

THE WALL STREET JOURNAL.

WEDNESDAY, MAY 2, 2012

© 2012 Dow Jones & Company, Inc. All Rights Reserved.

Silver Lake Buys Stake in WME Agency

By GINA CHON
AND ANUPREETA DAS

Private-equity firm Silver Lake Partners is buying a minority stake in leading talent agency William Morris Endeavor Entertainment in a deal that aims to help the agency build its clients' brands on digital platforms, the companies said.

WME, as the agency is known, represents well-known actors, filmmakers, authors and entertainers such as Matt Damon, Barbra Streisand and Justin Timberlake. The agency also provides digital advertising and marketing support to consumer brands, such as Hasbro.

Silver Lake specializes in technology-related investments, including Skype, which it sold last year for \$8.5 billion to Microsoft Corp., and Groupon Inc.

WME had been using its own funds to expand in digital entertainment and media without outside help, people familiar with the matter said. The agency decided future opportunities are vast, and that it would be best to bring in a partner to help take advantage of them, according to the people familiar with the matter.

Along with the 31% stake the private-equity firm is taking in WME, Silver Lake managing partner Egon Durban will join the agency's executive committee, the companies said. He will also help create a new technology advisory council that will identify growth opportunities to benefit the agency's clients.

WME's day-to-day operations will continue to be run by its current leadership team and management board, including co-CEOs Ariel Emanuel and Patrick Whitesell, according to the companies. Financial terms of the deal weren't disclosed.

"While we have already taken significant strategic steps to transition our business to the new digital media landscape, we are excited about the financial strength and technology expertise Silver Lake brings,

which will enable us to expand [William Morris's] growth strategy into digital media and create compelling new opportunities for our clients." Mr. Whitesell and Mr. Emanuel said in a statement.

The shifting landscape of the entertainment industry—with its increasing diversity of platforms, distribution mechanisms and business models—has undermined the importance of movie studios and TV networks as content creators, lending greater clout to talent agencies.

As more actors, entertainers and other talent seek to develop their own content and control the manner of its distribution, their agents have their hands in larger portions of the production pipeline, putting agencies such as WME front and center in the process.

The William Morris Agency and the Endeavor Agency merged in 2009 to form William Morris Endeavor. Mr. Emanuel, who came from Endeavor, is a well-known entertainment agent on whom the HBO show *Entourage* character Ari Gold is modeled. He is also the brother of former White House chief-of-staff Rahm Emanuel.

Venture capital investor Marc Andreessen introduced Silver Lake representatives to William Morris officials about three years ago and the two sides talked about how they could work together, people familiar with the matter said.

"We believe that William Morris is a strategic platform for investments and partnerships, positioned at the epicenter of the converging technology and content industries," Mr. Durban of Silver Lake said in a statement.

WME was advised by the Raine Group and law firm Paul, Weiss, Rifkind, Wharton and Garrison LLP. Silver Lake was advised by law firm Simpson Thacher & Bartlett LLP.

Erica Orden contributed to this article.