THE BARATELLI INSTITUTE

Case Study Practitioner Deck · Entertainment Division

Paramount Skydance

acquires Warner Bros. Discovery

$110 billion enterprise value · Announced February 2026 · Federal cleared, 12 states suing

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Executive summary — the four questions this case answers

1

What are the assets?

Fifty broadcast + cable networks, two streaming platforms with ~180M combined subs, two film studios and their 15,000-title libraries, two of the four most-watched U.S. news operations, four kids networks, and the anchor NFL AFC + UFC sports rights book.

2

How is the deal structured?

All-cash reverse triangular merger at $31.00/share to WBD holders. Total purchase consideration $97.3B (incl. $77.8B cash to WBD holders + $15B WBD bridge settle + $2.8B Netflix termination fee). $110B EV = consideration + WBD debt retained at fair value. Financed by $46.95B PIPE (Ellison Trust + PIF/QIA/L'Imad/LionTree/RedBird) + $54B new debt ($49B bridge + $5B Term A) + $12.8B WBD notes exchanged for new PSKY 2L notes.

3

What is the regulatory posture?

Federal cleared (DOJ + FCC completed April 2026). Twelve Democratic-state AGs filed suit in ND Cal on July 13, 2026 alleging wide-release film, anticipated-blockbuster, and cable-channel-licensing market concentration harms.

4

What is the combined entity worth?

Illustrative SOTP range $95B / $117.5B / $135B (low / base / high) — see Tab 14. The base case sits ~$20B above the $97.3B total consideration paid to acquire WBD, a differential attributable to synergy value, pricing pressure from Netflix's competitive-process exit, and standalone-vs-conglomerate multiple spread.

The transaction at a glance

The single-page factsheet — everything a reader needs to orient

- **Buyer:** Paramount, a Skydance Corporation (Nasdaq: PSKY)
- **Target:** Warner Bros. Discovery
- **Structure:** All-cash reverse triangular merger; taxable acquisition under IRC §1001
- **Signed:** February 2026 (WBD shareholder vote April 23, 2026)
- **Vote:** 99% in favor of merger · 82% against Zaslav pay
- **Federal:** DOJ + FCC cleared before shareholder vote
- **State:** 12 Democratic AGs filed complaint July 13, 2026 (ND Cal)
- **Close:** Q1 2027 base case (60% probability per §12.6 walk)

Line item	Value
Reference share price (WBD)	$31.00
WBD diluted shares (billion)	2.60
Cash to WBD holders ($mm)	$77,837
Assumed WBD net debt ($mm)	$37,000
Enterprise value ($mm)	$110,000
Total purchase consideration ($mm)	$97,277
New syndicated debt ($mm)	$15,000
Combined FY25 revenue (pro forma)	~$69,000
Ellison exit package (Zaslav)	~$886M

Timeline — August 2025 through July 2026

Eleven months from Skydance closing to the state AG lawsuit

Aug 7, 2025	Skydance-Paramount closes ($8B: $2.25B NAI + $4.5B Class B + $1.5B debt)
Aug 11, 2025	Paramount signs 7-yr, $7.7B UFC deal ($1.1B/yr; 120% premium to ESPN's rate)
Feb 2026	Paramount announces WBD acquisition — $31/sh all-cash, $97.3B consideration, $110B EV
Feb 26, 2026	Netflix exits the WBD competitive process; Paramount left as sole bidder
Apr 23, 2026	WBD shareholder vote: 99% in favor of deal, 82% against Zaslav pay package
Q1-Q2 2026	DOJ + FCC complete federal review; no divestiture required at federal level
Jul 13, 2026	12 Democratic state AGs file antitrust complaint in ND Cal (Bonta lead)
Q3-Q4 2026	Base case: negotiated settlement with divestiture concessions (60% probability)
Q1 2027	Base-case close date (30% extended-litigation scenario; 10% deal-breaks scenario)

