

Nokia to bid for Nortel assets

Dying Canadian telecom giant Nortel has put up its optical networking and carrier ethernet business for auction.

Toronto-based Nortel has been selling its businesses bit by bit to pay off its creditors after it sought and got bankruptcy protection in the US and Canada in January after last year's huge losses. Nokia Siemens Networks, which failed to acquire Nortel's next-generation wireless business in July, has once again entered the bidding process - jointly with the equity firm Equity Partners.

The network specialist Ciena Corp of the US has already offered \$521 million to acquire the Nortel assets which include its major business units, intellectual properties and employees. The Maryland-headquartered US company said last week it was in advanced discussions to acquire all of the optical networking and carrier Ethernet assets of Nortel's Metro Ethernet Networks (MEN) business.

Since Nortel has been operating under bankruptcy protection in the US and Canada, the sale of its assets will require court approval in the two countries.

Once the biggest telephone equipment maker in the world, Nortel sold its next-generation wireless business to Sweden's Ericsson under a court-supervised auction for \$1.13 billion in July. Ericsson had beaten Nokia Siemens which had put forward a \$650-million bid.

In September, Nortel sold its enterprise division to America's Avaya Inc. for \$900 million. At its height, the 124-year-old Canadian company employed more than 90,000 people worldwide and accounted for more than a third of the Toronto Stock Exchange.

Its downward spiral began with the dotcom bust of 2000, with its market capitalization plummeting from almost \$400 billion just before the dotcom bust in September 2000 to \$5 billion within two years. Its stock sank from \$124 to \$0.47.

An accounting scandal of 2004 further weakened the telecom giant.

In 2006, Nortel had to pay \$2.5 billion to settle shareholder class actions. The current economic recession dealt the last blow to Nortel.

(© IANS / India eNews)