

# Hollywood at a Crossroads

A Tale of Two Bids for Warner Bros. Discovery



# The Battle for a Hollywood Titan

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## The Situation

Warner Bros. Discovery (WBD), a storied but debt-laden media giant, has put itself in play after announcing a strategic split of its assets.

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## The Conflict

A bidding war has erupted between two suitors with fundamentally different visions:

- **Netflix:** The tech disruptor, making a surgical, \$82.7B cash-and-stock bid for WBD's "crown jewel" studio and streaming assets.
- **Paramount:** The legacy peer, launching an aggressive, \$108.4B all-cash hostile takeover for the entire company.

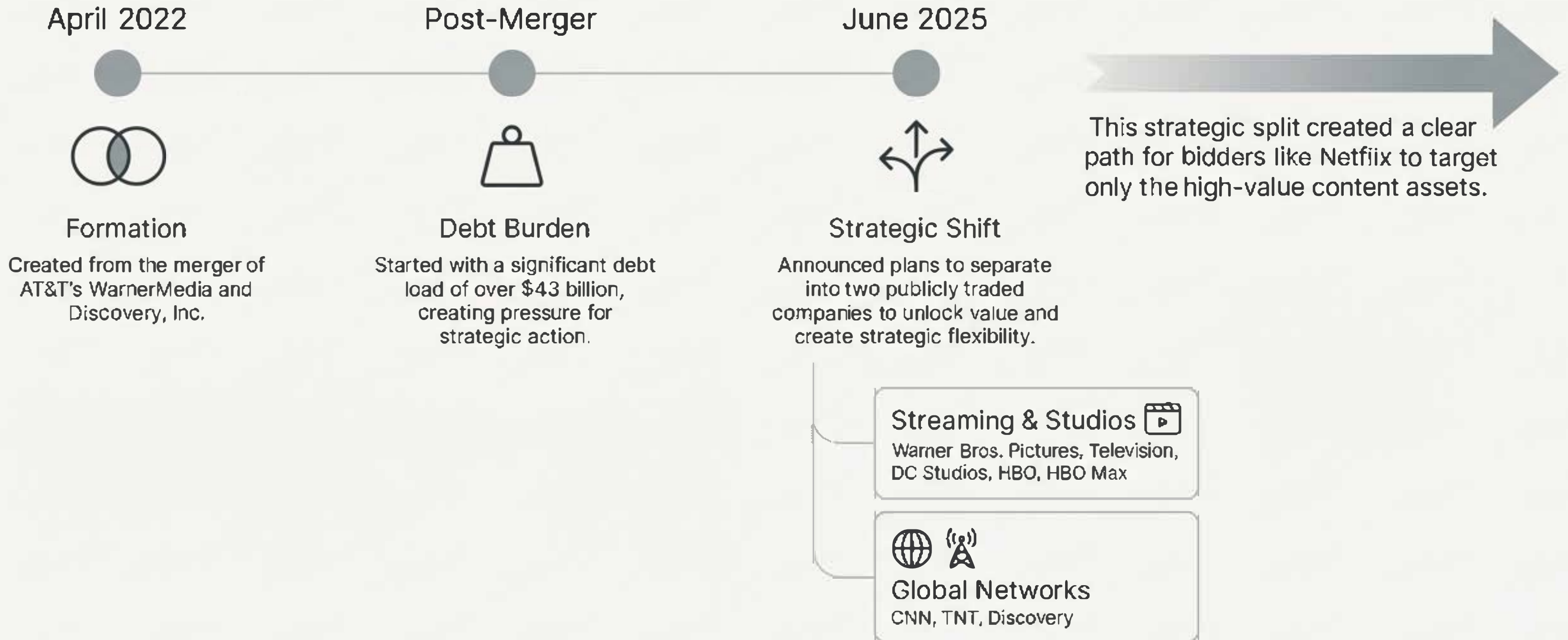
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## The Stakes

The outcome will reshape the media landscape, influencing everything from streaming prices and theatrical releases to employment across Hollywood and the balance of power between legacy media and big tech.

This presentation will analyze the bids, the strategic rationale, the stakeholder impact, and the potential endgame.

