



NEWS RELEASE

# Rovi Corporation Issues Letter to Stockholders Urging Them to Vote the Blue Proxy Card

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- ROVI IS EXECUTING ON A PLAN TO CREATE VALUE FOR STOCKHOLDERS
- ENGAGED CAPITAL DOES NOT EVEN HAVE A PLAN
- ROVI'S BOARD IS COMMITTED TO AUGMENTING WITH THE RIGHT EXPERTISE
- ENGAGED CAPITAL'S NOMINEES ARE NOT RIGHT FOR ROVI OR ITS STOCKHOLDERS

SANTA CLARA, Calif.--(BUSINESS WIRE)-- Rovi Corporation (NASDAQ:ROVI) today issued the following letter to all Rovi stockholders in connection with its 2015 Annual Meeting of Stockholders, which will be held on May 13, 2015:

Dear Fellow Stockholders,

THIS IS A CRITICAL YEAR FOR EXECUTION: DON'T LET COLORFUL COMMENTARY ABOUT THE PAST PUT AT RISK THE VALUE CREATION CURRENTLY UNDERWAY

ROVI URGES STOCKHOLDERS TO REJECT ALL ENGAGED CAPITAL NOMINEES

VOTE "FOR ALL" ROVI DIRECTORS ON THE BLUE PROXY CARD TODAY

Rovi's Annual Meeting is quickly approaching, and you face an important decision. Engaged Capital claims that Rovi needs change. The critical question for our stockholders is whether nominees selected by a hedge fund manager with no substantial experience in our fast-moving industry can change Rovi for the better. Rovi's Board of Directors has architected a strategic plan to deliver significant value to our stockholders, and that plan is beginning to bear

fruit. DO NOT RISK DISRUPTING THE VALUABLE OPPORTUNITIES AHEAD BY VOTING FOR ENGAGED CAPITAL'S NOMINEES SIMPLY FOR THE SAKE OF CHANGE.

Rovi's Board is continuing to enact change for the benefit of all stockholders – and you deserve the RIGHT changes that will create value on your investment. We are still in the process of augmenting our Board, adding new perspectives and valuable experience. We want to add the RIGHT directors with the RIGHT experience, selected with stockholders' best interests in mind through a genuine process. We firmly believe that Engaged Capital's nominees do not possess the qualifications or offer the value our stockholders deserve.

We strongly believe that Engaged Capital is the WRONG change for Rovi today. All three Engaged Capital nominees have clear track records of value destruction at other public companies, and not one of them has presented a semblance of a future plan for Rovi or ideas to create value for you. In contrast, our Board has set in motion a long list of positive changes to put Rovi on a path for sustainable value creation.

#### ENGAGED CAPITAL'S NOMINEES ARE WRONG FOR ROVI

- Glenn Welling is a hedge fund manager with no known intellectual property (IP) experience or demonstrated operational ability, much less in the technology field.
- David Lockwood's qualifications are inferior and unneeded, as ISS and Glass Lewis have agreed.
- Raghavendra Rau and Engaged Capital's other nominees have clear records of value destruction at other public companies, as you can see [here](#).<sup>1</sup>

Over the past 2 years, Mr. Welling has publicly offered his "ideas" – generic capital allocation strategies, for the most part – to a number of companies, while deliberately raising his hedge fund's profile as a "shareholder activist." The results are very concerning:

- At Abercrombie & Fitch – which has been operating with four Engaged Capital-approved directors for over a year – alpha has been negative (56%).
- At TriMas (TRS) and Jamba Inc. (JMBA) – the only other two companies where Engaged Capital has board representation or influence – alpha has been negative (4%) for TRS and a meager 3% for JMBA, and Mr. Welling has been on the Board for less than four months at JMBA.

Do not be fooled by materials Engaged Capital has filed during this campaign. The hedge fund appears to claim credit for the returns of companies in its portfolio despite a lack of Board involvement in achieving those returns at any one of them. Glenn Welling's record on corporate boards is clear and it is troubling.

