

DISNEY POWER ELITE: MICHAEL²

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Eisner turns to Ovitz as prexy, heir apparent

By ANITA M. BUSCH

Less than a month after Creative Artists Agency president Ron Meyer shocked the entertainment industry by being named president and chief operating officer of MCA, Hollywood has had the wind knocked out of it again, with the appointment of CAA chairman Michael Ovitz as president of the Walt Disney Co. under chairman Michael Eisner.

The hire exemplified the drastic changes in the landscape of the entertainment industry over the past several months. Ovitz, who fills the post previously held by the late Frank Wells, becomes the clear successor to Eisner. He will start his new job Oct. 1 and is expected to get a seat on the Disney board of directors.

Ovitz moves from the powerful talent agency he co-founded 20 years ago to the top of the largest entertainment company in the world. Disney earned that distinction this month with the surprise announcement that it would acquire Capital Cities/ABC for \$19 billion (*Daily Variety*, Aug. 1).

Industry attention immediately turned to CAA, where agents were huddling for the second time in a month to reconfigure the chain of command and discuss the transfer of the agency's ownership stake. Ovitz and Meyer to-

gether owned about 77.5% of CAA, which now will be redistributed. That stake could grow with the possible exit of remaining co-founder Bill Haber. Ovitz is understood to have 55% and Meyer and Haber 22.5% each. Ovitz said he plans to have the ownership stake redistributed before he leaves CAA Sept. 30.

Ovitz, 48, who signed a long-term deal believed to be for 10 years, will be responsible for three operating divisions: Walt Disney Studios, which includes film and TV; the theme parks; and the consumer product division. Also, he will oversee the Capital Cities/ABC merger.

And he will oversee Disney's move into sports (specifically the Mighty Ducks hockey team, the California Angels and possible further expansion into pro football), as well as legit theater.

Although details of the deal will be revealed in a later Securities & Exchange Commission filing, sources said Ovitz's deal is extremely lucrative and is structured with an escalation of stock options, stock grants and bonus payments similar to Eisner's contract.

Eisner, 53, historically has been very tight with cash outlays, but has motivated top executives in three ways: Through direct bonus payments based on the performance of key divisions, through outright grants of stock



Lee Celano/Reuters

Michael Ovitz, left, and Michael Eisner discuss changes at Disney.

vested over a period of years and through stock options. Eisner has made millions on his options.

Sandy Litvack, Disney's chief of corporate operations, and chief financial officer Steve Bollenbach will continue to report to Eisner. Walt Disney studio chairman Joe Roth now reports to Ovitz, his former agent. He had reported to Eisner, who had assumed the president's title after Wells' death in a helicopter crash.

Eisner, who had heart bypass surgery a year ago, had been harshly criticized for not naming a successor and not moving forward to acquire a network; in the past two weeks he's done both. During Eisner's stay in the hospital, Ovitz was a regular at his bedside, and reportedly even forced Eisner to surrender his phone in order to get some rest.

The move throws into question what will happen to the CAAtelco arrangement and the long-term deal with DreamWorks and its principals Steven Spielberg, Jeffrey Katzenberg and David Geffen. Other executives at Disney potentially affected by the move include CapCities/ABC

president Robert Iger and Dennis Hightower, president of Disney TV & Telecommunications.

The agreement was negotiated over the weekend by Ovitz attorney Ron Olson and CAA's Bob Goldman and by Irwin Russell for Disney. Eisner said he and Ovitz began talks on Friday in Aspen, where they both were vacationing.

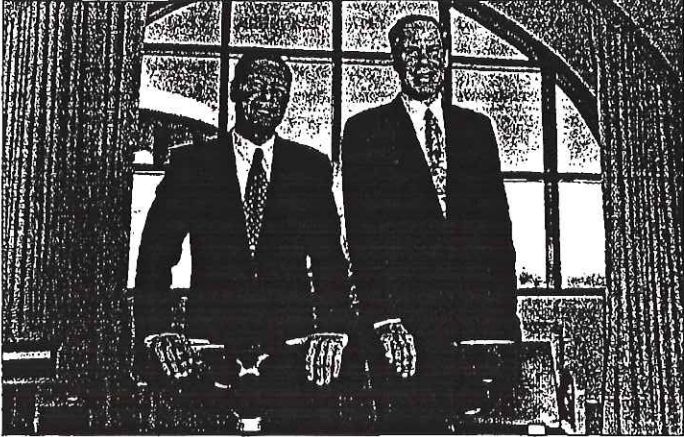
"I left New York after the ABC deal for Colorado, where we met. I knew he was going to be there and we began talking then," Eisner told *Daily Variety*. "I've put together the strategic direction of where I want the company to go and thought about the kind of person I wanted to be my partner going forward. I just waited until the right opportunity came along."

Disney executives and a select few CAA agents found out about the move over the weekend. Roth, vacationing on Martha's Vineyard, interrupted his holiday and flew to Aspen on Saturday.

The secretive nature of the talks was deliberate. "I made a conscious decision that if we were going to get together, I didn't want to go through that

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Lee Celano/Reuters

MEETING OF THE MICHAELS: Ovitz, left, joins Eisner as second-in-command of the expanding Walt Disney kingdom.

trial by fire that I went through before," said Ovitz, referring to the storm of publicity surrounding his negotiations with Edgar Bronfman Jr. concerning MCA.

Ovitz announced his departure to his CAA employees in an impromptu meeting Monday morning at the agency's Beverly Hills headquarters.

He said it was too early to say whether top CAA agents would join him at Disney, but neither he nor Eisner ruled that out.

Agents who have been mentioned to follow Ovitz include chief financial officer Bob Goldman and senior talent agent Sandy Climan, who co-heads the corporate and new media business endeavors and was instrumental in the CAA-telco venture. Goldman and Climan helped negotiate Matsushita Electric Industrial Co.'s acquisition of MCA and the MGM financial restructuring for Credit Lyonnais. Climan also was instrumental in the talks between Ovitz and Microsoft chairman Bill Gates, and CAA and Nike chairman Philip Knight.

"Right now I have a lot to learn," Ovitz said. Eisner added: "Once he's inside the company, he'll look and see what opportunities might be available for CAA agents or anyone else."

The former talent agent said his departure from CAA was bitter-sweet. "It was a timing issue. It

was something that I thought about for a long time. I had a fantastic partnership. It was a great 20 years and I worked with some great people. We really worked well.

"I've known Michael (Eisner) for 25 years. Michael is taking the company in every direction that I'm interested in. Frankly, with the merger, there are a lot of unbelievable challenges and never-ending opportunities."

Industry sources said Ovitz brings intelligence, foresight and vision to the company. However, many were quick to point out that he doesn't have the effusive personality of his ex-partner Meyer.

Most at Disney applauded Eisner's decision. Roth said Ovitz "has been a friend of mine and my agent, and it's great to have someone here who has gone through everything I've gone through. As a stockholder of the company, I think it's fantastic. I think he'll be a really worthy successor to Frank Wells. He started something from scratch and built it into a powerhouse, so he's proved over a 20-year period that he's a good business manager."

Harvey Weinstein, co-chairman of Disney subsidiary Miramax Films, said, "The days of being the marriage broker are over for Mike. Now he's both the bride and the groom."

John Brodie contributed to this report.