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October 24, 2000

Mr. Dumont Clark, IV  
Moore & Van Allen, PLLC  
100 North Tryon Street, Floor 47  
Charlotte, North Carolina 28202-4003

RE: Alcatel 2000 Share Purchase and Option Plan for Employees of U.S. Subsidiaries

Dear Mr. Clark:

This is in response to your letter dated May 19, 2000, and received by this Agency on May 22, 2000. Your letter was supplemented a letter and materials received on September 26, 2000.

Your letter and supplemental materials describe the above-referenced stock purchase and option plan ("Plan") to be offered by Alcatel ("Alcatel"), a *société anonyme* organized under the laws of France to employees of its U.S. subsidiaries. You have represented that the U.S. companies participating in the Plan are all direct or indirect subsidiaries ("Subsidiaries") of Alcatel. The Plan is part of Alcatel's worldwide employee share and option offer program, the Global Stock Option Plan ("Global Plan").

The purpose of the Global Plan is to encourage long-term ownership of equity in Alcatel by eligible employees, with the goals of increasing earnings and enhancing the future profitability of Alcatel and, at the same time, to raise capital for Alcatel. The Global Plan will raise additional capital for Alcatel and the proceeds received from the Plan will be used for general corporate purposes. The Global Plan can be modified for employees of Alcatel companies organized under the laws of countries other than France. Accordingly, the offer to eligible employees of Alcatel's U.S. companies differs in several respects from the offer made to employees of Alcatel's companies located outside the United States.

Participants in the Plan must: (1) be full-time or part-time employees of a Subsidiary on the subscription date and be either (a) receiving compensation from the Subsidiary, or (b) be on medical, disability, maternity, educational, personal, or other approved leave of absence from a Subsidiary; (2) have been employed in continuous service since March 9, 2000 with a Subsidiary or any other Alcatel company eligible to participate in the Global Plan; (3) remain employed by a Subsidiary through and including June 9, 2000; (4) be a U.S. resident or a resident of another country approved

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for participation by the Plan Committee; and (5) if represented by a collective bargaining agent, the agent must have agreed to the Participant's participation in the Plan.

Alcatel's shares are not traded in the United States; instead, any such shares that would otherwise be so traded are deposited with The Bank of New York ("Depository") in exchange for American Depository Shares ("ADSs"). Participants in the Plan will acquire ADSs rather than shares, on the basis of one ADS for each share of Alcatel stock. The ADSs will be evidenced by American Depository Receipts ("ADRs") The ADRs will be held by a bank acting in a custodial capacity for the accounts of the participants during the pendency of the restrictions against sale or other disposition of the ADSs set forth in the Plan. The ADSs, including the ADSs to be issued pursuant to the Plan, are listed for trading on the New York Stock Exchange.

ADSs purchased pursuant to the Plan will be subject to restrictions prohibiting the Participant from withdrawing the ADSs from the Depository and from selling or otherwise transferring the ADSs. ADSs purchased pursuant to the Plan will be non-transferable for a period of five years beginning June 9, 2000. During the restriction period, a Participant may not withdraw the ADSs or sell, pledge, hypothecate, or otherwise transfer the ADSs. All of a Participant's rights in his or her ADS account will be transferred to the person entitled to receive them pursuant to the Participant's will or, in the event the Participant has no will, by operation of law.

The restrictions on the ADSs will lapse upon the occurrence of certain events, including: (1) the Participant's marriage; (2) the birth or adoption of the Participant's third, or any subsequent, child; (3) the permanent disability of the Participant or the Participant's spouse; (4) the death of the Participant or of the Participant's spouse; (5) the creation or acquisition by the Participant or the Participant's spouse, of an industrial, commercial, or agricultural business; (6) the acquisition or expansion of the Participant's principal residence; (7) the Participant's employment with Alcatel or any of its subsidiaries or affiliates is terminated, either voluntarily or involuntarily, with or without cause, or is due to the Participant's retirement; or (8) the Participant's bankruptcy.

Participants who purchase ADSs pursuant to the Plan will be granted an option ("Option") to purchase four ADSs for each of the first 50 subscribed shares and two ADSs for each subscribed share in excess of 50.

The Options will not be exercisable until July 1, 2003, and then will be exercisable for a period of one year, ending on June 30, 2004. The Options will be non-transferable, and may not be sold, pledged, assigned, hypothecated, given, transferred, or disposed of in any manner other than upon the Participant's death. Only the Participant or the Participant's legal guardian may exercise the Option. The Options will be forfeited if the Participant's employment, with a Subsidiary or other company eligible to participate in the Global Plan, terminates prior to January 1, 2001, by reason of the Participant's resignation, termination of employment for cause, termination of employment

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following the Participant's probationary employment period, or if the Participant's employment contract expires and is not renewed. On or after January 1, 2001, the Option will not be subject to a risk of forfeiture.

Alcatel USA, Inc. ("Alcatel USA"), in its capacity as the lead U.S. company, is implementing the Global Plan with respect to eligible employees of Subsidiaries. Accordingly, Alcatel USA communicates on behalf of all participating U.S. Subsidiaries with Alcatel and the Depository and will establish a committee to administer and interpret the Plan. No commissions or other remuneration will be paid for the solicitation of employees to participate in the Plan, other than normal salaries.

Based on the foregoing understanding, the exemption provided by Section 5.I(b) of the Texas Securities Act is available. Further, neither Alcatel, Alcatel USA, and the Subsidiaries, nor their directors or employees administering the Plan, is required to become registered with this Agency as dealers or agents due to their activities in connection with this Plan.

Please note that this Agency has not made an independent investigation of the facts, but has relied solely on the information you have provided. If this information is incorrect or changes substantially, the staff would reconsider the matter and the opinion stated above would be void.

Further, this Agency does not grant nor confer an exemption. Its availability depends entirely on full compliance with the language of the exemption. If a dispute arises about availability of an exemption, the burden of proof falls on the party claiming the exemption.

Finally, the opinions expressed by this Agency are not binding upon civil litigants in future proceedings.

I trust this letter answers your inquiry. Please feel free to write us if you need further information.

Very truly yours,

DENISE VOIGT CRAWFORD  
Securities Commissioner

David Weaver  
General Counsel

DW/ms