One of his nominees, David Lockwood, is in our opinion, unqualified. Both ISS and Glass Lewis recommended against him, despite their tendency to recommend in favor of dissident candidates for no reason other than change for change's sake. Independent third parties have warned Rovi and its stockholders of Lockwood's value-destroying missteps while running IP negotiations for Unwired Planet. In fact, he presided over negative alpha at Unwired Planet (negative 64%), Liberate Technologies (negative 44%), InterTrust Technologies (negative 2%), BigBand Networks (negative 38%) and EnergySolutions<sup>2</sup> (negative 57%). Despite the value destruction at EnergySolutions, Lockwood received substantial payments during his tenure, including \$16.8 million in cash "to settle existing obligations owed to" him. Also, while serving on the Liberate Board, Lockwood received severance payments based on a partial asset sale, a continued employment arrangement and a \$325,000 cash bonus. We believe there is legitimate reason to conclude, based on his prior board and management experience, that David Lockwood could put Rovi's IP business at unnecessary and substantial risk.

Raghavendra Rau also has a poor track record when it comes to value creation. Alpha at Aviat Networks was negative 152% during Rau's Board tenure, and it was negative 110% during his Board tenure at SeaChange International. In fact, after being brought to SeaChange as CEO and a member of the Board of Directors by activist investor Starboard Value, he was replaced less than three years later.

## ENGAGED CAPITAL HAS NO PLAN FOR ROVI

- Rovi's Board listens to Rovi's stockholders and is making the changes that make sense for Rovi, with a transparent plan to create stockholder value.
- Rovi stockholders deserve to know what Engaged Capital nominees will do differently if elected.
- The vague ideas Engaged Capital has advanced suggest Engaged Capital does not understand the dynamics that drive Rovi's revenues.
- Do not trust your investment to Board members that will still be learning Rovi's business during critical near-term events such as the Big-4 renewals and next-generation product launches – the risk of disruption is too high.

We believe it is crucial that Rovi stockholders understand what Engaged Capital's nominees intend to do if elected to the Board. It is highly troubling to Rovi that even after an extensive proxy campaign and several letters and presentations to you, Engaged Capital and its nominees have outlined NO PLAN for Rovi. There are no new ideas, not even a broad high-level vision to create the value that Rovi stockholders deserve.

The vague steps Engaged Capital has hinted at are generic capital allocation and cost cutting strategies that Engaged Capital has advanced at a broad array of other companies – apparel companies, beverage companies and the like – which have very different business models than Rovi. Importantly, Rovi's Board and management have

been open to these ideas, and discussed them with Engaged Capital, thoughtfully considered them along with suggestions from other stockholders, and taken action with respect to changes that the Board believes are in Rovi's best interest.

We believe Engaged Capital poses significant risk to the future value of your investment. Without any plan beyond cost-cutting, Engaged Capital appears poised to push for unnecessary and dangerous changes to Rovi's product strategy, which could destroy our next-generation product business, and in turn threaten our IP business by disrupting synergies between our IP and product businesses that are so important to stockholder value.

Importantly, we think stockholders should ask: Why now? Why not wait another year and judge the Company on the merits of the Big-4 renewals, or the success of our new product launches? Rovi has already conducted a comprehensive strategic review of its business and spent the last three years rebuilding the Company into what it is today. Rovi is experiencing momentum and traction with our next-generation products, well-positioned to enter into a very critical year of renewing major licenses, and on track to achieve double-digit revenue growth in 2016 and 2017. The start of yet another review period at this juncture would essentially set Rovi back in time, risk disrupting the significant progress we have made, and cost us present-day opportunities. We question Engaged Capital's intentions and motivations in starting this process to gain representation on the Board – and think our stockholders should too. Is Engaged Capital acting in stockholders' best interest or are they more interested in building a name for themselves as a "shareholder activist?"