Paramount portfolio — the assets acquired August 2025

Broadcast	CBS Broadcasting (reaches ~98% of U.S. TV households)
Cable (13)	Nickelodeon, MTV, Comedy Central, BET, VH1, Nick Jr., TeenNick, Nicktoons, CMT, TV Land, Paramount Network, Smithsonian, Pop
Streaming	Paramount+ (77M subs, $8.15 ARPU) + Pluto TV (AVOD leader)
Film	Paramount Pictures (1912) — 4,000-title library; MI franchise, Star Trek, Top Gun, Godfather
Studios	Paramount TV Studios, Nickelodeon Studios, Paramount Animation, MTV Entertainment Studios, 49% Miramax stake
News	CBS News (60 Minutes, Face the Nation, CBS Evening News, 48 Hours)
Sports (anchor)	NFL AFC package (through 2033), UFC 7-yr/$7.7B (through 2032), UEFA Champions League (through 2030-31), NCAA March Madness co-share (through 2032)
International	Channel 5 UK (acq. 2014), Network 10 Australia (acq. 2018), Telefe (Argentina), ViacomCBS Networks EMEAA/Americas/Asia, SkyShowtime JV w/ Comcast
Ownership	Ellison family (dominant), RedBird Capital Partners (minority). Chairman/CEO David Ellison, President Jeff Shell (ex-NBCU)

Warner Bros. Discovery portfolio — the target

Cable Turner (5)	TNT, TBS, truTV, Turner Classic Movies, Cartoon Network / Adult Swim / Boomerang block
Cable Discovery (12+)	Discovery Channel, HGTV, Food Network, TLC, Cooking Channel, Travel Channel, OWN (Oprah JV), Magnolia Network, Animal Planet, ID, Science, Motor Trend
Streaming	Max (103M subs, $9.75 ARPU) — HBO Max legacy + Discovery+ integration
Film	Warner Bros. Pictures (1923) — 10,000+ title library; DC, Harry Potter, LOTR (via New Line), Nolan filmography, Looney Tunes / Hanna-Barbera; pre-1948 classics (Casablanca, Citizen Kane, Wizard of Oz)
Studios	Warner Bros. Television, HBO productions, Warner Bros. Animation, WB Discovery+ studios
News	CNN + CNN International; HLN legacy operations
Sports	MLB Postseason co-share, NHL (through 2027-28 season), NCAA March Madness co-share w/ CBS. Lost NBA July 2024 to Disney/NBC/Amazon
International	Discovery Networks International (60+ countries), HBO Europe / Asia / Latin America, no UK broadcast (Sky News is Comcast, not WBD)
Ownership	Publicly-traded (WBD/WBDA). CEO David Zaslav (former Discovery CEO). $37B net debt as of Q1 2026 10-Q

The combined entity — assets at a glance

LVMH-Maisons-Ledger structure. Full ledger in memo Section 5.

50+

Broadcast + cable networks

CBS + 25 Paramount/WBD cable + kids

~180M

Combined streaming subs

Paramount+ 77M + Max 103M

~15,000

Film library titles

Paramount 4K + WB 10K+

2 of 5

Modern American major studios

Two of Disney/Universal/Sony/WB/Paramount

$5.3B

Combined annual sports rights

NFL AFC + UFC + UEFA + NHL + MLB + March Madness

Two

Most-watched U.S. news operations

CNN + CBS News (Fox + NBC round out top 4)

SECTION · THE EDITORIAL ANCHOR

Sports rights

The 11-month reset — NBA departure to UFC arrival. "UFC is a unicorn asset that comes up about once a decade." — David Ellison

