 20

Pascal.bantegnie@alcatel.com

Peter Campbell

Tel : +33 (0)1 40 76 13 11

Peter.campbell@alcatel.com

Charlotte Laurent-Ottomane

Tel : +1 703 668 3571

Charlotte.laurent-ottomane@alcatel.com