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WHAT THE INDUSTRY READS FIRST

Face-Off: Paramount Takes WBD Matters Into Its Own Hands

Warner Bros. Discovery and **Netflix** shocked the industry with the news of an $82.7 billion merger last week, closing the book on a three-horse race between the streamer, **Comcast** and **Paramount Skydance**. Or so it seemed.

Paramount announced Monday morning that it was embarking on a hostile takeover of WBD. Its all-cash tender offer seeks to acquire all of WBD's outstanding shares for $30 per share in cash, which translates to an enterprise value of $108.4 billion. Since Paramount's offer would include the entirety of WBD and not just the streaming and studio divisions, Paramount claims its terms would provide shareholders $18 billion more than Netflix's bid. Netflix and WBD's agreement was valued at $27.75 per share, structured by a combination of cash and stock.

WBD said it's not changing its agreement with Netflix for now, but it will assess Paramount's package and plans to have an answer within the next 10 business days, or before Dec. 22.

Paramount's offer is the same one it submitted to WBD's Board of Directors on Thursday, shortly before WBD-Netflix news began to emerge. Chairman/CEO *David Ellison* said it "directly addressed every concern" WBD had with Paramount's previous bid. However, Paramount "did not receive a single call back." It submitted six proposals over the course of 12 weeks, alleging WBD "never engaged meaningfully" with them.

"We're taking our offer directly to shareholders because they deserve transparency and the ability to make an informed decision," Ellison said on a call Monday. "The motivation for this effort is simple. It's the same reason we pursued Warner Bros. Discovery from the start. We love the movie and entertainment business, we believe deeply in its future and we want to help preserve and strengthen it. Movies are one of America's greatest exports—we want to lean into that legacy, not diminish it."

Paramount's press release noted that its tender offer is backed by the Ellison family and **RedBird Capital Partners**, who'll provide the $40.7 billion of equity capital required for the transaction in addition to $54 billion in debt commitments from **Bank of America**, **Citi** and **Apollo Global Management**. A separate **SEC** filing revealed outside financing partners made up of the sovereign wealth funds of Saudi Arabia, Abu Dhabi and Qatar, as well as **Affinity Partners**, led by President *Trump*'s son-in-law *Jared Kushner*. Those entities agreed to forgo any governance rights, including board representation, so that the deal wouldn't fall under the jurisdiction of the **Committee on Foreign Investment in the U.S.** Additionally, the filing showed that **Tencent**—the Chinese-owned company that drew criticism throughout the **FCC**'s review of the Paramount-Skydance merger—was previously among the roster of financing partners, though it's no longer part of the transaction.

While Paramount thinks its offer is financially superior to Netflix's, it also thinks there's a clearer path toward regulatory approval. Several associations, including **WGA** and **SAG-**

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AFTRA, were quick to raise concerns about a WBD-Netflix merger. Not to mention the litany of Hollywood mainstays like *James Cameron* and *Jane Fonda* contesting the union, but the main figure who might move the needle commented on the situation Sunday.

Arriving at the Kennedy Center in D.C., Trump was complimentary of Netflix CEO *Ted Sarandos*, who made a visit to the Oval Office last week. Still, Trump acknowledged the large market share Netflix already has and would gain from absorbing **HBO Max**. "It could be a problem," Trump said, noting that he'll be involved in the decision-making process.

Paramount COO and Chief Strategy Officer *Andy Gordon* said a Netflix-HBO Max combination would result in a 43% share of all global SVOD subscribers and over 30% of U.S. subs. WBD's 3Q25 earnings showed that HBO Max reached 128 million global streaming subs. Netflix stopped reporting sub numbers at the beginning of this year, but said it ended 2024 with 302 million memberships. **Paramount+**'s latest stats showed 79.1 million subs globally. Ellison said HBO Max and Paramount+'s base would be at 200 million, once deduped.

Paramount believes its proposed transaction would gain the necessary approvals faster than Netflix's would because "the only regulatory condition that we need to satisfy is antitrust, which we are confident we can get through." A unified Paramount+ and HBO Max streamer would compete with the likes of Netflix, **Disney** and **Amazon**. Paramount also made a commitment to grow film and TV output, pledging more than 30 theatrical releases per year.