# The Stage is Set: A Titan at a Tipping Point



# A Tale of Two Bids: The Offers at a Glance

Metric	Netflix Offer	Paramount Offer
Bidder Philosophy	Tech-driven disruptor acquiring content.	Legacy peer acquiring scale for survival.
Value per Share	\$27.75	\$30.00
Total Enterprise Value	~\$82.7 Billion	\$108.4 Billion
Consideration	Mix of Cash (\$23.25) and Stock (\$4.50)	All-Cash
Scope of Acquisition	Streaming & Studios assets only (Warner Bros. studios, HBO, HBO Max, DC). Global Networks to be spun off.	Entire Company (Includes all studios, streaming, and cable networks like CNN, Discovery).



# Two Radically Different Visions for Hollywood's Future

## The Content Kingmaker



**Rationale:** A strategic shift from “builder” to “buyer.” Netflix aims to acquire WBD's crown jewels—iconic IP like *Harry Potter*, the DC Universe, and *Game of Thrones*—to cement its global streaming dominance and lock up a legendary content library.

*“Netflix's first departure from its long-standing ‘builders, not buyers’ approach, marking a shift toward acquisition-led expansion.”*

## The Scale Play for Survival



**Rationale:** An existential move to consolidate and create a legacy media powerhouse with the scale to compete against tech giants like Netflix, Amazon, and Disney.

*“Paramount sits at an ‘existential crossroads’ right now because buying Warner Discovery would be crucial to the company scale its direct-to-consumer streaming business.”* – Robert Fishman, MoffettNathanson analyst

# What the Bids Mean for Viewers

## Netflix + WBD Ecosystem



Inevitable bundling of HBO Max content into Netflix's platform, likely leading to new mixed subscription plans and higher price tiers within 12-18 months.



A major concern for cinemas. While Netflix has committed to honoring contracts through 2029, its historical preference for quick streaming debuts threatens the traditional theatrical window long-term.



*Netflix co-CEO has referred to movie theaters as an 'outdated concept.'*

## Paramount + WBD Ecosystem



Creation of one of the industry's largest entertainment packages, combining Paramount+, CBS, HBO Max, and news assets (CNN, CBS News), almost certainly at a higher price point.



A pledge to expand theatrical output, releasing at least 30 films a year—“significantly more than either studio currently produces independently.”



Analysts believe the combined streaming services would likely consolidate under a single umbrella, potentially retiring the Paramount+ brand.

# The Impact on Hollywood: Jobs, Unions, and Creative Control

**\$6 Billion**

in savings targeted by Paramount, potentially translating to **6,000 job cuts**.

**\$2-3 Billion**

in savings sought by Netflix, with less severe near-term cuts due to lack of overlapping studio functions.

