



## 'Green Flag': Is Silver Lake's \$55B EA Deal Trumpeting a Rebound?

The blockbuster acquisition of Electronic Arts, a publicly traded gaming software company, may be a sign that buyout managers are "risk on," industry watchers say.

By **Justin Mitchell** | October 1, 2025

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A consortium of investors led by **Silver Lake** is buying video game developer **Electronic Arts** for \$55 billion – a blockbuster deal that sets a record for the largest-ever leveraged buyout and may also signal a comeback for broadly syndicated loans after years of that market losing ground to private direct lenders as the funding source of choice for private equity managers.

Silver Lake is teaming up on the deal with Saudi Arabia's **Public Investment Fund**, or PIF, as well as **Affinity Partners**, a private fund manager founded by **Jared Kushner**, President **Donald Trump**'s son-in-law. The group is acquiring 100% of Electronic Arts, according to a Monday press release.

All three consortium members will contribute cash to the deal, with the PIF also rolling over an existing public equity stake, bringing total equity investment in the deal to about \$36 billion. That will be supplemented by a \$20 billion loan from **J.P. Morgan**, according to the press release. The PIF will keep and add to its 10% current stake in the company, according to a Monday regulatory filing.

The deal constitutes a "green flag" for private equity managers to again pursue megadeals after years of exploring opportunities further down-market due to headwinds in the higher end, said **Kyle Walters**, a private equity analyst with data provider **PitchBook**. Through the first three quarters of this year, deals of \$1 billion or more have accounted for 46.5% of total deal value, he added.

"This acquisition signals that sponsors are once again risk-on," he said in an email.

The deal is also a welcome sign for the leveraged loan market, which has seen fewer large loans in recent years to finance leveraged buyout deals, said **Marina Lukatsky**, global head of research in credit and private equity for **PitchBook LCD**. Private credit funds have steadily taken a larger share of financing for buyout deals than broadly syndicated loans, or BSLs, over the past decade, but the tide began to shift starting last year. That movement has picked up further in recent months, largely due to the lower costs associated with the broadly syndicated market, she added.

"This year, the BSL market is fighting back and clawing back some of the market share lost to private credit," she said.

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The competition between BSL and direct lending providers is creating an attractive environment for private equity sponsors to choose which loans they take out, Lukatsky added.

"[Managers are] winning because they have choices," she said. "They can go to the BSL market if they're looking for a tighter cost of debt, or if they need more flexibility, and potentially maybe some structure that doesn't exist in the BSL market, they can go to private credit."

The amount of equity in the Electronic Arts deal, according to the announcement, is about 63.6%, which is high compared to the current market average of 46%, based on PitchBook data as of July 31 in a recent report from the data provider.

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With so much liquidity in the syndicated and private credit markets, it is likely there will be more bigger deals coming down the pike, Lukatsky added.

"It definitely projects confidence," she said. "I think it's definitely a sign that we are going to see more of these large deals."

### 'Huge Number'

While the equity level for this deal is significantly higher than recent mega-buyout deals, such as **Sycamore Partners'** acquisition of **Walgreens** earlier this year, \$20 billion of debt is still a lot for any company to manage, said **Sam Garin**, a senior communications coordinator with the **Private Equity Stakeholder Project**, a nonprofit advocacy group that monitors the private equity industry.

"That's a huge number," she said. "We've seen so many portfolio companies just kind of crumble under the weight that's being placed upon them by private equity firms."

Last fiscal year, Electronic Arts reported a bit under \$7.5 billion in total revenue, less than half of the debt the company plans to take on, according to a recent press release. The company employs 14,500 people, and Garin said her group also has concerns about the impact of the take-private deal on EA's workforce.

"What we see with a lot of when private equity acquisitions go through is just intensifying pressure to produce more and more and more profits," she said. "Layoffs are very common after private equity acquisitions."

There will be "no immediate changes" to the "job, team or daily work" of employees, according to a frequently asked questions document provided to Electronic Arts employees and included in a regulatory filing.

"Our focus is on driving innovation, and expanding our global reach, all of which require world class teams, who are excited to shape the future of entertainment," the document said. "The consortium is supportive of and committed to investing in our exceptional employees and our strong culture."

Electronic Arts, Silver Lake, Affinity and the PIF all did not respond to requests for comment by press time. The deal is expected to close in the next six to nine months, according to another regulatory filing.

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