Combined sports rights portfolio

Anchor contracts by carrier — estimated annual value at deal closing

Right	Carrier	Est. $/yr	Term	Platform
NFL AFC package	Paramount	$2,100M	Through 2033	CBS + Paramount+
UFC (all events + Fight Nights)	Paramount	$1,100M	2026-2032	Paramount+ (streaming primary) + CBS select
UEFA Champions League	Paramount	$250M	Through 2030-31	CBS + Paramount+
NCAA March Madness (co-share)	Paramount + WBD	$1,100M	Through 2032	CBS + TNT/TBS/truTV
Serie A (Italian football)	Paramount	$40M	Multi-year	Paramount+
MLB Postseason (co-share)	WBD	$470M	Multi-year	TBS + Max
NHL	WBD	$225M	Through 2027-28	TNT + TBS + Max
Combined annual sports rights spend	Combined	$5,285M	Aggregated	—

Notes: SEC football exited CBS to ESPN starting the 2024 season under a separate 10-year, ~$3B agreement. NBA rights went to Disney/NBC/Amazon in July 2024 at $6.9B/yr aggregate. NHL enters renewal cycle post-2027-28.

NBA departure → UFC arrival — the strategic pivot

The 13-month reset that documents the streaming era of sports rights inflation

Jul 2024

NBA to Disney / NBC / Amazon

$76B / 11 years = $6.9B/yr aggregate — a 165% increase over the expiring $2.6B/yr deal. WBD offered $1.8B/yr, was passed over. Rights split three ways: Disney/ESPN, NBC/Peacock, Amazon Prime.

Aug 2025

UFC to Paramount

$7.7B / 7 years = $1.1B/yr — a 120% premium over ESPN's expiring $500M/yr. Deal negotiated in 48 hours from Skydance-Paramount closing (Aug 7 → Aug 11). All numbered events + Fight Nights to Paramount+; select PPV events simulcast on CBS.

2025-26

NFL AFC package continues

CBS/Paramount's $2.1B/yr NFL AFC contract compounds at high single digits through 2033. The anchor sports right that underpins the streaming subscriber flywheel for Paramount+.

Streaming — combined ~180M subs vs. Netflix 301M

Q4 2025 disclosure basis; ARPU per most recent shareholder letters

Platform	Owner	Subs (M)	ARPU (mo)	Notes
Netflix	Netflix, Inc.	301	$11.85	Global market leader; ad tier ~40% of net adds
Disney+ (incl. Hotstar)	Walt Disney	352	$7.90	Bundle w/ Hulu + ESPN+
Amazon Prime Video	Amazon	230	n/a (bundled)	Included in Prime; NBA rights added 2025-26
Max (WBD)	Warner Bros. Discovery	103	$9.75	HBO + Discovery+ integrated
Paramount+	Paramount (standalone)	77	$8.15	NFL AFC, UFC, UEFA Champions League anchors
Peacock	Comcast NBCU	41	$7.50	NBA starting 2025-26
Apple TV+	Apple	n/d	n/a	MLS Season Pass; original programming
Combined Paramount + Max (illustrative)	Merged entity	~180	~$8.90 blended	Two-platform bundle post-close

Institute view: post-close, the combined Paramount+ / Max is a credible #3 in global scaled streaming behind Netflix and Disney, though Amazon's bundle-included model complicates comparisons. Sub counts as of Q4 2025 / Q1 2026 shareholder disclosures.

Cable networks — the harvest question

30+ networks combined. Political-difficulty of consolidation is the CFO's problem, not the analyst's.

- **Combined cable network count:** Paramount 13 + WBD ~17 = ~30 networks
- **Estimated combined cable EBITDA (FY25 pro forma):** $8.4B (harvest-multiple business)
- **Cable multiple range:** 5.0-5.5x (declining sub base; harvest, not growth)
- **Overlap category — kids:** Nickelodeon vs. Cartoon Network — Nick Jr. or Boomerang most likely to consolidate
- **Overlap — unscripted/lifestyle:** HGTV, Food Network (WBD) vs. CMT/MTV (Paramount) — Cooking Channel or Travel Channel as spin candidates
- **Overlap — comedy/music-adjacent:** Comedy Central + MTV (Paramount) vs. truTV + Adult Swim (WBD)
- **Overlap — documentary:** Smithsonian JV (Paramount) + Discovery Channel (WBD)
- **The strategic answer:** Consolidate to 3-4 flagship brands, harvest the tail for cash to fund streaming + sports
- **The political reality:** Each network has affiliate contracts, brand equity, and internal constituencies that resist consolidation

