

Alcatel and Finmeccanica creating the new European space industry leader

Paris/Rome, 28 January, 2005 – Alcatel (Paris: CGEP.PA and NYSE: ALA) and Finmeccanica (Milano: SIFI.MI, FNC.IM), today announced the signature of final agreement to merge their space activities through the creation of two joint ventures 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 67% and Finmeccanica 33%, will combine Alcatel Space and Alenia Spazio's activities. It will concentrate on the design, development, and manufacturing of space systems, satellites, payloads, instruments equipment and associated ground systems for civilian and military applications. The headquarter of Alcatel Alenia Space will be located in France, with plants in France and Italy. With estimated 2004 sales of 1.8 billion euros and around 7,200 people, it will create the European leader in satellite systems and services.

The second company, Telespazio, of which Finmeccanica will hold 67% and Alcatel 33%, will combine Telespazio with Alcatel Space Services and Operations activities. It will concentrate on operations and services for satellite solutions, which includes control and exploitation of space systems as well as value-added services for networking, multimedia and earth observation. Its headquarter will be located in Italy with plants in Italy, France and Germany. 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 space businesses to consolidate significant operational synergies and economies of scale (mainly in R&D, product development, procurement policy and increased industrial efficiency), which will improve these businesses operating profitability by several points and will be realized progressively, in line with business cycles.

The managers of each company will be appointed in the coming weeks.

Alcatel and Finmeccanica will account for Alcatel Alenia Space and Telespazio using proportional consolidation. The creation of the new companies will have a cash/debt impact of €109m for the two companies respectively, at the closing date.

The completion is expected during 2005 subject to necessary approvals by regulatory authorities.

About Alcatel

Alcatel SA 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/>.

About Finmeccanica, S.p.A.

Finmeccanica is Italy's leading high-tech company, operating in the design and manufacture of helicopters, civil and military aircraft, aerostructures, space satellites and infrastructure, satellite services, command and control systems, defence electronics and systems, communications, security and IT. Finmeccanica participates in some of the largest international programmes in the sector through well-established alliances with European and American partners. Finmeccanica also boasts significant manufacturing assets and skills in the transport and energy sectors. With operations in Italy and abroad, it employs around 46,000 staff in total. Finmeccanica spends 14,5% of its revenues on research and development. For more information, please visit <http://www.finmeccanica.it>

Alcatel Press Contacts

Aur lie Boutin / HQ
Florence Pontieux / HQ

Tel :+ 33 (0)1 40 76 11 79
Tel :+ 33 (0)1 40 76 12 02

Aurelie.Boutin@alcatel.com
Florence.pontieux@alcatel.com

Finmeccanica Press Contact

Press Office

Tel :+ 39 06 32473313

ufficiostampa@finmeccanica.it

Alcatel Investor Relations

Pascal Bantegnie
Peter Campbell
Charlotte Laurent -Ottomane

Tel : +33 (0)1 40 76 52 20
Tel : +33 (0)1 40 76 13 11
Tel : +1 703 668 3571

Pascal.bantegnie@alcatel.com
Peter.campbell@alcatel.com
Charlotte.laurent-ottomane@alcatel.com

Finmeccanica Investor Relations

John D. Stewart
Raffaella Luglini

Tel. +39 06 32473.290
Tel :+ 39 06 32473.066

Investor_relations@finmeccanica.it