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ARIZONA CORPORATION COMMISSION

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MARK SENDROW  
DIRECTOR

SECURITIES DIVISION  
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July 27, 2000

Thomas H. O'Donnell, Jr.  
Moore & Van Allen, PLLC  
100 North Tryon Street, Floor 47  
Charlotte, NC 28202-4003

RE: Alcatel 2000 Group Savings Plan  
Rule 14-4-104(A)(1)

Dear Mr. O'Donnell, Jr.:

On the basis of the facts set forth in your letters dated May 19, 2000 and June 19, 2000 the Securities Division ("Division") will not issue an opinion. The Division will not issue a no action opinion after the transaction has been completed.

Please note that the Division did not evaluate whether the requested exemption was applicable in this matter due to the completion of the transaction prior to finalizing the no action request.

Very truly yours,

A handwritten signature in cursive script that reads "Mark Sendrow".

MARK SENDROW  
Director of Securities

MS:wlc

# MOORE & VAN ALLEN, PLLC

ATTORNEYS AT LAW

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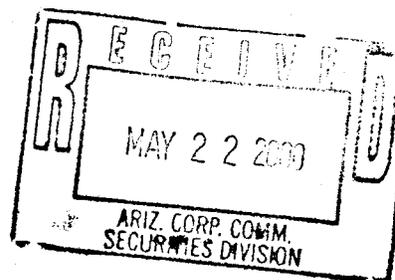
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RALEIGH, NC  
DURHAM, NC  
CHARLESTON, SC

May 19, 2000

## VIA UNITED PARCEL SERVICE

Arizona Corporation Commission  
Securities Division  
1300 West Washington  
Phoenix, Arizona 85007



Re: Alcatel ("Alcatel" or the "Company") – Alcatel 2000 Share Purchase and Option Plan for Employees of U.S. Subsidiaries (the "Plan")

Dear Sir or Madam:

The purpose of this letter is to request that the Securities Division confirm in writing the availability of the exemption in Section 14 of the Securities Act of Arizona (the "Act") in order to perfect dealer and/or agent licensing exemption(s) for the Company, its officers and employees, as issuer of the deposited securities, and the legal entity created by the Deposit Agreement between the Company and The Bank of New York (the "Depository"), when offering and selling its American Depositary Shares ("ADSs") pursuant to the Plan to eligible U.S. employees of the Company's participating U.S. direct and indirect subsidiaries residing in the State of Arizona. In 1997, Alcatel offered securities to its employees under a similar employee benefit plan. At that time, your agency issued a no-action letter regarding the transaction. A copy of such letter is enclosed herewith.

The Company is a French company. The Company's shares, nominal value 40 french francs, are not traded in the United States; rather, any such shares that would otherwise be so traded are deposited with the Depository in exchange for ADSs. The ADSs, including the ADSs to be issued pursuant to the Plan, are or will be listed on the New York Stock Exchange and are therefore "federally covered securities". In addition, the ADSs to be issued pursuant to the Plan are exempt from securities registration pursuant to Section 44-1843(7) of the Act.

We have enclosed for your information a copy of the Company's Registration Statement on Form S-8 with respect to the ADSs to be issued under the Plan, as filed with the Securities and Exchange Commission (the "SEC") on May 19, 2000, together with a copy of the related Prospectus, which describes the Plan.

Participants in the Plan will acquire ADSs rather than shares, on the basis of one ADS for each Share. The ADSs will be evidenced by American Depositary 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 and described in the Prospectus.

The Plan will **not** be qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, and is **not** subject to the Employee Retirement Income Security Act of 1974, as amended.

No commissions or other remuneration will be paid for the solicitation of employees to participate in the Plan, other than normal salaries.

Also, enclosed is a check in the amount of \$200.00 as payment for the no-action request filing fee.

Since the Registration Statement relating to the ADSs became effective upon filing with the SEC, we respectfully request acceleration or waiver of any waiting period.

As evidence of receipt, please stamp the receipt copy of this letter and return to the undersigned in the enclosed business reply envelope.

If you should have any questions, please call the undersigned at the above number or Tom O'Donnell, at (704) 331-3542 or Sally Hentz, at (704) 331-1133.

Very truly yours,

MOORE & VAN ALLEN, PLLC



Dumont Clarke, IV

Enclosures

# MOORE & VAN ALLEN, PLLC

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RALEIGH, NC  
DURHAM, NC  
CHARLESTON, SC

June 19, 2000

## VIA FACSIMILE

Ms. Wendy Coy  
Corporation Commission, Securities Division  
1300 West Washington Street, Third Floor  
Pheonix, Arizona 85007

*Re: Alcatel 2000 Group Savings Plan (the "Plan")*

Dear Ms. Coy:

The purpose of this letter is to request that the Arizona Corporation Commission issue an interpretative letter regarding language in Rule 14-4-104 of the regulations promulgated pursuant to the Arizona Securities Act (the "Act").