Film studios — combining 2 of 5 modern majors

The specific structural fact that anchors the state AGs' wide-release concentration claim

Metric	Paramount	Warner Bros.	Combined
Studio founding year	1912	1923	—
Feature titles in library (approx.)	4,000	10,000+	14,000+
Est. FY2025 domestic box office share	10.5%	16.2%	26.7%
Anticipated 2026 theatrical releases	~15	~20	~35
Additional TV studios / banners	4	4	8
Franchise anchors	Mission: Impossible, Star Trek, Top Gun, Sonic	DC, Harry Potter, LOTR, Nolan filmography	Combined blockbuster + tent-pole calendar

The five modern American majors are Disney (absorbed Fox 2019), Universal (Comcast NBCU), Sony Pictures, Warner Bros., and Paramount. Lionsgate operates as an independent mini-major. Combining two of the five is the horizontal-concentration argument the state AGs are pressing under Sherman §1/§2 and Cartwright/Donnelly.

News operations — CNN + CBS News

Two of the four most-watched U.S. news brands. CNN divestiture is the most likely structural concession.

Why CNN is the most likely divestiture

- **Independent viability.** CNN standalone with own advertiser base, affiliate agreements, international footprint. Sellable to PE, wealthy individual, or another media co.
- **Political optics.** News-concentration concessions are politically-visible in a way entertainment divestitures aren't. CNN spin gives regulators a demonstrable structural remedy.
- **Structural coherence.** CBS News alone gives combined entity a robust broadcast news operation. 60 Minutes, CBS Evening News, Face the Nation have durable brand equity.

Divestiture-scenario probabilities (Institute analysis)

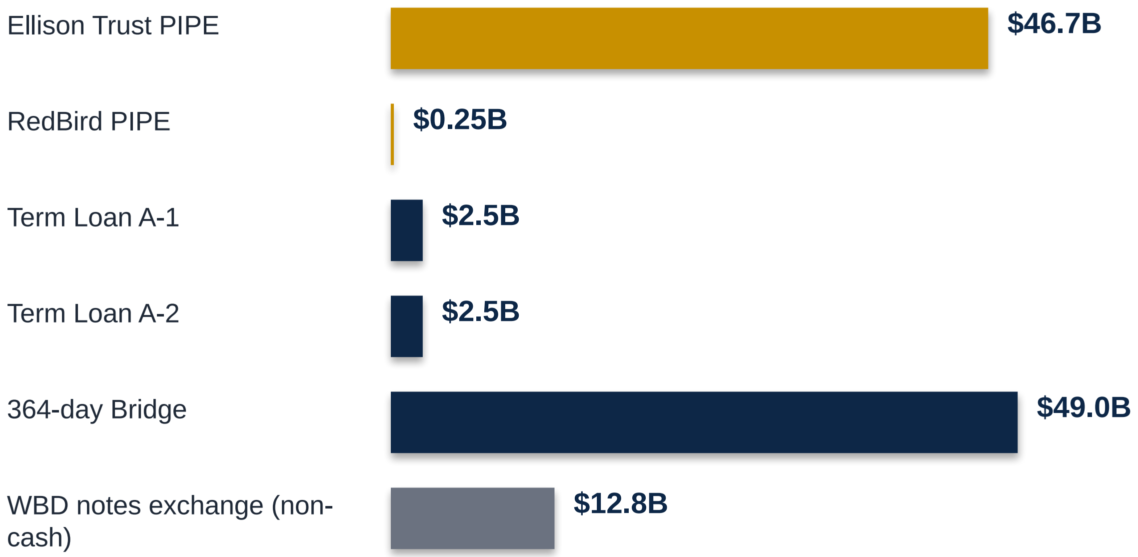
Scenario	Weight
CNN carve-out (spin or sale)	45%
Overlapping unscripted networks	25%
Cable affiliate-fee behavioral commitments	15%
Wide-release theatrical behavioral commitments	10%
Full studio divestiture (unlikely)	5%

Tax note: §355 spin can be tax-free to both corporation and shareholders if the five-year business, control, distribution, and 'device' tests are met. Taxable sale triggers corporate-level gain. Choice is negotiated in the divestiture package.

