

Ciena wins court approval for Nortel unit bid

October 16 2009

(AP) -- Ciena Corp. won court approval Thursday to start bidding on Nortel Network Corp.'s optical and Ethernet division with an offer valued at more than \$532 million.

Bankruptcy court judges in Delaware and Ontario gave the bid process the green light after requesting changes in the auction rules. Creditors had complained the rules gave Ciena, the lead bidder, too much power over the auction process.

"We understand that there were changes to the bidding procedures and a change to the termination provisions of the stalking horse agreement," Nortel spokesman Bo Gowan wrote in an e-mail.

Ciena spokeswoman Nicole Anderson confirmed the court approval, but also did not provide any details.

The Optical Networking business includes some of Nortel's most sought-after businesses units, intellectual properties and employees.

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.

Ciena's cash-and-stock bid covers substantially all of the fallen Canadian technology giant's Optical Networking and Carrier Ethernet businesses, including the rights to technology that enhances the speed and capacity of current fiber optic networks by as much as 10 times.

The optical and carrier ethernet business units are part of Nortel's Metro Ethernet Networks. Not included in the sale is a third unit, the Multi Service Switch business, which provides non-optical equipment and employs about 300 people.

Ciena has agreed to offer jobs to at least 2,000 employees - which would nearly double the size of the Linthicum, Md.-based company's global work force.

The company, which had been one of Nortel's smaller rivals in an important market niche, currently employs about 2,100 workers across facilities in Ontario, Georgia, Maryland, California, Washington State and India.

The judges Thursday also approved Nov. 9 as the deadline for bids and scheduled the auction for Nov. 13.

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