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BEST MERGER OR STRATEGIC CORPORATE DEAL

WINNING DEAL

Acquisition of Spatial Wireless by Alcatel

The players

Spatial Wireless (Spatial Communications Technologies), a Richardson-based leader in software-based mobile switching solutions, was founded in 2001 by former Nortel and Alcatel executives. The privately owned company had offices in the United States and India with about 225 employees.

Key executives of Spatial Wireless:

Pardeep Kohli, co-founder and former president and CEO. (Now president for mobile next generation networks at Alcatel.)

Seshu Madhavapeddy, co-founder and chief strategy officer. (Now president and CEO of Siper Systems.)

Sudhir Gupta, co-founder. (Now founder and CEO of XOP Works Inc.)

Anuj Jain, co-founder and vice president-engineering

Terry Hungle, vice president of corporate



Paul Tobias, above left, and Alan Bickerstaff, of Wilson Sonsini Goodrich and Rosati, were advisers on the Spatial Wireless/Alcatel deal.

planning. (Now CFO with Navini Networks.)

Alcatel, based in Paris, France, develops and integrates technologies that enable communications providers to deliver multimedia services to customers or employees. Alcatel operates in more than 130 countries and had sales of about \$14.4 billion in 2004. The North American headquarters of Alcatel are located in Plano.

Key executives of Alcatel:

Serge Tchuruk, chairman and CEO, Alcatel USA Holdings Corp.

Hubert de Pesquidoux, CEO Alcatel North America

Deal advisers

Wilson Sonsini Goodrich and Rosati
Proskauer Rose

The details

The \$300 million acquisition of Spatial Wireless in an all-stock deal gave Alcatel (NYSE: ALA) access to Spatial Atrium, a multistandard and field-proven mobile softswitch that controls distributed media



Seshu Madhavapeddy, above, a co-founder of and former chief strategy officer for Spatial Wireless, is now CEO and president of Siper Systems.

gateways and manages call/session control for voice and data services.

The deal allowed Alcatel to leapfrog traditional mobile switching technologies with a commercially-available next-generation networks solution, designed and ready for IP multimedia subsystems, and complementary to Alcatel's portfolio of next-generation IMS-ready products, Alcatel officials said when it announced the deal.

The deal was a good match between business and technologies, one judge said. "Additionally, I am impressed by the collaborative atmosphere between the management teams on both sides," he said.

In less than a year, the merged company's product has already achieved market dominance and is in use around the world. Spatial Wireless's employees continued their employment with Alcatel.

— Chad Eric Watt and Frances Gordon