Ownership & financing stack

$46.95B PIPE (Ellison + sovereign syndicate) + $54B new debt + $12.8B WBD notes exchange

Financing sources ($ billions)



Post-close ownership structure

- **David Ellison** Chairman & CEO. Founded Skydance 2010. Balance sheet backed by Larry Ellison's Oracle position.
- **Jeff Shell** President. Ex-CEO of NBCUniversal until 2023.
- **Ellison / RedBird** Controlling equity bloc. Exact split not fully disclosed publicly.
- **Middle East sovereigns** Passive-minority equity. FCC §310(b)(4) 25% foreign-ownership cap on broadcast licensees governs the aggregate.
- **Board composition** Ellison-family + RedBird-nominated directors are the controlling bloc; minority from WBD-legacy governance process.
- **Ticker** PSKY (Nasdaq) post-close

$46.95B PIPE — Ellison Trust + sovereign wealth syndicate

Reuters / Bloomberg / WSJ contemporaneous coverage

Investor	Country	$B	Notes
Ellison Trust (lead)	US	$46.70	Aggregate; syndicated below
Public Investment Fund	Saudi	n/d	Syndication party; allocation n/d
QIA TMT Holding LLC	Qatar	n/d	Syndication party; allocation n/d
L'Imad Holding	Abu Dhabi	n/d	Syndication party; allocation n/d
LionTree Investment Fund	US	n/d	Syndication party
RedBird Capital Partners	US	$0.25	PIPE syndicate party
Total PIPE aggregate	—	$46.95	New Class B nonvoting stock at $12.00 floor VWAP

Four practitioner considerations

- **CFIUS review (50 U.S.C. §4565).** Sovereign investment in U.S. media — broadcast licenses (CBS) and news (CBS News/CNN) — attracts foreign-investment scrutiny.
- **FCC §310(b)(4).** 25% aggregate foreign-ownership cap on broadcast licensees. Overage requires an FCC declaratory ruling (Comcast-NBCU, Softbank-Sprint precedents).
- **Editorial independence.** Sovereign ownership of American news historically draws Congressional scrutiny.
- **Financing structure.** Sovereigns enter as passive-minority equity with observer board seats rather than voting director seats to preserve U.S.-control treatment.

David Zaslav exits at close — $886M package

Zaslav does NOT continue at the combined entity. No voluntary equity rollover. Exit is at deal close.

When does Zaslav exit? ▸ At transaction close. No operating role at the combined entity. No voluntary equity rollover into Paramount.

Component	Value	Notes
Cash severance	$34.2M	Contractual per employment agreement
Equity converted at close	$517.2M	Accelerated WBD RSUs / PSUs — mechanical cash-out under the all-cash deal, NOT a voluntary rollover
Health coverage reimbursement	$0.04M	Continued benefits
Tax reimbursement (potential)	$335.0M	§280G / §4999 golden-parachute gross-up (see below)
Total potential exit value	~$886M	Depending on tax outcome; caps apply

§280G / §4999 golden-parachute mechanics

- **Excess parachute payments.** Change-in-control payments exceeding 3× the executive's five-year average W-2 compensation are 'excess.'
- **§4999 excise tax.** 20% federal excise tax on the excess portion, on top of ordinary income tax — paid by the executive personally.
- **Gross-up provision.** Company pays executive an additional amount sufficient to cover the §4999 excise + income tax on the gross-up itself. Multiplicative liability.
- **Governance treatment.** ISS and Glass Lewis both flagged the package as opposed pre-vote. 82% opposition sits well above 30-50% 'failed' say-on-pay thresholds.
- **Revlon / Corwin fiduciary tension.** Outgoing CEO negotiates change-in-control comp during deal negotiations. 99% approval of deal alongside 82% rejection of pay suggests disclosure was adequate to satisfy Corwin cleansing on the deal itself.