New Street Research thinks Paramount-WBD would indeed meet antitrust hurdles, but if Trump were to offer input on the deal publicly, it could backfire for Paramount. "NFLX could argue that he did so for political or personal reasons rather than antitrust reasons and seek evidence, including discovery and depositions, leading to all kinds of delays and other potential collateral damage to the government case," NSR wrote, noting that courts have viewed Presidential involvement in antitrust cases as "problematic." "In short, while Trump weighing in against the deal will almost certainly cause the **DOJ** to oppose the deal, courts may look at that involvement differently."

HOW LINEAR BENEFITS PSKY

Since **Paramount** wants all of WBD, including its linear portfolio that may become **Discovery Global**, Chairman/CEO *David Ellison* was asked why he values that aspect of the business, despite others not being as bullish. He said there are "significant synergies" from combining WBD and Paramount's linear businesses, and it'll also be "highly cash flow generative" that can be used to invest in other areas like production on movies and TV series. "We said we want to make 30 movies a year exclusively for theatrical. We want to make more original series, invest in sports and invest in our growth businesses," Ellison said. COO and Chief Strategy Officer *Andy Gordon* added that since the company's new ownership has a firm grasp on its linear networks, it better understands how it can improve those brands. It shares the same sentiment when it thinks about obtaining WBD's portfolio of TV brands. "Let's be clear, [WBD's] Global Networks have some really great brands," Gordon said.

NETFLIX RESPONDS TO PSKY

As fate would have it, **Netflix** co-CEOs *Ted Sarandos* and *Greg Peters* were at the **UBS Global TMT Conference** on Monday. The elephant in the room was too large to ignore, as the duo was asked for their thoughts on **Paramount**'s latest chess move. "Good opener," Sarandos said while laughing. "Today's move was entirely expected. We have a deal done, and we are incredibly happy with the deal. We think it's great for our shareholders. We think it's great for consumers. We think it's a great way to create and protect jobs in the entertainment industry. We're super confident we're going to get it across the line and finish." Beyond their reasons for the deal, including the acquisition of **HBO** and WBD's movie portfolio, Sarandos addressed trepidations that Netflix would want to reshape how movies are distributed—or, in other words, whether Netflix's move would be a gut punch to the movie and theater industries. "We're deeply committed to releasing those movies exactly the way they've released those movies today," he said. "We didn't buy this company to destroy that value." Regarding regulatory roadblocks, Peters said "it's not our position to tell the regulators how to think about this," but said Netflix is "very confident" that it'll get across the finish line in the 12-18-month span it's forecasting. Peters cited **Nielsen**'s latest Media Distributor Gauge to alleviate any market share concerns, noting how Netflix sits in sixth in total TV usage behind **YouTube**, **Disney**, **NBCUniversal**, **Fox** and Paramount. If Netflix gets HBO Max, "We go from 8% of view hours today in the United States to 9%. We're still behind YouTube at 13%. And [it's] potentially worth noting that we would be behind what would be if Paramount combined with WBD at 14%, so we think that there's a really strong, fundamentals-based case here for why regulators should approve this."

COMCAST REFLECTS ON WBD BID

While **Netflix** and **Paramount Skydance** continue to compete for **Warner Bros. Discovery**, **Comcast** President and soon-to-be co-CEO *Mike Cavanagh* spoke about the operator's brief stint

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as the third horse in the race during a conference appearance. Comcast was viewed by some as a long-shot bidder, and Cavanagh suggested the operator didn't necessarily disagree, as it weighed making an offer. "We didn't expect that we had a high likelihood of prevailing with a deal that made sense to us. We debated whether to bother or not. Do we want the distraction?" Cavanagh said. "But it's our job, so we thought better to take a look and do the work and see where it leads." Comcast, which was only interested in acquiring WBD's streaming and studio assets, sent an offer to the media giant that was light on cash compared to the other suitors, according to Cavanagh, explaining that the team was "not interested in stressing the Comcast balance sheet." Instead, Comcast offered a "significant chunk" of equity in a proposed combo that would have brought together **NBCUniversal**'s studio, broadcast, **Peacock** and theme park businesses with WBD's studios and HBO Max to form a new publicly-traded company operating as a subsidiary of Comcast. "Had that come to be, I think it would have been an interesting play," said Cavanagh, adding that "we're better for having taken a look."

