

Paramount-Warner Bros. Discovery FAQ: What You Need to Know

The proposed Paramount-Warner Bros. Discovery transaction will result in one of the most transformative changes to the entertainment landscape in decades if it goes through. It combines two large television, sports, and film conglomerates. There are financial, cultural, legal, political and labor impacts of the deal.

The Department of Justice [Antitrust Division](#) (DOJ ATR), state attorneys general, and international enforcers [all](#) have the authority to intervene to block the merger. This document is intended to answer questions about the transaction.

Q: What is Warner Bros. Discovery (WBD)?

A: WBD is a media conglomerate that [creates and distributes](#) content across film, television, and video game studios, streaming services, and television networks. It has three main lines of business: studios to create TV shows and feature films, direct-to-consumer streaming, and linear TV networks.

1. Studios include: Warner Bros. Pictures, New Line Cinema, DC Studios, Warner Bros. Pictures Animation, and Warner Bros. Games.
2. Direct-to-Consumer streaming includes: HBO Max and Discovery+, with nearly 120 million global subscribers.
3. Linear cable networks [includes](#): TNT, TNT Sports, TBS, Turner Classic Movies, OWN, HGTV, Food Network, TLC, Discovery Channel and Adult Swim, as well as CNN and CNN International.
4. The company controls the rights to a number of [franchises including](#) Harry Potter, Lord of the Rings, Game of Thrones, the DC superheroes universe (e.g., Batman, Superman, Wonder Woman), Friends, the Big Bang Theory, and the Sopranos. WBD also controls a library of thousands of films, including The Wizard of Oz, Casablanca, Bonnie and Clyde, 2001: A Space Odyssey,

Dirty Harry, Blade Runner, The Shining, All the President's Men, and The Goonies.

Q: Why is it For Sale?

This deal is being done to “maximize shareholder value” after a bidding war [between](#) Paramount and Netflix.

Prior to the bidding war, in June, WBD announced it would split into two companies: one focused on streaming and film and television production, the other focused on linear TV networks. The stated reason was so each company [can](#) “focus” and gain the “strategic flexibility they need to compete,” as well as allowing investors the choice of whether to own a streaming platform or a declining set of linear TV channels. The decision was also likely driven by [debt issues](#) from a number of [ill-advised](#) mergers and acquisitions and subsequent breakups since 2000.

After this strategic choice to split the company WBD received a number of [unsolicited](#) bids for its various assets – from Netflix, Paramount, and Comcast. As a result, WBD CEO David Zaslav [announced](#) the board had “initiated a review of strategic alternatives to maximize shareholder value,” essentially putting the company up for sale to the highest bidder. There are significant personal financial incentives to do so; Zaslav can [expect](#) a nearly \$600 million payday if the sale is finalized.

After months of [rejecting](#) Paramount's [nine](#) prior bids – and accepting [Netflix's](#) offer in December – WBD [agreed](#) in early-March 2026 to sell to Paramount.

Q: What is Paramount-Skydance (Paramount)?

A: Paramount-Skydance is a media conglomerate that creates and distributes content across film, television, streaming services, and television networks. It has [three](#) main lines of business: TV media – including broadcast, cable, and studios to produce and distribute content; direct-to-consumer streaming; and filmed entertainment for producing and distributing film, series, and short-form content.

1. Studio entertainment includes: Paramount Pictures, Skydance, Paramount Animation, Nickelodeon Studios, and Miramax, which includes rights to Top Gun, Mission Impossible, SpongeBob SquarePants, Scary Movie, How to Train Your Dragon, Shrek, and Iron Man movies.
2. Direct-to-Consumer streaming includes: Paramount+, Pluto TV, and BET+, with over 79 million global [subscribers](#).
3. TV media [includes](#): broadcasting (CBS Television Network, CBS Stations including CBS News and CBS Sports), linear cable networks (Nickelodeon, MTV, CMT, Comedy Central including SpongeBob SquarePants and South Park), and television studio operations (CBS Studios, Paramount Television Studios, CBS Media Ventures including Star Trek and Criminal Minds).

