

Cooley, Skadden Steer \$1B Rovi-TiVo Deal

By **Matthew Perlman**

Law360, New York (April 29, 2016, 2:01 PM ET) -- Rovi Solutions Corp., which provides digital media guides and licenses entertainment device patents, said Friday it is acquiring set-top-box maker TiVo Inc. in a \$1.1 billion cash and stock deal guided by Cooley LLP and Skadden Arps Slate Meagher & Flom LLP.

Under the terms of the agreement, Rovi will pay \$2.75 cash per share and \$7.95 per share in a new holding company that will own both Rovi and TiVo, according to a statement on the deal. The number of shares to be issued to TiVo stockholders will be calculated based on Rovi's volume weighted average price for the 15 days prior to three days before closing, the statement said. The consideration represents a 40 percent premium over TiVo's closing price on March 23, when rumors of the deal first surfaced, Rovi said.

Rovi shareholders will own between 66.8 and 72.9 percent of the combined company post-transaction, according to the statement.

TiVo, which pioneered the digital video recorder market with the introduction of its first device in 1999, has switched gears over time to making set-top-boxes that provide consumers more comprehensive content management services, including streaming and mobile capabilities. TiVo also works with pay-TV operators to provide hardware and services, including audience research and measurement data.

The deal will combine these businesses with Rovi's entertainment guide and analytics tools, which Rovi sells to service providers and device manufacturers. The transaction will also combine two substantial intellectual property portfolios, with a total of 6,000 issued and pending patents between them, Rovi said.

"It's an exciting time as the media and entertainment landscape undergoes a significant evolution," Rovi CEO Tom Carson said in a statement. "The combined capabilities of TiVo and Rovi place us in a tremendous position to extend services across platforms and to a customer base that includes traditional, over-the-top and emerging players across the globe. By working together, Rovi and TiVo will revolutionize how consumers experience media and entertainment and at the same time build value for our stockholders."

TiVo's chief financial officer and interim CEO, Naveen Chopra, said that he was proud of what the company has accomplished thus far and that the transaction is a logical next step.

"In joining forces with Rovi, our customers, employees and stockholders will benefit from being part of a

more diversified industry leader with significantly greater market opportunities,” Chopra said in Friday’s statement. “Our combination creates a more influential global player with a commitment to product innovation, which will be incredibly well-positioned to redefine television.”

Carson will lead the combined company, which will adopt the TiVo brand and TiVo's Silicon Valley headquarters. Rovi expects the merger to create \$100 million in annual cost savings and the new company to generate \$800 million in annual revenue. Rovi said it would finance the transaction using cash on hand.

The deal still needs shareholder and regulatory approvals, including under the Hart-Scott-Rodino Antitrust Improvements Act, but is expected to be complete in the third quarter of 2016, Rovi said.

Concurrent with the merger, Rovi’s board also approved a shareholder rights plan, which the company said was designed to protect \$1.2 billion in tax savings earned through federal net operating losses. The plan prohibits transfers of stock in the newly formed holding company that would trigger rules on ownership changes that can limit the use of such benefits, Rovi said.

Cooley LLP is serving as legal adviser to Rovi on the transaction, with a team including Jon Gavenman, Kristen Killian, Sepideh Mousakhani, Marina Remennik, Kristin Peardon, Craig Menden, Steve Tonsfeldt, Stephanie Choo, Brittany Jones, Rishab Kumar, Laura McDaniels, Alyssa Ohanian, Mike Faber, Mark Windfeld-Hansen, Buff Miller, Jon Rivinus, Mischi a Marca, Mike Tollini, Jason Savich, Francis Fryscak, Becket McGrath, Megan Browdie, Julia Renehan, Pete Burns, Bryan Berman, Kristin Leavy, Jackie Bell, Kimberly Nguyen, Adaku Nwachukwu and Kelsey Velemirovich.

Evercore is serving as financial adviser to Rovi.

Skadden Arps Slate Meagher & Flom LLP is serving as legal adviser to TiVo, with a team including Thomas Ivey, Leif King, Nels Hansen, Nicole Howell, Dushan Kanazir, Carrie LeRoy, Joseph Yaffe, Kristin Davis, Sean Shimamoto and Maria Raptis. LionTree Advisors is serving as financial adviser to TiVo.

--Additional reporting by Benjamin Horney. Editing by Edrienne Su.