SECTION · THE REGULATORY POSTURE

Federal cleared, 12 states suing

The July 13, 2026 antitrust complaint in ND Cal — Sherman §1/§2, Clayton §7/§16, Cartwright, Donnelly, and parens patriae under 15 U.S.C. §15c

The 12 state AGs filing the July 13, 2026 complaint

ND Cal venue selected. California AG Rob Bonta leads. No Republican-state AG signatories.

State	Attorney General
Arizona	Kris Mayes
California (lead)	Rob Bonta
Colorado	Phil Weiser
Connecticut	William Tong
Massachusetts	Andrea Campbell
Minnesota	Keith Ellison

State	Attorney General
Nevada	Aaron Ford
New Jersey	Matthew Platkin
New Mexico	Raúl Torrez
New York	Letitia James
Oregon	Dan Rayfield
Washington	Nick Brown

Three market-concentration claims

- **Wide-release film distribution.** Two of five modern majors combining — Sherman §7 horizontal concentration.
- **Anticipated blockbuster distribution.** Tent-pole subset as separately-analyzable submarket.
- **Cable channel licensing.** Bundled affiliate-fee negotiation leverage across ~30 combined cable networks.

Litigation & divestiture scenarios

Institute base case: negotiated settlement with concessions before Q4 2026. Close in Q1 2027.

Scenario	Probability	Timeline / outcome
Base case	60%	Negotiated settlement with divestiture concessions before Q4 2026; close Q1 2027
Extended litigation	30%	States pursue full litigation; 12-18 month trial and appeal timeline; close delayed to 2028+
Blocking case	10%	States prevail at trial; deal breaks; both companies remain standalone; Paramount pays WBD break fee

TRO vs. preliminary injunction — Rule 65 walk

- **Fed. R. Civ. P. 65(b).** TRO — short-duration, sometimes ex parte, requires showing of immediate irreparable harm.
- **Fed. R. Civ. P. 65(a).** Preliminary injunction — requires notice + briefing, four-factor test (likelihood on merits, irreparable harm, balance of equities, public interest).
- **Institute view.** Base case is materially more probable than the tails. Regulator-negotiated concessions have been the outcome of every megamedia merger since AOL-Time Warner. But state-AG-driven challenges are a different legal posture — base-case probability is lower than under DOJ-only review.

Deal structure — all-cash reverse triangular merger

$31/share cash to WBD holders. Taxable acquisition under IRC §1001; §368 tax-free treatment unavailable.

The base case walk

- **Structure.** Merger sub of Paramount Skydance merges into WBD, WBD survives as subsidiary of Paramount. Reverse triangular.
- **Consideration.** $31.00 per share in cash to all WBD holders. 2,511M shares × $31.00 = $77.8B cash. No stock election, no collar. Ticking premium of $0.00278/day if close slips past 9/30/2026 (cap $0.25/quarter).
- **Tax treatment.** Taxable acquisition under IRC §1001. Each WBD holder recognizes gain or loss on receipt of cash. Not a §368 reorganization (fails the 80% voting-stock requirement).
- **Basis carryover.** Combined entity generally takes carryover basis in target assets. Fresh §197 step-up requires §338(h)(10) or §336(e) election — triggers target-level gain.
- **Result.** WBD shareholders swap standalone WBD equity for pro-rata combined-entity equity, no immediate taxable event to shareholders.

