



[Back to Story - Help](#)

Macrovision to buy Gemstar-TV Guide

Fri Dec 7, 11:43 AM ET

Shares of Macrovision and Gemstar plunged Friday as investors soured quickly on a deal that would have the technology company buyout the television listings business for \$2.8 billion in cash and stock.

Macrovision Corp. wants to allow consumers to call up information about TV shows, view personal photos or a libraries on a variety of electronic devices through a combination of its security software and Gemstar-TV Guide Inc. programming data. Macrovision develops technology to prevent unauthorized copying and viewing of video other content.

"There is a transformation of home entertainment going on and we want to give consumers the ability to find in and easily across a variety of devices," Macrovision CEO Fred Amoroso said.

Wall Street apparently did not like the matchup, sending Macrovision shares falling nearly 22 percent, or \$5.46 midmorning. Gemstar shares did not fare much better, falling more than 16 percent, or 99 cents, to \$4.99.

Amoroso not disclose plans for Gemstar-TV Guide's print operations, saying he would need time to understand before making decisions. "I don't have a deep background in that area," he said.

The company's flagship magazine has struggled with falling circulation and advertising revenue as viewers incorporate programming data through their TV sets or online.

Gemstar-TV Guide shareholders will receive \$6.35 in cash or 0.2548 of a share of common stock in a new hold that will own both Gemstar-TV Guide and Macrovision. The cash component of the deal won't exceed \$1.55 billion.

The \$6.35 per share value represents a premium of 6.2 percent to the Gemstar closing price Thursday, and is above Gemstar's closing price before it announced a strategic alternatives review July 9.

In a filing with the Securities and Exchange Commission, Macrovision said it will raise \$800 million of new debt acquisition, and said JP Morgan and Merrill Lynch have agreed to commit funds.

The board of the Los Angeles-based television media company has unanimously approved the transaction, with the deal to close by early second quarter 2008. Rupert Murdoch's News Corp., which owns about 41 percent of Gemstar, agreed to vote in favor of the deal.

Macrovision stockholders will continue to own one share in the new company for each share held at closing. When completed, Macrovision shareholders will own about 53 percent of the combined company, and former Gemstar stockholders will own 47 percent.

Macrovision shares fell \$6.29, more than 24 percent, to \$19.70. Gemstar fell more than 25 percent, or \$1.52, to \$3.47.

Amoroso will continue as president and chief executive of the new company. Macrovision's Chief Financial Officer will serve as CFO. The new board will include four directors designated by Macrovision, and three chosen by Gemstar-TV Guide.

Gemstar-TV Guide CEO Rich Battista and CFO Bedi Singh will leave when the deal closes.

JPMorgan served as financial adviser to Macrovision and UBS Investment Bank as financial adviser to Gemstar-TV Guide International.

Santa Clara, Calif.-based Macrovision has about 760 employees and reported revenue of \$248 million for fiscal 2007. Gemstar-TV Guide, with about 1,600 workers, posted 2006 revenue of \$571 million.

GemStar and TV Guide Inc. combined in 2000 for about \$14.2 billion. The company restated millions in revenue. CEO Henry Yuen was found guilty in 2006 of securities fraud for inflating revenue between 2000 and 2002. Net \$11.1 billion writedown for its Gemstar-TV Guide investment in 2002.

Copyright © 2007 The Associated Press. All rights reserved. The information contained in the AP News report may not be published, rewritten or redistributed without the prior written authority of The Associated Press.

Copyright © 2007 Yahoo! Inc. All rights reserved.

[Questions or Comments](#)

[Privacy Policy](#) - [Terms of Service](#) - [Copyright/IP Policy](#) - [Ad Feedback](#)