Paramount-Skydance is owned by [David Ellison](#), the son of Larry Ellison, CEO of Oracle, one of the [wealthiest](#) men in the world.

Q: What parts of WBD is Paramount attempting to acquire?

A: Paramount is attempting to acquire WBD in its entirety, unlike Netflix, which intended to [acquire](#) the [streaming and studios](#) part of Warner Bros. Discovery, and leave [Discovery Global](#) – the television and sports networks and cable channels – as a separate, publicly-traded company.

Q: Why is Paramount Buying WBD?

A: The stated reason is [scale](#) in streaming. Many analysts believe that to [compete](#) with vertically integrated streaming giants such as Netflix and Amazon, existing studios must consolidate to build up a similar number of streaming customers and proprietary content. They presume the cost of content spread across more customers makes larger streaming entities more viable.

David Ellison, the CEO of Paramount, has [said](#) he will be merging HBO Now and Paramount Plus: “We will combine the streaming portfolios of the two companies into one stronger platform over the coming years...there are more than 200 million [direct-to-consumer] subscribers today in more than 100 countries and territories worldwide, positioning us to [compete](#) effectively with the leading streaming services in today’s marketplace.”

Q: Will this Merger Revive or Harm Hollywood?

The entertainment industry has seen shifting consumer demand – notably the [decline](#) of cable TV channels and [struggles](#) with theatrical releases. Prior mergers, such as [AT&T-Time Warner](#) (2018), [Disney-Fox](#) (2019), Warner-Discovery (2022), have been notable failures, leading to reduced profits, multiple [rounds](#) of [layoffs](#), and [less](#) output. For example, after Disney purchased Fox, movie [output](#) for the combined firm fell by almost 50%. The net result of this reduced [output](#) is that [theaters](#) are increasingly having [trouble](#) sourcing enough product to remain viable.

An additional trend is vertical integration. Until the 1990s, production and distribution were largely separated in both TV and films, leading to a vibrant set of open markets where distributors sought the most compelling content. This separation was regulatory, in TV it was organized under what were called the [Financial Interest and Syndication Rules](#). And in theatrical distribution it was done under the [Paramount Decrees](#), an antitrust decree from 1948.

After the end of the “Financial Interest and Syndication Rules” rules in 1995, and the rise of streaming, entertainment companies [vertically integrated](#). Disney bought ABC in 1996, and independent production companies gradually disappeared as distributors sought to self-preference their own content. The rise of streaming in the 2010s led to the rise of Netflix, a wholly vertically integrated conglomerate.

Rather than seek a return to separating out open markets, the unstated assumption is that the mass entertainment industry is set to consolidate into a small number of companies who both own content and distribution, versus the traditional regulatory model where content production and distribution were separated.

Q: How is Paramount Funding its Proposed \$110 Billion Acquisition of WBD??

A: Paramount agreed to acquire 100% of WBD, plus its debt, for [\\$31](#) per share in cash or approximately \$110 billion total. The total value of WBD is nearly \$81 billion. The deal is funded by [\\$47 billion](#) in equity from the Ellison Family and RedBird Capital Partners, and [\\$54 billion](#) in debt from Bank of America, Citigroup, and Apollo. It has also been reported that Saudi Arabia’s Public Investment Fund (PIF), Abu Dhabi’s L’imad Holding Company, the Qatar Investment Authority (QIA) are

[investing \\$24 billion](#) into the deal, while [Tencent](#), a Chinese conglomerate, intends to invest “several hundred million.” The combined company’s [\\$79 billion](#) in debt is [seven times](#) its annual earnings, which puts extreme financial pressure onto the company.

When companies enter into merger and acquisition deals with regulatory risk, the parties often include a termination fee in the merger agreement. This fee exists to [protect](#) each party in the transaction. It acts as both a deterrent for the selling company from accepting other bids and compensates the buying company for their time and money if the deal fails.