Alternative structures the WBD board evaluated

- **A. Mixed cash-and-stock** 60/40 stock/cash at same $31 headline. Cash boot triggers §356(a)(2) dividend-equivalence test.
- **B. Asset carve-out** Studios + streaming only; cable + CNN spun to WBD holders. Simpler regulatory review.
- **C. Reverse Morris Trust** WBD spins CNN + select cable to shareholders first, then merges the remainder. §355 conditions apply.
- **D. Hostile / competing bidder** Netflix reportedly bid in February 2026 before exiting Feb 26. Netflix exit gave Paramount pricing leverage.

Sources & uses — the financing walk

Per filed PF ex-99.2. $105.4B cash sources = $105.4B cash uses; PF ending cash $8.975B.

Source	$B	%	Notes
Existing PSKY + WBD cash (3/31/26)	$5.2	5%	$1.9B PSKY + $3.3B WBD
PIPE — Ellison Trust (gross)	$46.7	44%	New Class B stock at $12.00 floor
PIPE — RedBird Capital	$0.25	0%	Same PIPE syndicate
New Term Loan A-1 (3-yr)	$2.5	2%	Secured term loan
New Term Loan A-2 (5-yr)	$2.5	2%	Secured term loan
364-day Bridge	$49.0	47%	Intended replacement: $39.5B 1L + $12.4B 2L permanent
Less: Debt / PIPE issuance costs	($0.75)	(1%)	DIC capitalized + PIPE underwriter fees
Total cash sources	$105.4	100%	Balances to cash uses

All-cash structure means $77.8B cash goes to WBD holders. Sources: $46.95B PIPE (Ellison Trust + PIF/QIA/L'Imad/LionTree/RedBird syndicate) + $54B new debt facilities ($49B bridge + $5B Term A) + $5.2B existing cash. Uses: $77.8B to WBD holders + $1.1B replacement awards + $15B settle WBD bridge + $2.5B tender offers = $105.4B total. PF ending cash $8.975B ties to filed pro forma exactly.

ASC 805 Purchase Price Allocation (illustrative)

$118.5B purchase consideration → $41.6B identifiable intangibles + $61.5B residual goodwill

Line item	Notes	$mm
Purchase consideration	$77.8B cash + $15B bridge settle + $2.8B Netflix fee + $1.6B other = $97.3B	$97,277
Cash & receivables (at book)	Fair value ≈ book	$11,000
Property, plant & equipment	Fair value stepped up, 15-yr useful life	$4,400
Programming content library	8-yr weighted useful life	$22,000
Trade names & brands	Indefinite-life; §197 tax amort only	$8,000
Sports rights contracts	6-yr useful life (matches remaining terms)	$3,500
Cable affiliate agreements	10-yr useful life	$4,200
Customer relationships (streaming)	5-yr useful life	$2,500
Other identifiable intangibles	7-yr weighted	$1,400
Total identifiable intangibles	Sum of above	$41,600
Goodwill (residual)	Purchase - identifiable assets	$61,500

Tax caveat per Section 13.1 memo: this is a taxable stock acquisition. Absent a §338(h)(10) or §336(e) election, WBD's existing tax basis in its assets carries over — GAAP goodwill emerges from purchase accounting but §197 amortization runs off existing basis. Book vs. tax goodwill will diverge substantially post-close.

Sum-of-the-parts — segment build (illustrative)

Combined-entity value on going-concern basis: $95B / $117.5B / $135B (low/base/high)

