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Summit Entertainment Gets Merrill Lynch Financing

Posted by Deal Journal Editors

Deal Journal colleague Marissa Marr files this report, with one foot in Tinseltown and one on Wall Street.



[Merrill Lynch](#) has orchestrated its biggest Hollywood financing deal yet – a hefty **\$1 billion-plus pool of funds to back a new virtual movie studio**, Summit Entertainment LLC.

Merrill pulled together a bevy of investors to commit a combination of senior bank lending, mezzanine debt and equity financing for Summit, which will release around 12 movies a year. **The deal is unusual because investors were offered the option of taking different levels of risk by investing in just a part of the movie-making process.** Some are only in for the costs that go into advertising and distributing a movie, for instance. Others are funding just the production of the movies.

Merrill made its way into movie financing with such deals as Melrose I, which financed a slate of movies at Paramount Pictures. **It went on to raise \$525 million for Marvel Entertainment in an innovative deal that used Marvel’s comic-book characters as equity to back debt sales.** It also did some smaller deals, including two \$50 million deals for Regent Entertainment, as well as producer deals such as Cold Spring Pictures, which included the recent hit “Disturbia.”

The Summit deal is more of a distribution play: Summit will self-distribute its movies domestically. **Of the 12 pictures it plans to make each year, roughly eight will be produced by the company for world-wide distribution** and four will be acquired for domestic distribution and some international territories.

Heading the credits list for the deal: former Paramount Pictures executive Robert Friedman and “Mr. and Mrs. Smith” producer Patrick Wachsberger, **with Merrill bankers Robert Stanley, Patrick Lampe and Josh Green.** Messrs. Friedman and Wachsberger will serve as co-chairmen of Summit Entertainment.

Merrill’s role on the Summit deal extended to adviser, placement agent and the lead in structuring the deal. On the legal side, [Liner Yankelevitz](#) represented Summit, while [Sidley Austin](#) “repped” Merrill. [Stroock & Stroock & Lavan](#) acted for Summit shareholders.