Rovi's Board has been listening to the Company's stockholders. For example, the Board recently reduced its own compensation reflecting recent conversations with a number of Rovi stockholders, and Rovi received affirmative support from both proxy rating agencies this year for its executive compensation program.

We believe Engaged Capital has given Rovi stockholders no good reason to trust that its candidates would provide more thought, generate better ideas or deliver more value than Rovi's current directors, who have carefully repositioned the Company over the past three years. It is imperative that Rovi stockholders protect themselves against a hedge fund manager who could dismantle the very strategy that Rovi's Board and management thoughtfully put in place – a strategy that is working.

#### ADDITIONAL PERSPECTIVES ON ISS AND GLASS LEWIS' RECOMMENDATIONS

Rovi strongly disagrees with ISS' and Glass Lewis' recommendations that stockholders vote for Engaged Capital nominees Raghavendra Rau and Glenn Welling. Respectfully, we believe these recommendations demonstrate a

lack of understanding of Rovi's business and growth trajectory.

ISS has stated that when dissidents seek a minority position on a Board, they do "not require a detailed plan of action, nor that the dissidents prove their plan preferable to the incumbent plan" from the dissidents. Rovi strongly disagrees with this point of view and believes this "hall pass" for minority-seeking dissidents represents a naïve view of boardroom dynamics and the impact of each Director on a company's strategy – particularly for companies like Rovi that have undergone a transformation and face critical execution milestones in the year ahead.

We recommend that all Rovi stockholders review the Company's response to the recommendations issued by ISS and Glass Lewis, which can be viewed [here](#).

### ALLOW ROVI TO CONTINUE EXECUTING THE PLAN THAT IS WORKING FOR YOU

- Rovi operates in a fast-moving technology environment.
- Rovi stockholders deserve qualified Board members with the RIGHT areas of expertise to guide Rovi's strategy.

As our stockholders and equity analysts are well aware, Rovi operates in a rapidly changing industry. Rovi needs a Board that can identify the opportunities ahead and has an acute understanding of the market environment and the customers Rovi serves. The Board has acknowledged and taken responsibility for its past decisions that have not proven successful – and most importantly – learned from them. The actions taken over the past three years to transform the Company were effected by Rovi's current Board of Directors, and reflect the Board's understanding of our dynamic market. As a stockholder, if you want to see additional expertise on the Board, make sure it is the RIGHT expertise. A hedge fund manager and failed technology executive are, in our opinion, NOT the right choices.

The bottom line is: Rovi is prepared to make the RIGHT changes with qualified nominees like recent addition Steven Lucas. We continue to actively augment our Board and management team with the relevant expertise to continue executing our plan to achieve double-digit revenue growth with expanding margins in 2016 and 2017. We trust that Rovi stockholders will see Engaged Capital's distracting tactics, and allow our Board to rightfully focus on the path ahead.

We look forward to your support at the upcoming Annual Meeting by voting "FOR ALL" nominees on the BLUE proxy card and protecting your investment.

Thank you.

## FORWARD LOOKING STATEMENTS

This communication contains “forward-looking” statements, including, without limitation, all statements related to Rovi’s ability to achieve its goal of enhancing stockholder value through the execution of its strategic plan, including all statements related to upcoming significant intellectual property license renewals, expected revenue growth, margin expansion and cash flow, new product and IP business opportunities, and the timing thereof, customer growth, expected return on the investments in core areas of the business; the statements related to Engaged Capital’s proposed reduction of product investment and its negative effect on the stockholder value; and other statements that are not historical facts. Any statements contained in this press release that are not statements of historical fact may be deemed to be forward-looking statements. Words such as “anticipate,” “believe,” “could,” “expect,” “may,” “plan,” “will,” “would” and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based upon Rovi’s current expectations. Forward-looking statements involve risks and uncertainties. Rovi’s actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties, which include, without limitation: risks related to Rovi’s ability to successfully execute on its strategic plan and customer demand for and industry acceptance of Rovi’s technologies and integrated solutions; Rovi’s ability to successfully renew its major intellectual property license agreements; and risks related to future opportunities and plans, including the uncertainty of future operating results. These and other risk factors are discussed under the heading “Risk Factors” in Rovi’s Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission on February 19, 2015. Rovi expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

