

THE SECURITIES ACT

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Order No. 3367

)

Section 20(1)

)

June 8, 2001

ALCATEL

(A) UPON the application of Alcatel (the "Applicant") to The Manitoba Securities Commission (the "Commission") for an order pursuant to subsection 20(1) of the Act that section 6(1) of the Act does not apply to first trades of Class A shares in the capital of the Applicant ("Class A Shares") by the Administrator as hereinafter defined, including shares underlying options issued to employees of the Applicant and its affiliates, including, but not limited to Alcatel Canada Inc., Genesys Laboratories Canada Inc., Saft Power Systems Inc., Innovative Fibres Inc. and Nexans Canada Inc. pursuant to the Alcatel 2001 Employee Share Purchase and Option Plan (the "Plan"), or pursuant to other similar plans which the Applicant may make available from time to time.

(B) AND UPON the Applicant having represented to the Commission that:

1. Alcatel is a société anonyme organized under the laws of France.
2. The authorized share capital of Alcatel consists of Class A Shares and Class O Shares, of which 1,100,636,201 Class A Shares and 16,500,000 Class O Shares were outstanding as of March 31, 2001.
3. Alcatel, together with its subsidiaries and affiliates, operates in over 130 countries in the areas of telecommunication systems and equipment, as well as being involved in related cable and component activities.
4. Alcatel is subject, among other things, to the requirements of the *Securities Exchange Act of 1934*, as amended, of the United States of America (the "1934 Act") and is not exempt from reporting requirements of the 1934 Act pursuant to Rule 12g 302 made under the 1934 Act. The Class A Shares and Class O Shares of Alcatel are listed for trading on the Paris Bourse. The Alcatel Class A American Depositary Shares are listed for trading on the New York Stock Exchange (the "NYSE").
5. Alcatel is not a reporting issuer or treated as such in any Canadian jurisdiction and no securities of Alcatel are listed or quoted for trading on any Canadian stock exchange or market. Alcatel Canada Inc. (a subsidiary of Alcatel) is a reporting issuer in each Canadian jurisdiction other than Québec. Exchangeable shares (which are exchangeable into Alcatel Class A American Depositary Shares) in the capital of Alcatel Canada Inc. (formerly Newbridge Networks Corporation) are listed on The Toronto Stock Exchange.

6. All eligible employees of the Applicant and/or its affiliate(s), as determined in accordance with the terms of the Plan, may participate in the Plan ("Eligible Employees").

7. Under the Plan, Eligible Employees may subscribe for Class A Shares. Each Eligible Employee subscribing for Class A Shares under the Plan will be granted three options for each share subscribed for, with each option being exercisable for one Class A Share.

8. Briefly, the attributes of the Plan are as follows:

(i) 3,000,000 Class A Shares have been reserved for issuance to Eligible Employees worldwide;

(ii) Any Eligible Employee who wishes to subscribe for Class A Shares pursuant to the Plan will be required to submit a subscription order during the subscription period under the Plan, which commences June 4 and ends June 15, 2001;

(iii) The subscription price for Class A Shares purchased under the Plan has been set at Euro 50 per Class A Share. The exercise price for options granted in accordance with the Plan has been set at Euro 50 per Share.

(iv) Subject to specific exceptions listed in the Plan, the Class A Shares cannot be sold or otherwise transferred for a period of five years from the end of the subscription period.

(v) Pursuant to the terms of the Plan, the options will vest on January 1, 2002 if the subscribing Eligible Employee meets certain conditions listed in the Plan at that date.

(vi) Once vested, the options will not be exercisable for three years; thereafter, they must be exercised between July 1, 2004 and June 30, 2005.

(vii) In the event of the death of an Eligible Employee at any time prior to the end of the exercise period, options must be exercised by the Eligible Employee's estate within six months following the date of death.

9. The Applicant uses the services of an administrator (the "Administrator" which term includes the current administrator and its replacements), to assist with the administration of the Plan. The Administrator is currently Société Générale, one of France's largest banking institutions.

10. An Eligible Employee in the Province who wishes to sell Class A Shares acquired by subscription to the Plan or by the exercise of options under the Plan, may sell the Class A Shares in the open market through the Administrator or, alternatively, the Eligible Employee may obtain a share certificate in respect of the Class A Shares and sell them through the dealer of his or her choice.

11. As at the date hereof, there are approximately four (4) Eligible Employees resident in Manitoba each of who is eligible under the Plan.

12. Participation in the Plan is voluntary, and Eligible Employees are not induced to participate in the Plan by expectation of employment or continued employment with the Applicant or its affiliates.

13. Materials have been made available to all Eligible Employees, concerning the Plan.

14. The Eligible Employees would not be subject to the prospectus requirements contained in the Act in respect of first trades in Class A Shares acquired by such Employees pursuant to the Plan but will be subject to the registration requirements available to them.

15. A discretionary exemption is required in relation to the activities of the Administrator in connection with the Plan, from subsection 6(1) of the Act.

(C) AND UPON the commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS ORDERED:

1. **THAT**, pursuant to subsection 20(1) of the Act trades in Class A Shares by the Administrator with or on behalf of the Eligible Employee pursuant to the Plan are exempt from section 6(1) of the Act.

2. **THAT** the fee for this order shall be \$750.00.

BY ORDER OF THE COMMISSION

Director