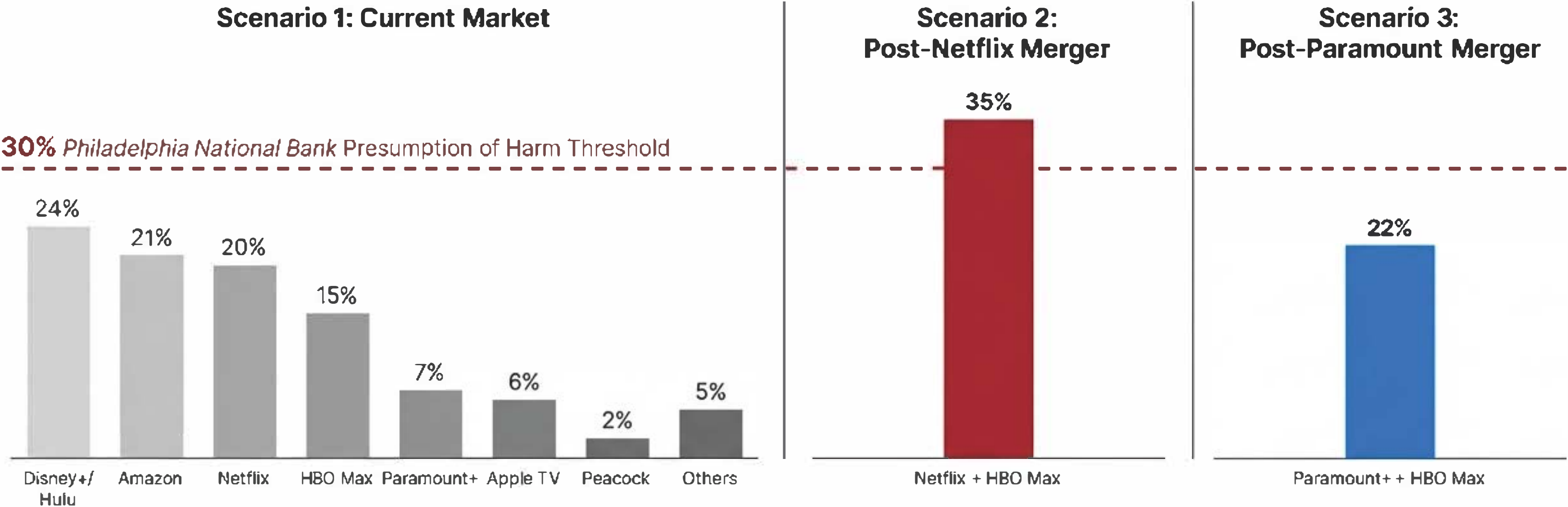
## Hollywood Union Stances

- “ **Writers Guild of America (WGA):** Stated the Netflix merger “must be blocked,” arguing it’s “what antitrust laws were designed to prevent.”
- “ **Directors Guild of America (DGA):** Expressed concerns that major consolidation could threaten competitive opportunities for talent.
- “ **SAG-AFTRA:** Noted the deal “raises many serious questions” about its impact on creative talent and will conduct a “complete and thorough analysis” before taking a final position.



# The Regulatory Gauntlet: A Tale of Two Antitrust Paths

U.S. Streaming Market Share by Viewing Hours



**Key Takeaway:**

A Netflix-WBD merger creates a combined entity with a ~35% share of viewing hours, making it the market's largest player and triggering a presumption of anticompetitive harm under established Supreme Court precedent. Paramount's deal, at ~22%, would likely face a lower burden of proof.



# The Political Dimension: An Unconventional Battlefield



## President Trump's Involvement

Trump has publicly stated the Netflix deal “could be a problem” due to market share and that he “would be involved” in determining the outcome, potentially influencing the Justice Department's review. He has also stated it is “imperative” that CNN be included in a deal.



## Paramount's Connections

The Paramount bid is seen as having a potential political edge.

- **David Ellison:** CEO of Paramount, son of Larry Ellison, a close Trump ally.
- **Jared Kushner:** Trump's son-in-law, was among the initial financial backers of the Paramount offer (though his firm later withdrew).

David Ellison reportedly met with Trump officials and promised changes to CNN, which Trump has frequently criticized.



