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Friedman, Wachsberger land funds

Summit to get \$1 billion

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Ex-Paramount exec Robert Friedman and Summit Entertainment's Patrick Wachsberger have closed a financing deal with Merrill Lynch and a consortium of investors to launch a full-service production and distribution studio.

The existing Summit Entertainment LP will be absorbed into new banner Summit Entertainment LLC, which plans to release and distribute 10-12 films a year, including eight that will be inhouse productions.

Wachsberger and Friedman -- who most recently served as vice chair and chief operating officer of Paramount Pictures -- will serve as co-chairs of Summit Entertainment. Friedman left Par shortly after topper Brad Grey arrived in 2005.

Friedman will serve as CEO of Summit Entertainment. Wachsberger will be president of Summit Entertainment and CEO of powerhouse sales arm Summit Intl.

Completing the senior management team is chief operating officer Robert Hayward, prexy of production and acquisitions Erik Feig, chief financial officer Ron Hohausser and Summit Intl. prexy David Garrett.

Friedman and Wachsberger have been working on the deal for months.

"I'm back in the game of actually marketing and distributing movies, instead of raising funds. It's exciting," Friedman said.

With some of the majors cutting back on the number of films they make annually, the emergence of a new mini-studio could pick up some of the slack, which would be welcome news for producers, filmmakers and talent.

Financing pact also marks a turning point for the private equity investors looking to cash in on the film biz. Much of the money that has flooded into Hollywood has gone to studio slate deals and, more recently, individual producers. But the studios retain a lock hold on distribution fees, a guaranteed and lucrative source of revenue.

This is the first major deal whereby investors are getting into the distribution game.

"The real focus here is distribution, which is a good place to be," Merrill Lynch managing director Michael Blum said. Blum heads Merrill's global structured finance and investments wing.

Friedman and Wachsberger intend to focus on producing and acquiring mid-range pics in the \$15 million to \$60 million range. They say it is an underserved market, particularly among foreign distribs, whose ability to buy studio-level fare has been eroding.

Wachsberger's Summit, known for its foreign sales prowess, had been slowly building up its production efforts, helping to produce such studio films as "Mr. & Mrs. Smith" and "Step Up."

Summit Intl. gains a clear advantage in being able to offer U.S. distribution when selling foreign rights to its films. At the same time, Summit Intl will continue to do sales for third parties.

"What has been the missing link? Domestic distribution. This is a worldwide solution," Wachsberger said.

Aside from the eight inhouse productions, Summit Entertainment intends to acquire as many as four films a year in various stages of production.

Wachsberger and Friedman told *Daily Variety* that they expect to announce their first movie during Cannes.

Concurrent with the financing deal, Summit Entertainment has inked an output deal with French media and distribution company SND/M6, which will release Summit films in France.

"The major studios were constructed so many years ago, that they operate in a very specific way. There is a great deal of inefficiency," Friedman said. "Building a studio that is more nimble is exciting."