

Special Purpose Acquisition Companies (SPACs)



HIGHLIGHTS

- Extensive Experience Completing Innovative Deals**
Wilson Sonsini has an established track record of undertaking innovative transactions including SPAC IPOs and de-SPAC transactions.
- Top-Ranked Transactional Practices**
Wilson Sonsini is able to advise SPACs throughout their lifecycle. The firm is top ranked in several corporate areas of practice, including capital markets, M&A, and public company representation.
- Deep Industry Expertise**
Wilson Sonsini provides value-added legal services to technology, life sciences, and growth enterprises worldwide, as well as the investors that finance them.

OVERVIEW

What is a Special Purpose Acquisition Company (or SPAC)?

Special Purpose Acquisition Companies (SPACs) are publicly traded “blank-check” or “cash shell” companies that are formed and taken public through an IPO solely for the purpose of combining with a to-be-identified target company, the result of which is the target company becoming a public company via the “de-SPACing” process. Also:

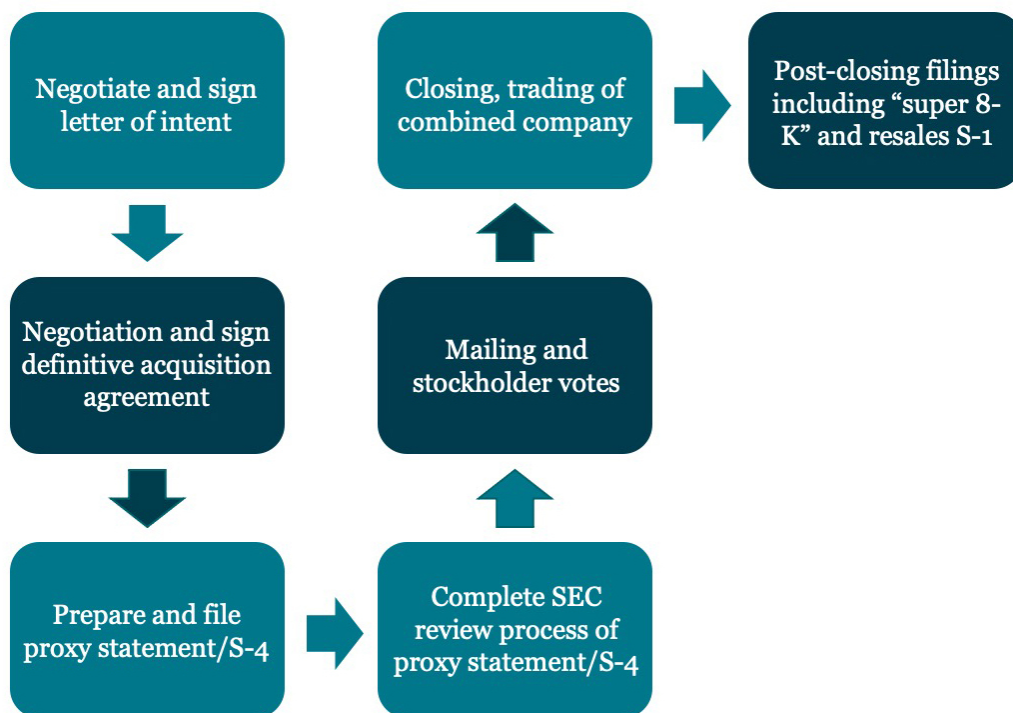
- Cash proceeds raised in the SPAC IPO are held in trust until the de-SPACing merger occurs, and these proceeds can purchase shares from the target company shareholders or remain on the merged balance sheet; and
- a SPAC cannot have pre-identified a target at the time it files to go public.

A SPAC typically has a two-year term following IPO within which to consummate a merger.

SPACs frequently merge with targets at valuations ~2-4x + the amount raised in the SPAC IPO.

Finally, SPACs may also be used in connection with taking subsidiaries public through a “sponsored spin.”

Key Stages to Complete a de-SPAC Transaction



Our Capabilities

Recently, SPAC mergers have emerged with increasing frequency, driven at least in part by market volatility, but also inspired by successful SPAC transactions.

While history is one thing, expertise is another. Our firm has substantial experience representing late-stage companies as they consider exit alternatives, whether they elect to enter the capital markets through more traditional means or through other options including a de-SPAC transaction or reverse merger.

In September 2020, Wilson Sonsini represented **QuantumScape Corporation**, a developer of next generation solid-state lithium-metal batteries for use in electric vehicles, in a transaction with Kensington Capital Acquisition Corp., a SPAC, which resulted in QuantumScape becoming a publicly listed company.

As demonstrated in the QuantumScape transaction, our team brings together expertise from a broad range of disciplines, which enables us to offer comprehensive and coordinated counsel across all areas involved in sophisticated transactions.

As a leading corporate transactional practice, Wilson Sonsini has the scale and scope of experience that allows us to represent not only the companies considering a de-SPAC transaction, but also investors and sponsors seeking to form special purpose acquisition companies.

Our objective is to meet the complex needs of our clients—whatever their role in a SPAC transaction—and to maximize value to those who demand creativity, flexibility, and nimble execution from their legal counsel.