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COMP/M. 4451 – ALCATEL/NORTEL NETWORKS

SECTION 1.2

Description of the concentration

1.2 Provide a summary (up to 500 words) of the information provided under Section 1.1. It is intended that this summary will be published on the Commission’s website at the date of notification. The summary must be drafted so that it contains no confidential information or business secrets.

1. Alcatel and Nortel Networks Limited (“Nortel”) on 1st September 2006 signed a non-binding Memorandum of Understanding pursuant to which Alcatel intends to acquire certain assets related to Nortel’s UMTS radio access network (“RAN”) equipment products. The proposed acquisition is subject to the negotiation and execution of a definitive agreement between Alcatel and Nortel and other closing conditions, including approval pursuant to the EC Merger Regulation.
2. Alcatel designs, develops and builds communications networks that allow telecommunications operators and companies to transmit all types of content (voice, data or multimedia) to their customers worldwide. The purchased assets consist of Nortel’s UMTS RAN equipment product portfolio, associated patents and tangible assets as well as customer contracts.
3. The proposed transaction will allow Alcatel to expand and strengthen its UMTS RAN business and achieve the requisite scale to maintain a competitive position in UMTS RAN equipment, including in particular through investment of substantial financial and human resources in R&D. The proposed transaction is pro-competitive in that it will result in the creation of a business that is better equipped to compete with its larger rivals.