If the companies do not receive regulatory approval and the deal is terminated, Paramount will be required to pay WBD a termination fee of [\\$7 billion](#) in cash.

Q: How Will This Deal Affect the Industry and the Public?

A: If this deal is finalized, it would reduce the number of movie [studios](#) from five to four, combine the fourth and fifth largest [streaming](#) services, consolidate two major television studios and [news](#) networks, consolidate two video game studios, and create a sports “[superpower](#).”

This deal would likely reduce competition in the movie studio market by combining Paramount and one of its few direct competitors, WBD Studios. It would also reduce the number of movie studio choices creatives and other workers in the industry have to sell their work.

It would combine the fourth and fifth largest streaming services into one company, eliminating substantial competition as Paramount would own its direct competitor HBO Max. It would also reduce the number of streaming choices consumers have. And with streaming [prices](#) already on the rise, Paramount financing the deal with over \$54 billion in debt, and the elimination of a direct [competitor](#), consumers are likely to face price increases, pay more to access premium content, along with a further crackdown on password sharing and increased advertisements.

The combination of Paramount and Warner will likely lead to large scale staff reductions; Paramount is already pledging ‘synergies’ of \$6 billion, which means

roughly 20-40% of the combined company workforce will be laid off. For context, following the Skydance-Paramount acquisition, the combined company shed [10%](#) of its workforce – cut \$2 billion in costs, and [cancelled](#) a number of programs.

The deal would also [combine](#) two direct competitors and major news sources in America – CBS and CNN. Not only would this deal result in layoffs, but it may result in restricted or censored content, affecting Americans ability to learn about and consume the news.

It would also combine [CBS sports and TNT sports](#) – and both companies' respective streaming platforms – expanding the companies reach and dominance in the sports market, resulting in fewer options and higher prices for fans.

The company would also gain a large amount of [intellectual property](#), including in film, television, and video games. This would allow Paramount to control or restrict what content is made or where it is distributed or licensed to third parties.

And for creators and other workers in Hollywood, any [sale](#) of WBD to a direct competitor is a loss. Paramount will have the ability to lower wages, workers will lose bargaining power in future negotiations, and there will be fewer buyers for labor or content products.

Q: Are there unusual political circumstances surrounding this deal?

Yes. Paramount and the Ellison family are close with President Trump. This acquisition is the second attempt to consolidate media power and influence. Late last [year](#), Ellison, along with private equity firm Silver Lake and the United Arab Emirates backed MGX took control of [TikTok](#) in the United States. In August of 2025, Skydance Media and Paramount Global [completed](#) their \$8 billion merger.

The company has also attracted scrutiny for capitulating to partisan interference in content decisions. In July 2025, Paramount announced the [cancellation](#) of The Late Show with Stephen Colbert after the talk show host [criticized](#) Paramount's CBS [settlement](#) with President Trump over a 60 Minutes dispute. In December 2025, Paramount CBS [pulled](#) a 60 Minutes segment that was finished and set to air, examining alleged abuse and torture in El Salvador's Terrorism Confinement Center

(CECOT.) In February 2026, the network refused to air Stephen Colbert's interview with Democratic U.S. Senate candidate [James Talarico](#).

Q: When Does Paramount Expect the Deal to Close?

A: Paramount expects to [close](#) its acquisition by the end of Q3 2026. In the event the transaction has not closed by September 30, 2026, Paramount has committed to a \$0.25 per share "ticking fee" for each quarter until closing, which would increase the purchase price by about \$620 million per quarter.

The companies have also agreed that either may terminate the deal if it has not [closed](#) "12 months after the date of [the merger] Agreement." However, if the companies do not receive regulatory approval, this date will automatically be extended an additional three months, seemingly until it is approved.

Q: What Happens if the Deal Doesn't Close?