Segment ($B)	2025 Rev	2025 EBITDA	Multiple	Segment EV
Film studios (Paramount + WB)	$15.5	$1.8	18.0x	$32.4
Streaming (Paramount+ + Max)	$14.2	$0.5	3.5x rev	$49.7
Cable — Turner (TNT/TBS/truTV/TCM)	$8.4	$3.1	5.0x	$15.5
Cable — Discovery unscripted	$10.2	$3.8	5.5x	$20.9
Cable — Paramount networks (MTV/Nick/CC/BET)	$4.8	$1.5	5.0x	$7.5
Kids programming networks	$1.9	$0.6	4.5x	$2.7
News operations (CNN + CBS News)	$4.5	$0.9	7.0x	$6.3
Sports rights book (net)	n/a	n/a	n/a	$8.5
International operations	$7.2	$1.4	6.5x	$9.1
Corporate overhead deduction	—	-$1.2	8.0x	-$9.6
Segment EV pre-synergy	—	—	—	$143.0
+ Cost synergies (3-yr PV @ 8x)	—	—	—	$8.5
+ Revenue synergies (illustrative)	—	—	—	$4.0
Combined EV with synergies	—	—	—	$155.5
Less: combined net debt at close	—	—	—	-$38.0
Combined equity (base case)	—	—	—	$117.5

Cost synergy build — $5.5B annual run-rate

Mid-point of $5-6B disclosed range per S-4 filing and Paramount press release. 4-year phase-in.

Category	$mm/yr	%	Notes
Corporate & general overhead	$1,375	25%	Duplicative public-company overhead
Content production & studio ops	$1,100	20%	Studio consolidation, shared production
Marketing & advertising	$962	17.5%	Combined trade press, ad-buys
Cable network back-office	$825	15%	Master control, distribution consolidation
Technology infrastructure	$687	12.5%	Streaming platform consolidation
Sports rights production	$550	10%	Combined production for co-broadcast events
Total annual run-rate	$5,500	100%	4-year phase-in to full realization

Realization schedule per Paramount disclosure: Yr 1 (FY26 pre-close prep) 20% at $800M integration cost · Yr 2 (FY27 close year) 60% at $400M · Yr 3 (FY28 first full year) 100% at $200M · Yr 4+ steady-state 100% at $0.

The four questions revisited — the practitioner takeaway

Q1 · What are the assets?

50+ networks, ~180M streaming subs, 2 of 5 majors, 2 of top 4 news brands, $5.3B sports rights book. Full ledger in memo Section 5.

Q2 · How is the deal structured?

All-cash reverse triangular at $31.00/share to WBD holders. $110B EV; $97.3B total consideration. $46.95B PIPE (Ellison + sovereign syndicate) + $54B new debt + $12.8B WBD notes exchange. Taxable to WBD holders under IRC §1001.

Q3 · What is the regulatory posture?

Federal cleared. 12-state ND Cal complaint July 13, 2026. 60% base case for negotiated settlement with divestiture (most likely CNN). Q1 2027 close.

Q4 · What is the combined entity worth?

$95B / $117.5B / $135B illustrative SOTP range. $36B differential between combined equity ($117.5B) and consideration paid to acquire WBD ($97.3B) — synergy value + pricing pressure.

Institute cross-references — where to go next

- **case-study-cmcsa.html** Comcast Media/Tech Separation — the mirror-image framework: Comcast separates while Paramount + WBD combine.
- **lvmh-maisons-ledger.html** LVMH Maisons Ledger — template for the combined-assets ledger format used in memo Section 5.
- **acquisitions.html** Acquisitions Records — 100+ records across finance, tech, PE, sovereign wealth, consumer.
- **case-studies-sports.html** Sports Division — NFL Stadium Anatomy, individual team cases, Pro-Athlete Team-Picker, Coach's Tax Levers Brief.
- **pro-sports-197-amortization.html** §197 Intangible Amortization — the mechanic that runs off a $110B purchase-price allocation over 15 years.
- **guides.html#cfo-controllers** CFO & Controller's Guide — ASC 805 purchase accounting for the combined entity; goodwill and intangibles treatment.
- **guides.html#family-office** Family Office Reference Guide — governance framework for board-vs-shareholder tensions like the Zaslav pay outcome.
- **baratelliinstitute.com** The homepage — hero acquisitions hub, WACC tool, and the Institute's public library index.

DISCLOSURE & EDITORIAL STANDARD

Independent editorial analysis

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