

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

Paramount's proposed acquisition of Warner Bros. Discovery (WBD) would create one of the largest media conglomerates in the world, eliminating substantial competition in a number of markets and entrenching Paramount's dominance. 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](#)."

As a result, a Paramount-WBD combination is likely to result in higher [prices](#) and fewer choices for consumers, less film and television production and therefore threaten the viability of movie [theaters](#) across the country, and limited perspectives and breadth of ideas and stories. The transaction would also lessen competition for the labor of actors, writers, producers, and other workers in the entertainment industry, resulting in decreased worker compensation, reduced or stagnant wages, and layoffs. For example, Paramount expects the company to cut [\\$6 billion](#) in spending at the combined company – potentially rising to [\\$16 billion](#) – likely resulting in mass layoffs across the combined company that will ripple far beyond Hollywood.

Paramount's acquisition of Warner Bros. Discovery is likely to violate the antitrust laws.

The Department of Justice [Antitrust Division](#) (DOJ ATR), state attorneys general, and international enforcers [all](#) have the authority to intervene to block the merger.

Q: What is Warner Bros. Discovery (WBD) and Why is it For Sale?

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.

Last year, WBD received a number of [unsolicited](#) bids for its various assets – from Netflix, Paramount, and Comcast – including the company as a whole and its streaming and studios content business. 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 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 and the Ellison family have already sought to consolidate media power and influence. Late last [year](#), Larry Ellison, CEO of Oracle, 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. Following the deal, the company [planned](#) to lay off at least 3,000 workers – shedding [10%](#) of its workforce – cut \$2 billion in costs, and [cancelled](#) a number of programs.

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: 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: David [Ellison](#), CEO of Paramount, said he wants to “build a next-generation media and entertainment company” and acquiring WBD [accelerates](#) this, allowing the company to “expand [their] reach.” Industry experts expect the media company to become more like a technology company. They suspect Ellison wants to bolster its streaming service and technology behind it to [compete](#) with Netflix, YouTube, and TikTok, including by expanding into short form content or offering interactive shopping and user-generated content. They also expect Paramount wants to expand its sports footprint, with the company potentially offering a multiview feature of live events.

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” into the deal. Due to the heavy financing of this deal, and the combined company’s [\\$79 billion](#) in debt – [seven times](#) its annual earnings – Paramount is very likely to pass this cost onto subscribers.

When companies enter into large 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.

WBD was required to pay Netflix a termination fee of [\\$2.8 billion](#) in cash – including if WBD decided to sell to another [bidder](#). In February, Paramount [paid](#) this fee. 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 significantly reduce competition in the movie studio market by combining Paramount and one of its few direct competitors, WBD Studios. This 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. This 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 even more price increases, pay more to access premium content, along with a further crackdown on password sharing and increased advertisements.

The deal would also [combine](#) two direct competitors and major news sources in America – CBS and CNN. Not only would this 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: 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: First and foremost, 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: Under Section 7 of the Clayton Antitrust Act, the Paramount-WBD deal is likely illegal. This law [prohibits](#) transactions the effect of which “may be substantially to lessen competition, or to tend to create a monopoly.” Eliminating WBD’s HBO Max streaming service from the marketplace would 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.

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.

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.

Given the size and scope of this deal, it is likely to come under antitrust scrutiny. And 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.