

## Amelio, Wozniak Seek to Raise \$100M, Buy Technology Company

By Brian Womack

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Three former Apple Computer Inc. executives have started a Newport Beach company that's looking to raise more than \$100 million through an initial public offering with a twist.

The executives, Apple cofounder Steve Wozniak, former chief executive Gilbert Amelio and Ellen Hancock, Apple's technology chief under Amelio, have formed a "blank check" company, Acquicor Technology Inc.

Acquicor hopes to use proceeds from a share offering to buy a technology company.

Specifically, the Apple alums want to find a company that sells products or services in the area of "convergence" of computers and consumer electronics.

They're putting about \$2 million of their own money into Acquicor.

Amelio, who has a Newport Beach home, is the local tie. He sits on the research advisory board of the Center of Embedded Computer Systems at the University of California, Irvine.

He's also a director of Newport Beach-based Newport Opticom Inc., an investment of Amelio's Sienna Ventures in Sausalito.

In 2001, Amelio opened the Southern California office for Sienna.

Amelio's time in Orange County goes back to the 1980s, when he was an executive at what became Newport Beach-based Conexant Systems Inc.

Acquicor hopes to raise \$102 million. No date has been set for the offering.

### Special Purpose

The executives are looking to tap into interest for blank check companies, sometimes referred to as a "special purpose acquisition company."

In this case, the founders themselves are the likely draw.

"You're betting on the jockey, not the horse," said Mitchell Littman, managing partner of Littman Krooks LLP in New York. "If he's a good jockey, I assume he knows how to ride the horse."

The founders tout their backgrounds and networks to help Acquicor find investors and a good acquisition.

But unlike Paul Allen or Steve Jobs, not all of the past ventures of the Acquicor executives have been runaway hits. They also face a saturated market for blank check companies.

Wozniak is a technology legend, one of the few peers of Jobs, Allen and Bill Gates.

He and Jobs helped create a corporate icon with the design of Apple's first products, the Apple I and II computers.

Since leaving Apple in the 1980s, Wozniak's ventures haven't had nearly the same success, including his Los Gatos-based Wheels of Zeus Inc., which specializes in global positioning systems.

Philanthropy and educational work dominate much of Wozniak's time.

Amelio, Acquicor's chief executive, came from Santa Clara-based National Semiconductor Corp. in 1996 to lead a then troubled Apple. He was ousted by the board in little more than a year as Jobs retook the reins.

Hancock, Acquicor's third partner, also left upon Jobs' return and went on to run now defunct Exodus Communications Inc.

"You're getting more and more principals that are better-known with" blank check companies, Littman said.

Acquicor's executives plan to use their expertise to help an acquired company expand.

They have up to 18 months to find an acquisition. Shareholders then have the right to sign off on the buy. The executives get another six months if a deal is in the works at the end of 18 months. If nothing is found or approved within two years, shareholders get 95% of their money back. Acquicor then would dissolve.

It's unclear if Acquicor's headquarters would stay in Newport Beach or move to where an acquired company is based.

Acquicor is offering 17 million units at \$6 apiece. Each unit includes an Acquicor share and two warrants, which let the investors buy a share at \$5 apiece.

In the past two years, blank check companies have hit the financing scene in a big way.

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In the third quarter, the number of public offerings by blank check companies rose 333% from the prior quarter, according to The Reverse Merger Report, an industry trade publication in Petaluma.

“Up until last spring, there was a fairly moderate number of offerings,” said Floyd Wittlin, an attorney with Bingham McCutchen LLP in New York. “In the beginning of the spring of 2005, there was an explosion in the number of offerings.”

The number of first-time filings for blank check offerings went from six in the first quarter of last year to 23 in the second quarter, according to The Reverse Merger Report.

The number of offerings has gotten ahead of demand, according to industry observers. Some blank check companies have lowered the amount they’re seeking to raise or have sweetened financial terms.

Acquicor is among them. When it first filed in September, it was looking to raise \$150 million. The amount was cut to \$102 million earlier this month.

“There’s a lot of product in the marketplace, and the market is only interested in acquiring so much,” said Christopher “Kit” Jennings, managing director of Newport Beach-based Roth Capital Partners LLC’s investment banking group, who declined to specifically address Acquicor.

Acquicor has landed more attention than others with its backers.

“Certainly, the management behind it has made it one of the more high-profile offerings to come out,” said Brett Goetschius, editor of The Reverse Merger Report.

### **Sizable Offering**

Acquicor’s offering is among the larger ones, Goetschius said. Many blank check offerings are less than \$100 million, though a few have been upward of \$200 million, he said.

Another difference: Acquicor’s focus on technology. To date, many blank check companies have focused on traditional sectors, such as shipping, Goetschius said.

This year is an important one for blank check companies.

To date, only a handful of companies have gone through an offering and found a company to buy, Goetschius said.

“There needs to be a sorting out,” lawyer Wittlin said. “One reason some deals have gotten done and some deals have not is a function of the quality of the management teams.”