A: WBD does not need a sale to remain a competitive and thriving force in the entertainment industry. WBD had a successful 2025 and paid down a significant amount of [debt](#). WBD was number [one](#) at the box office last year, becoming the first studio to earn \$4 billion worldwide, while HBO Max turned a [profit](#). At the same time, WBD studio films were nominated for a record tying [30](#) Oscar nominations. WBD is [viable](#) without a sale, as the company has increased its earnings and free cash flow year over year. At the same time, the company was planning to split into two to separate its declining cable television assets into a separate company.

WBD [CEO David Zaslav has said](#) that if the Paramount deal fails or is blocked that WBD would collect the \$7 billion breakup fee and "we get back to work." While WBD may once again attempt to sell to another bidder the Board may—and should—consider any other deal in the context of the antitrust [risks](#).

Q: Is This Deal Legal?

A: Section 7 of the Clayton Antitrust Act [prohibits](#) transactions the effect of which "may be substantially to lessen competition, or to tend to create a monopoly." For

clarity, the Department of Justice and Federal Trade Commission have issued [guidelines](#) based on case law and economic evidence.

This deal may violate several of those guidelines. Relevant guidelines warn against:

- Mergers that significantly increase concentration in a highly concentrated industry (1)
- Mergers of head-to-head competitors (2)
- Mergers that may limit access to products or services its rivals use to compete (5)
- Mergers in industries trending towards consolidation (7)
- Mergers that are part of a series of acquisitions (8)
- Mergers that lessen competition for workers, creators, suppliers, or other providers (10)

Specifically, eliminating WBD's HBO Max streaming service from the marketplace may substantially lessen competition in the subscription streaming video services market. Additionally, removing WBD Studio from the market would lessen competition for the labor of actors, writers, producers, and other workers.

This deal may also violate [Section 2](#) of the Sherman Antitrust Act. This law makes it [illegal](#) for a single company to “monopolize, attempt to monopolize, or combine or conspire” to monopolize. Under Supreme Court [precedent](#), acquisitions that entrench or extend a dominant position can violate Section 2. This includes a [broad range](#) of unilateral, anticompetitive conduct a firm takes to attain or keep its monopoly power, including foreclosing rivals from accessing intellectual property and other content. If Paramount forecloses rivals from WBD content, that may violate Section 2.

There are also a variety of state laws – such as California's [laws](#) against unfair business practices – that may come into play, depending on whether evidence of corruption or other misdeeds involving the merger surfaces.

Q: Who Can Enforce the Law to Block This Deal?

A: The DOJ [Antitrust Division](#), state attorneys general, and international enforcers [all](#) have the authority to intervene to block this deal. None of them have full authority, and they can only bring a challenge to court, at which point a judge will issue an injunction barring the deal, or ruling to allow the transaction to move forward. If any of them do choose to challenge the deal, they can also settle with the merging parties. Such a settlement would result in a consent decree whereby Paramount-Warner agrees to conditions negotiated by enforcers in return for allowing the merger to happen.

Often, the Federal Communications Commission (FCC) reviews media mergers. However, because WBD does not [own](#) broadcast licenses, any sale of WBD does not need FCC approval.

Q: Is a Merger Challenge Possible?

Yes. Though federal enforcers are unlikely to act, California State Attorney General Rob Bonta has said his state is undertaking a thorough [review](#), and that other states may enter into a coalition to challenge the deal depending on the evidence surfaced in their investigation.

Given the \$7 billion termination fee, the companies will be motivated to appeal if the [deal](#) is “permanently enjoin[ed] or prohibit[ed].” If enforcers do challenge the deal, the timeline is likely to extend well beyond the anticipated year and a half.

Q: What Happens Now?

A: [Paramount](#) is attempting to close this transaction quickly. It filed paperwork, including the [pre-merger](#) notification documents, to antitrust regulators and required documents to the Securities Exchange Commission (SEC) before it even signed an official agreement with WBD—an unusually aggressive move. Additionally, a number of experts believe the DOJ will [not](#) sue to block the deal. Given this, state AGs and international enforcers would need to intervene quickly to block the transaction.