

Lions Gate nears \$400M deal for 'Twilight' maker

January 8 2012, By RYAN NAKASHIMA , AP Business Writer

(AP) -- Lions Gate is close to buying Summit Entertainment, the maker of the teen hit "Twilight" series for about \$400 million in cash and stock.

That's according to two people Sunday who were briefed on the matter. They were not authorized to speak publicly and requested anonymity.

Talks on a deal are in the late stages and could be finalized this week. Summit also has about \$300 million in debt linked to its movies. That debt is expected to be paid off quickly, especially after the last movie in the series, "The Twilight Saga: Breaking Dawn Part 2," hits theaters in November.

The Hollywood blog Deadline reported the news earlier.

The deal would create a studio among the largest in Hollywood and bring together under one roof "Twilight" and another expected popular teen series "The Hunger Games," which Lions Gate is set to release in March.

Like the vampire series that has attracted young audiences in hordes worldwide, "The Hunger Games" is being propelled by a hugely popular series of novels, these ones written by Suzanne Collins.

The pairing would give Lions Gate added strength in international distribution, enlarge its library of older movies to sell to home video and [TV channels](#) and allow it to add Summit's cash immediately to its books. It can also amortize the cost of the deal over time.

For Summit's owners, the deal represents another big payout following a special dividend of around \$200 million that accompanied a \$750 million refinancing in March 2011.

The biggest winners will be Summit's management, including co-chairmen Rob Friedman and Patrick Wachsberger, which owns about 30 percent of Summit, and Summit's majority owner Suhail Rizvi's, of Rizvi Traverse Management. Friedman and Wachsberger are expected to continue to run Summit as a Lions Gate subsidiary.

Lions Gate Entertainment Corp. already has a strong TV studio, which makes popular [series](#) such as "Mad Men," "Weeds," "Nurse Jackie" and is the key distribution partner of comedian Tyler Perry, including his shows "House of Payne" and "Meet the Browns."

But the studio had been distracted recently by a lengthy shareholder battle with activist investor Carl Icahn, who finally agreed last year to sell most of his shares and focus his attention elsewhere.

Both studios are based in Santa Monica, Calif.

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