Alcatel, as issuer of the deposited securities, intends to offer and sell American Depository Shares of Alcatel ("ADSs") to eligible employees of Alcatel's participating U.S. subsidiaries that reside in the State of Arizona in accordance with the Plan. Existing employees of Alcatel will conduct the subscription procedure in the offering.

Alcatel is a French company. Alcatel's shares, nominal value 2 euros per share, are not traded in the United States. Any such shares that would otherwise be traded are instead deposited with The Bank of New York (the "Depository") in exchange for ADSs. The ADSs, including the ADSs to be issued pursuant to the Plan, are listed on the New York Stock Exchange and are therefore "federally covered securities." As "federally covered securities," the ADSs to be issued pursuant to the Plan are exempt from registration in Arizona pursuant to Section 14-1843.A(7) of the Act.

Participants in the Plan will acquire ADSs rather than shares, on the basis of one ADS for each share. 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 and other disposition of the ADSs set forth in the Plan and described in the Prospectus. For additional information regarding the Plan, we refer you to the Registration Statement on Form S-8 and the Prospectus describing the Plan attached to our letter dated May 19, 2000.

Ms. Wendy Coy  
Corporation Commission, Securities Division  
June 19, 2000

Alcatel has informed us that there are 243 employees who are eligible to participate in the offering and reside in Arizona. Each of these employees is employed by one of five subsidiaries of Alcatel, Alcatel USA, Inc., Alcatel Internetworking, Inc., Gensys Telecommunications Labs, Inc., Radio Frequency Systems, Inc. and Alcatel Vacuum Products, Inc. Each of these subsidiaries is a wholly-owned subsidiary of Alcatel. The aggregate amount of the offering to employees of Alcatel subsidiaries in Arizona is estimated to be approximately \$ 350,000.

Rule 14-4-104 requires dealers and salesman to be registered as such under the Act in transactions involving securities exempt from the registration requirements pursuant to Section 44-1843.A(7) of the Act. The Rule further provides, in relevant part, that:

No dealer or salesman shall, however, be required to be registered for the purpose of selling or offering to sell that portion of an offering of securities so listed, designated or approved for listing which is directed to securities holders or employees of the issuer when the offering is made by the issuer, . . . .

We understand that "employees of the issuer" has been interpreted to include employees of wholly-owned subsidiaries of an issuer when:

- The securities being offered are exempt securities;
- The offering is made to specified groups of persons who have a preexisting relationship with the issuer; and
- Such classes of offerees would not appear to need additional protection of requiring dealer and salesman registration.

In 1997, Alcatel conducted an offering of securities pursuant to the Alcatel Alsthom Compagnie Generale d'Electricite 1997 Group Company Plan for Employees of U.S. Subsidiaries (the "1997 Plan"). By letter dated November 7, 1997, the Corporation Commission informed Alcatel that it would not recommend an enforcement action for violation of the dealer and salesman requirement under Rule 14-4-104 with respect to the role of Alcatel's employees pursuant to the offering in 1997. The Commission further indicated in its letter that such interpretations of "employees of the issuer" would be considered on a case-by-case basis. Although the current offering pursuant to the Plan is a separate and distinct offering, the role of Alcatel's employees is substantially similar to the role of Alcatel's employees in the 1997.

As stated, the securities being offered are "federally covered securities," which are exempt from registration pursuant to Section 44-1843.A(7) of the Act. The offering is being made exclusively to employees of Alcatel or its subsidiaries and no compensation or other remuneration will be paid for the solicitation of employees to participate in the offering other than normal salaries. Because of the relationship between the offerees and Alcatel and the

Ms. Wendy Coy  
Corporation Commission, Securities Division  
June 19, 2000

financial and other disclosure made available to the offerees, they do not appear to need additional protection of requiring dealer and salesman registration.

We respectfully request that the Commission confirm in writing to the undersigned that "employees of the issuer", as used in Rule 14-4-104, is interpreted to include employees of

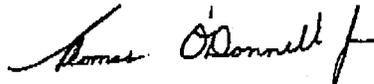
Alcatel's wholly-owned subsidiaries, and that, consequently, such employees are not required to register as dealers and salesman pursuant to Rule 14-4-104 as a result of their role in the current offering.

Please stamp the receipt copy of this letter and return it to the undersigned in the enclosed business reply envelope.

If you have any questions, please call the undersigned or Dumont Clarke at the above number.

Yours truly,

MOORE & VAN ALLEN, PLLC



Thomas H. O'Donnell, Jr.