CHARTER-COX'S B2B PLAY

During a wide-ranging Q&A session Monday, **Charter** President/CEO *Chris Winfrey* gave an update on the pending merger with **Cox Communications**, which is currently expected to close in mid-2026, pending regulatory approvals. "We're well into the process, answering all kinds of questions from regulators, and we're committed to getting them comfortable as quickly as we can, both at a federal and a state level. So the process is going well," Winfrey said. The exec added that he's "more and more excited about the upside opportunity that exists," including driving more mobile and video penetration in the Cox footprint. But Winfrey stressed the opportunities go both ways, especially when combining Cox's products with Charter's scale. "I think there's a tremendous amount of stuff that we can learn from Cox on the B2B side," Winfrey explained. "They do really, really well in the hospitality segment. And when you think about Orlando, L.A. and New York that Spectrum brings to the table with that hospitality segment… there's a really interesting set of tools and scale that we have to accelerate the growth in commercial in a way that hasn't been done for a while." Asked about his thoughts regarding future cable consolidation, Winfrey responded, "Ask me next year," as Charter is focused on closing the Cox merger. But he also acknowledged that Charter is a regional cable operator "competing against national and global competitors and so I think the opportunity to have additional scale is not a crazy question."

CARRIAGE

The **DirecTV** app launched on **LG** Smart TVs from 2021 and newer. The expansion gives LG users access to the provider's full entertainment suite, including its Signature Packages, Genre Packs and the **MyFree DirecTV** FAST platform as well as on-demand content and live sports and news content. -- **FloSports** is dipping more into the FAST channel game. The company launched **FloRacing 24/7** and **FloHockey 24/7** on **Prime Video** and **Fubo**. The former offers content from all levels of racing, including **NASCAR**, the High Limit Sprint Car Series and Lucas Oil Late Model Dirt Series. FloHockey 24/7 will present programming from leagues below the **NHL** level, with live games included throughout the year.

FIBER FRENZY

GCI is joining **Cordova Telecom Cooperative** to help enhance a planned 560-mile subsea fiber project between Cordova and Juneau, Alaska. The Fiber Internet Serving Homes in Southeast Alaska (FISH in SEAK) plan will be the first new cable between South-Central Alaska and Juneau in nearly 20 years. The finished project will implement redundancy to the network infrastructure that connects Alaska to the contiguous U.S., while bringing fiber internet to the unserved area of Pelican and adding fiber branches to Yakutat, Gustavus and Hoonah. FISH in SEAK will use a $35 million grant from the **USDA**'s ReConnect program. CTC pledged $12 million in matching funds, and GCI plans to invest over $12 million of additional private funding. Designing, engineering and surveying is already underway ahead of a scheduled deployment in 2027. – **Mediacom** is adding another low-cost broadband plan after doing so for seniors aged 65 and older early last week. Its latest deal is for active-duty military members and veterans, offering the same $29.99/month price point for 100 Mbps/20 Mbps speeds, in addition to a five-year price lock, free installation and activation and a 90-day money-back guarantee.

RATINGS

It was a **Fox News** sweep for cable network ratings in November. The news net led in primetime with 2.04 million viewers P2+. ESPN was close in second with 1.97 million, while **MSNBC** and **Hallmark Channel** finished at 945,000 and 709,000, respectively. **CNN** came fifth at 556,000. Fox News' total-day metric was 1.38 million viewers. ESPN (756,000) and MSNBC (599,000) settled in second and third, followed by CNN (429,000) and Hallmark (423,000). – **Hallmark Channel** ranked No. 1 throughout Thanksgiving week in primetime among households, W18+, P18+ and total viewers, also topping the weekend total day chart across W25-54, W18-49, W18-34, households, W18+, P18+ and total viewers. Hallmark held its "Merry Thanksgiving Weekend" programming event, which reached 10 million unduplicated total viewers thanks to "We Met in December," "The More the Merrier," "A Grand Ole Opry Christmas" and "Christmas at the Catnip Café."