

TECHNIOI OCY

## Apple Computer's Estaties In Hands of Markkula



The final decision on whether Apple Computer Inc. will sell itself to Sun Microsystems Inc. probably rests in the hands of a reclusive jet-setter named A.C. "Mike" Markkula Jr.

Mr. Markkula, 54 years old, is Apple's chairman. He has been with the company since its fabled garage days, having cofounded the company along with Steve Jobs and Steve Wozniak. In 1976, Mr. Markkula provided the two Silicon Valley wunderkinds with \$250,000 of his own money and rounded up an additional \$3 million in venture capital to launch Apple. Ever since, he has exerted influence that is considerable -- but often little understood by outsiders -- over the company in times of crises. For instance, it was Mr. Markkula who stepped in to oust Mr. Jobs as chief executive in 1985, and he did the same to Mr. Jobs's successor, John Sculley, eight years later. TD

With Apple immersed in a new crisis over mounting losses and management turmoil, Mr. Markkula is stepping in again. He is leading the company through intense takeover negotiations with Sun, the big maker of workstations in Mountain View, Calif., that has been meeting with Apple all week over a possible combination of the companies valued at about \$4 billion, or \$33 a share.

As of yesterday, the companies were still huddling, according to people familiar with the situation. Some people close to the talks still predicted that a deal was imminent, and could be announced as soon as today. But others expressed concern that it could still fall apart if the talks drag on too much longer. According to these people, Sun and Apple may have resumed a dispute over price that interrupted two previous rounds of talks over the past few months.

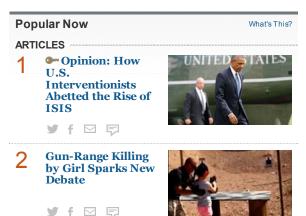
Whatever happens, people who know him say Mr. Markkula will have the ultimate say, as he has had throughout Apple's storied history. "Nothing gets done at Apple without Markkula's consent," said Tim Bajarin, an industry consultant in San Jose, Calif., and Apple watcher since 1981. Added Eugene Glazer, analyst at Dean Witter Reynolds in New York: "Markkula has got a lot of clout. He is a very critical board member."

Indeed, many would say he is the dominant board member. Mr. Markkula is one of only two people on the board, besides Chief Executive Michael Spindler, who have any experience in the computer industry. The other is Gilbert Amelio, chief executive of National Semiconductor Corp., who is said to be a close friend of Mr. Markkula. Many of the other board members were hand-picked by Mr. Markkula, and have tended to defer to him in meetings, according to people familiar with the board.

Through a spokesman, Mr. Markkula declined to comment.

As powerful as he is, Mr. Markkula is one of the more reclusive big players in the computer industry. A self-made millionaire, Mr. Markkula's wealth originally came from the semiconductor business. He worked for Fairchild Semiconductor, the grandfather of





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most big chip companies, and followed founders Robert Noyce and Gordon Moore to Intel Corp., whose 1971 initial public offering made Mr. Markkula a rich man.

His fortunes multiplied after he helped bankroll Apple, another hugely successful initial public offering. Mr. Markkula currently personally owns 3.7 million Apple shares, 3% of the company, worth more than \$111.9 million at Apple closing price of \$30.25, down \$2 a share, in Nasdaq Stock Market trading yesterday. (That same stake once would have been worth more than \$270 million, when Apple was trading at its peak of \$73.25 a share in 1991.)

An electrical engineer and self-described tinkerer, Mr. Markkula sprinkled his money into ventures far from the computer industry. ACM Aviation Inc., his closely held company in San Jose, provides private jet services. He and the late Mr. Noyce were introduced in the early 1980s by skier Jean-Claude Killy to the founders of Volant Ski Corp. and became investors in the Denver-based company. Mr. Markkula got heavily involved in helping Volant develop its popular steel-capped skis, a major departure from the fiberglass used up until that time.

"He's a skier, and he's just kind of a nut about new things," said Bucky Kashiwa, a Volant co-founder and consultant. "He took quite an interest."

Mr. Markkula became even more intimately involved in founding Echelon Corp., a Palo Alto-based company that developed a chip technology for controlling myriad devices in homes, factories and offices. He reasoned that all kinds of new opportunities would open up when the power of a \$10,000 computer is available in a chip that costs \$1 or so. cheap enough to be used in any light bulb or switch. The concept has made some progress, though Echelon has yet to turn a profit.

In the well-heeled town of Woodside, Calif., Mr. Markkula is known for tinkering on a grand scale. In the 1980s, he purchased an unusual 50-acre estate there that came with a 200-cage private zoo and a 400-seat theater. After tearing down a run-down house on the property, Mr. Markkula ran into trouble with local officials for proposing another house on a similar scale. At 18,000 square feet, the house would have been more than twice the size allowed by current zoning regulations.

While negotiations continue over the house, Mr. Markkula has completed an extensive overhaul of the theater, including a sophisticated network using Echelon's technology to handle stage and auditorium lighting, heating, air conditioning and other tasks with a minimum of switches. He expects the room may be used for plays, films or concerts.

When it comes to Apple, Mr. Markkula lets his chief executives do the tinkering while he watches over their shoulders. He played little active role in Apple's daily operations during the regimes of Messrs. Jobs and Sculley, intervening to force their departures only after the two men had run the company aground.

"Markkula showed occasional interests in issues but did not micromanage the business," said one former executive.

When he assumed the mantle of board chairman after Mr. Sculley's departure, Mr. Markkula developed a close working relationship with Mr. Spindler. The two men share common backgrounds, having both worked at Intel with the same engineering training. Many industry critics say Mr. Markkula has supported Mr. Spindler to a fault, failing to fire him despite the bungled demand forecasts, product defects and management upheaval that has so wounded Apple. Amid calls for Mr. Spindler's head at a rambunctious shareholders' meeting Tuesday, Mr. Markkula stoutly defended his CEO. He apparently agrees that Mr. Spindler's rescue plan for Apple, pushing into specialized markets like desktop publishing, multimedia and high-end consumer products, is essentially correct, but may have doubts about whether Apple is still strong enough to pull it off on its own.

"Markkula believes Spindler's theory on how to change the company is right," says Mr. Bajarin.





















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