

Ciena bids \$521M for Nortel business units

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(AP) -- Ciena Corp. is offering cash and stock worth \$521 million to acquire some of Nortel's most-prized remaining business units as the fallen telecommunications company continues to liquidate.

The deal announced Wednesday covers the Nortel Optical Networking and Carrier Ethernet businesses, which have been considered among the best assets yet to be sold by Nortel.

Nortel said its agreement with Ciena calls for the Linthicum, Md.-based company to offer jobs to at least 2,000 employees, or more than 85 percent of total at Nortel's Optical Networking and Carrier Ethernet business units.

However, there's no guarantee the deal will close as announced since Ciena's offer will be used as an opening bid for an auction by Nortel.

In previous auction of Nortel business units this year, the final prices have been substantially higher than the initial "stalking horse" bids.

In this case, Ciena is offering \$390 million in cash and 10 million shares of Ciena common stock. The shares are currently worth about \$131 million.

Nortel, a former [telecommunications equipment](#) giant that at one point accounted for one-third of the market value on the entire [Toronto Stock Exchange](#), filed for [bankruptcy protection](#) in Canada and the U.S. in January.

The Toronto-based company has been selling its operations piece by piece.

Last month, Nortel announced its Enterprise Solutions division would be sold to New Jersey-based Avaya for \$900 million. Avaya had originally bid \$475 million in July but sweetened the offer to win an auction that began Sept. 11 and lasted several days.

Prior to that, LM Ericsson of Sweden agreed to pay \$1.13 billion for Nortel's wireless network business, beating a \$650 million stalking horse bid put forward by [Nokia](#) Siemens, a joint venture between Finland's [Nokia](#) Corp. and Germany's [Siemens](#) AG.

Philippe Morin, president of Nortel Metro Ethernet Networks, said that Nortel's employees have done a "tremendous job stabilizing our business" and the company is "particularly pleased" that a significant number of them will be offered jobs with Ciena. The addition of 2,000 employees from Nortel would roughly double the size of Ciena's global workforce.

"This is a unique and exciting opportunity for us to accelerate our existing strategy and the pace of our growth plans by two to three years," Gary Smith, Ciena's CEO and president, said in a statement.

Ciena shares rose 48 cents, or 3.7 percent, to \$13.53 in morning trading Wednesday in New York.

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