

Family, Weinstein Buy Arts Channel

The Hubbards, who helped launch DirecTV, team with investors including the movie studio to acquire cable outlet Ovation.

By Meg James, Times Staff Writer
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The family that helped launch satellite television provider DirecTV said Tuesday that it had teamed with a group of investors, including movie moguls Harvey and Bob Weinstein, to buy Ovation, a tiny cable channel devoted to the arts.

Despite an already cluttered media landscape, the deal shows that investors remain interested in very specialized television channels. The Minnesota-based Hubbard family also believes that the arts are a wide-open field that can attract an affluent audience that corporate advertisers will pay a premium to reach.

Ovation represents the fourth major investment by Weinstein Co. since the two brothers started the company in October. The Weinsteins are trying to build a full-fledged media company in the wake of their split last summer from Walt Disney Co., which bought Miramax Film Corp., the company they founded.

"This is just part of our strategy to show the world that we are more than just filmmakers," Harvey Weinstein said in an interview. "Ovation puts us into the cable world."

Weinstein Co. formed a film unit to produce African American family comedies, invested in a small online social networking site, bought control of home entertainment distributor Genius Products Inc. and has released such movies as "Transamerica," "The Matador" and "Scary Movie 4."

The family and investors declined to discuss terms of the deal. Together they have contributed about \$55 million to buy the channel, hire a management team and establish a fund to acquire programming, according to two sources who declined to be named because the terms are supposed to be confidential.

Besides Weinstein Co., other investors are Perry Capital, Corporate Partners II and Arcadia Investment Partners.

The channel was bought from a team of investors led by JPMorgan Chase.

Hubbard Media Group, which sold its stake in DirecTV to General Motors Corp. for \$1.3 billion in 1999, will be Ovation's controlling shareholder with a majority of seats on the nine-person board. It is a subsidiary of Hubbard Broadcasting Inc., which operates TV and radio stations in Minnesota, New York and New Mexico.

The channel is Hubbard's second. Next month, the company plans to launch a movie-themed cable channel called ReelzChannel after spending six years lining up distribution agreements with major cable operators.

Launching new channels is challenging because cable and satellite operators are focused on devoting bandwidth to new services rather than adding to their already well-stocked lineup of networks.

The 10-year-old Ovation was attractive because of its existing relationships with major cable operators such as Time Warner Cable, said Stanley E. Hubbard, chairman of Hubbard Media.

"The distribution was incredibly important, and the management team's vision for the channel was also incredibly important," he said.

The channel's chairman will be Ken Solomon, who is also chairman and chief executive of the Tennis Channel, which is not a Hubbard property. Charles Segars, a founder of the Fine Living Network, will be chief executive. The channel will be relocated to Los Angeles from Virginia.

Ovation currently airs documentary-style programming on theater, dance, opera, jazz and literature. It is available in 5.3 million homes in such cities as New York, Chicago and Atlanta, reaching fewer than 5% of U.S. homes with TVs. The channel's new owners plan to quickly quadruple Ovation's scope by negotiating an agreement to add it to DirecTV, which serves about 15 million subscribers. It also hopes to expand into Los Angeles, San Francisco, Seattle and Washington.

"We are going to be on the radar screen of some very big corporate supporters of the arts that wouldn't normally look at a channel of this size," Stanley Hubbard said.

Popular arts are a rich vein to tap, the partners said. It has long been the domain of PBS and cable channels such as A&E, owned by Hearst Corp., Disney and NBC Universal, as well as Bravo, which is owned by NBC Universal. But in recent years, the two cable channels have shifted strategies, plunging into the so-called reality TV genre to try to capture a broader

and younger audience that appeals to advertisers.

"They've left the category wide-open," Hubbard said.

A&E's lineup includes "Dog the Bounty Hunter," which follows a tattooed convict-turned-born again Christian, and "Gene Simmons Family Jewels," about the tongue-wagging KISS rocker and his family.

Bravo made a commercial splash with "Queer Eye for the Straight Guy" and this summer rolled out "Work Out," a six-part series about life inside a high-end Beverly Hills gym. Its most successful show, "Project Runway," is produced by Weinstein Co. and Miramax.

Harvey Weinstein and Hubbard said the pursuit of huge profits led Bravo and A&E away from their original missions. But that doesn't mean there isn't money to be made by airing artistic endeavors, whether it's foreign language films or shows that focus on digital photography or arts and crafts in Europe.

"There is enough money," Weinstein said.

"It's not mega-dollars, but it is important dollars. The broad spectrum of what you can do with the arts is just incredible."