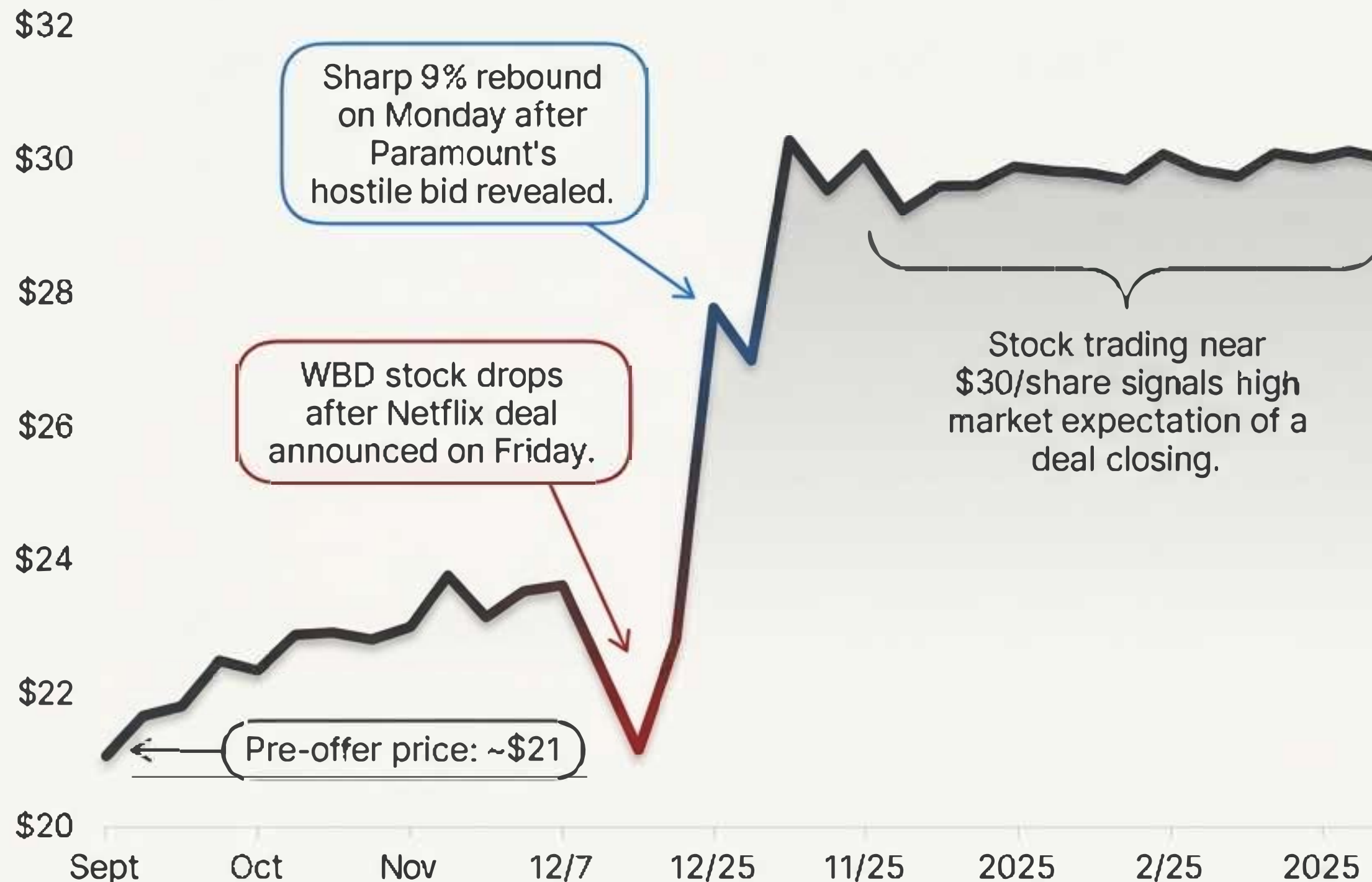
## Market Sentiment

Polymarket odds initially suggested a near-tie, but bets on Netflix succeeding dropped sharply after Trump's comments and Paramount's offer went public.

# The WBD Shareholder's Dilemma

Decision Criteria	Netflix Offer	Paramount Offer
Value	\$27.75/share	✓ \$30.00/share
Certainty	Cash + Stock (Exposed to market fluctuations)	✓ All-Cash (High certainty)
Speed to Close	12-18 months (projected)	✓ 10-12 months (claimed)
Regulatory Risk	Significant hurdle (35% market share, political headwinds)	✓ Lower risk (<30% threshold)
Residual Assets	Shareholders left with stock in 'Discovery Global,' a challenged cable asset spin-off.	✓ Clean exit from the entire company.

# Reading the Market's Signals



## Analysis

The narrow gap between WBD's stock price and the offer values suggests investors believe at least one bidder will return with an improved proposal.

If investors doubted a deal would close, the stock would trade at a steeper discount. Instead, the pricing indicates high expectations for a swift and likely richer outcome.

## Key Evidence

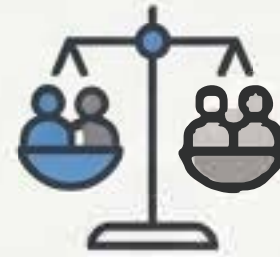
A regulatory filing revealed a text from Paramount's advisor to WBD's, underlining that Paramount's proposal "**did not include 'best and final'.**"

# What to Watch Next



## 1. Paramount's Next Move

Will David Ellison sweeten the “not best and final” \$30 all-cash offer? Meetings with investors suggest a higher bid is likely.



## 2. Shareholder Alignment

How will major institutional shareholders like Harris Oakmark (WBD's 4th-largest owner) signal their preference? Some have already encouraged Paramount to increase its offer.



## 3. Regulatory & Political Signals

What are the early signals from the DOJ/FTC? Any further public statements from the Trump administration could be decisive.

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*The battle for Warner Bros. Discovery is more than a transaction; it is a referendum on the future of entertainment, pitting the scale of legacy media against the power of global streaming platforms. The choice made here will define the creative and competitive landscape for the next decade.*