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PE Firm Rizvi To Take RealD Private In \$551M Deal

By Maya Rajamani

Law360, New York (November 9, 2015, 3:28 PM ET) -- Private equity firm Rizvi Traverse Management LLC has agreed to take 3D visual technology company RealD private in an all-cash deal valued at about \$551 million including net debt, Rizvi said Monday.

As part of the deal, shareholders of RealD Inc., which currently trades on the New York Stock Exchange under the symbol "RLD," will receive \$11.00 in cash for each share of the company's common stock, which represents a premium of about 19 percent to RealD's closing stock price on Oct. 1, 2014, the company said.

"Over the past year, the RealD board of directors, in consultation with its advisors, has engaged in a comprehensive review of strategic alternatives to enhance value for shareholders," RealD lead independent director Frank J. Biondi Jr. said in a statement. "This transaction with Rizvi Traverse concludes that review and provides immediate and substantial cash value to RealD shareholders at a significant premium to the company's unaffected share price."

News of the merger transaction comes more than a year after activist hedge fund Starboard Value LLP made an unsolicited offer to take over RealD that valued the company at about \$600 million, according to regulatory filings.

At the beginning of October 2014, Starboard, which at the time had a 9.9 percent stake in RealD, offered \$12 per share for the company's remaining shares, which represented a 29 percent premium over California-based RealD's Oct. 1, 2014 closing price of \$9.27 per share.

A month later, RealD rejected Starboard's offer, saying it had chosen instead to take efforts to improve its shareholder value by restructuring its research and development efforts and reducing its operating and capital costs.

In a statement on Monday, RealD chairman and CEO Michael V. Lewis said that as a private company, RealD "will have the flexibility and resources to further invest in our continued cinema leadership and visual technology innovation."

RealD licenses its display systems to movie theaters that show 3D films and makes active and passive 3D eyewear for consumer electronics companies.

Rizvi, meanwhile, has recently made investments in companies including Twitter, Snapchat, Summit

Entertainment and Playboy, RealD said.

Lewis called the RealD the world's "leading 3D cinema platform, with over 27,000 worldwide screens."

RealD said Lewis will reinvest his equity into the transaction as part of the deal, and will continue on as chairman and CEO of the company after the deal closes.

The deal has already been approved by the RealD board of directors, who have recommended that the company's shareholders vote for the transaction, RealD said.

The transaction is expected to close in the fourth quarter of the 2016 fiscal year or soon after, and is still subject to RealD shareholder approval, as well as regulatory approvals, RealD said.

Moelis & Company LLC is acting as sole financial advisor.

Wachtell, Lipton, Rosen & Katz and a Cooley LLP team led by partner Thomas Hopkins and including corporate partner Robert Phillips, corporate associate Melika Adams and corporate associate Katja Decker-Sadowski are acting as legal advisors to RealD's Board of Directors.

Freshfields Bruckhaus Deringer US LLP is acting as sole legal advisor to Mr. Lewis. Latham & Watkins LLP is acting as sole legal advisor to Rizvi Traverse.

— Editing by Ben Guilfoy.

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