If you have any questions, require assistance with voting your BLUE proxy card or need additional copies of the proxy materials, please contact:

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New York, NY 10016

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(212) 929-5500 (Call Collect)

Or

TOLL-FREE (800) 322-2885

## ADDITIONAL INFORMATION AND WHERE TO FIND IT

Rovi Corporation, its directors and certain of its executive officers may be deemed to be participants in the solicitation of proxies from stockholders in connection with Rovi's 2015 Annual Meeting of Stockholders. Rovi has filed with the SEC and has provided to its stockholders a definitive proxy statement and a BLUE proxy card in connection with such solicitation. ROVI STOCKHOLDERS ARE STRONGLY ENCOURAGED TO READ SUCH PROXY STATEMENT (INCLUDING ANY AMENDMENTS AND SUPPLEMENTS) AND ANY OTHER RELEVANT DOCUMENTS WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.

Information regarding the names of Rovi's directors and executive officers and their respective interests in Rovi by security holdings or otherwise is set forth in Rovi's definitive proxy statement for the 2015 Annual Meeting of Stockholders, filed with the SEC on April 13, 2015, and in Rovi's annual report on Form 10-K for the year ended December 31, 2014, filed with the SEC on February 19, 2015, which documents are available at the investor relations portion of Rovi's website at <http://ir.rovicorp.com/CorporateProfile.aspx?iid=4206196>. To the extent holdings of such participants in Rovi's securities have changed since the amounts described in the 2015 proxy statement, or if a particular participant's holdings are not set forth in the 2015 proxy statement, such holdings (or changes thereto) have been reflected on Initial Statements of Beneficial Ownership on Form 3 or Statements of Change in Ownership on Form 4 filed with the SEC. Information regarding the special interests of such participants, if any, in the matters to be voted on at Rovi's 2015 Annual Meeting of Stockholders is included in the definitive proxy statement referred to above. You can obtain free copies of these referenced documents as described below.

These documents, including the definitive proxy statement (and amendments or supplements thereto) and the accompanying BLUE proxy card, and any other relevant documents and other material filed by Rovi with the SEC, are or will be available for no charge at the SEC's website at [www.sec.gov](http://www.sec.gov) and at the investor relations portion of Rovi's website at <http://ir.rovicorp.com/CorporateProfile.aspx?iid=4206196>. Copies may also be obtained free of charge by contacting Rovi Investor Relations by mail at 2830 De La Cruz Boulevard, Santa Clara, California 95050 or by telephone at (408) 562-8400.

### About Rovi Corporation

Rovi is leading the way to a more personalized entertainment experience. The Company's pioneering guides, data, and recommendations continue to drive program search and navigation on millions of devices on a global basis. With a new generation of cloud-based discovery capabilities and emerging solutions for interactive advertising and audience analytics, Rovi is enabling premier brands worldwide to increase their reach, drive consumer satisfaction and create a better entertainment experience across multiple screens. The Company holds over 5,000 issued or pending patents worldwide and is headquartered in Santa Clara, California. Discover more about Rovi at

**Rovicorp.com.**

<sup>1</sup> All references in this section use Alpha calculated as return on stock (including reinvested dividends and adjusted for spin-offs, splits and other corporate events) against the S&P 500 Total Return Index during Board tenure. Start dates based upon disclosed effective dates. Source: FactSet as of May 1, 2015.

<sup>2</sup> Remains on the Board of EnergySolutions following take-private.

## Investors

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Source: Rovi Corporation