

# Bloomberg

## Paramount Closes Warner Merger in Historic Hollywood Deal

By Hannah Miller

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Paramount Skydance Corp. closed its \$110 billion acquisition of Warner Bros. Discovery Inc. on Tuesday, completing one of the biggest media mergers of all time after engaging in a bruising battle for control with Netflix Inc. and fending off antitrust lawsuits.

The new company, which will be called Skydance, combines two of the five largest Hollywood film studios, uniting major franchises such as Harry Potter and Mission Impossible. It will now be home to dozens of TV networks, from CBS to TNT, and two major subscription streaming services, Paramount+ and HBO Max.

David Ellison, who only completed the merger of his Skydance Media film production company with Paramount in August 2025, has continued to consolidate power in the media industry and has become one of Hollywood's biggest moguls. Still, he brought in Ynon Kreiz from Mattel Inc. to share oversight of Skydance as co-chief executive officer. Kreiz will manage day-to-day operations while Ellison maintains the creative, big-picture vision and handles relationships with talent.

"Today is a historic day, not just for Skydance but for our entire industry," Ellison said in a statement.



David Ellison becomes co-CEO of the new Skydance

After pulling off two mega-mergers of century-old Hollywood companies in just over a year, Ellison now faces the significant challenge of making it all work. That means eliminating overlapping businesses and jobs without fanning the ire of Hollywood, which is already suffering through a downturn and has

opposed the consolidation from the start. Skydance also will need to manage nearly \$87 billion in total debt while adhering to a strict calendar of theatrical releases as stipulated by the lawsuit settlement.

Shares of the newly merged company closed down 2.5% to \$9.53 on Tuesday. Warner Bros. stock ceased trading on the Nasdaq exchange. Skydance will trade under the ticker SKYD on the New York Stock Exchange.

"The logic makes sense," Michael J. Wolf, CEO of Activate Strategy, said in an interview on Bloomberg TV Monday. "Scale puts them in the right position. Now they have to deliver against scale."

The path to closing the merger was often a rocky one and at times seemed likely to derail. But Ellison was determined to succeed and saw the deal as essential to be able to compete with the likes of Netflix, the Walt Disney Co., Amazon.com Inc. and Apple Inc.

Paramount agreed to acquire Warner Bros. in February following a months-long bidding war against Netflix, which had previously committed to purchasing Warner Bros.' studios and streaming business, but not the cable channels. Ellison clinched the deal by sweetening the offer price and bringing his father Larry Ellison in to personally guarantee funding. Paramount paid a \$2.8 billion breakup fee to Netflix on behalf of Warner Bros. and argued it would be able to clinch a speedy closing of its own deal, promising to pay fees to Warner Bros. shareholders totaling roughly \$7 million a day if the deal wasn't finalized by Sept. 30. That so-called ticking fee amounted to about \$42 million by the time the deal closed, according to a securities filing.

Though Paramount did manage to get quick antitrust approval from the US Department of Justice, the European Union and other key jurisdictions, it was delayed by a pair of lawsuits brought by 12 states and the Writers Guild of America, who were concerned about the threat of higher prices for consumers and fewer jobs. Thousands of actors, directors, writers and producers signed a letter protesting the deal.

Much of the fear stems from Paramount's pledge to extract more than \$6 billion in annual synergies within three years of closing the merger. Gerry Cardinale, founder and managing partner of RedBird Capital Partners, a Paramount investor, said there are other ways to cut costs and operate more efficiently than simply reducing headcount. A company wouldn't spend billions of dollars a year making movies, "and figure your entire premise of your business plan is to fire everybody in Hollywood," Cardinale said at the Bloomberg Screentime conference in Los Angeles last week. "It's just the opposite."

RedBird contributed \$4 billion in new equity financing to the deal, according to a person familiar with the investment. The new commitment brings RedBird's total contribution to Skydance to \$6 billion, the person said asking to not be identified because the financing hasn't yet been made public.

In the statement, Skydance said savings would come primarily from combining technology and other operations, such as negotiating deals with suppliers and reducing overlapping marketing expenses as well as consolidating real estate. That will make the company "leaner and more nimble," and allow it to reduce its debt load to three times annual adjusted earnings by the end of 2029. The new company expects to generate more than \$10 billion in free cash flow by 2030.

Skydance's debt will continue to weigh on the company, however. Its interest bills are much higher now than if it had issued debt just a few months earlier, since inflation concerns have lifted global borrowing

costs. Paramount sold \$52 billion of loans and bonds in just a week, a tight timeline for any debt deal and particularly so for one of the largest financings in recent history.

As part of a negotiated settlement with the states, whose case was led by California Attorney General Rob Bonta, Paramount vowed to release at least 30 films a year in theaters and keep them there exclusively for 45 days before making them available for viewing at home. The company also agreed to create an editorial independence board for its news organizations, CBS and CNN, an effort to address concerns that the Ellison family's friendliness with President Donald Trump would prompt them to try to influence the coverage.

Ellison has so far agreed to keep CBS and CNN separate and under different leadership. In announcing a new executive team on Monday, he said that CNN CEO Mark Thompson would remain in his role and Bari Weiss would keep her title as editor-in-chief of CBS News. While acknowledging "trepidations about this moment," Thompson said in a letter to staff that he has "real confidence" that the new Skydance leadership understands "and will fully support the principle and practice of the kind of independent news that CNN has always stood for."

Dana Goldberg, a longtime Skydance Media executive who developed and produced films including *Top Gun: Maverick* and several *Mission: Impossible* entries, and Josh Greenstein, a previous president of Sony Pictures' Motion Picture Group, where he oversaw films and franchises including *Spider-Man*, will jointly oversee the new Skydance Motion Picture Group. James Gunn and Peter Safran, the co-chiefs of DC Studios, the unit at Warner Bros. that controls comic-book characters including *Batman*, *Superman* and *Wonder Woman*, will continue their roles at Skydance.

Casey Bloys, who has ushered in hits for HBO from the *Game of Thrones* spinoff *House of the Dragon* to vacation drama *The White Lotus*, will be in charge of Skydance's streaming division, overseeing HBO Max and Paramount+ programming. George Cheeks, who joined Paramount in 2020, will manage a newly formed TV division, encompassing a mix of Paramount and Warner Bros. studios, networks, sports and cable brands.

JB Perrette, who spearheaded the global rollout of the HBO Max streaming service at Warner Bros., will continue to work closely with Bloys as co-chair and chief business officer of Skydance TV and Skydance streaming.

While Kreiz's appointment came as a surprise to many on Wall Street, his experience complements Ellison's, bringing years of oversight of a large public company and more than three decades in entertainment.

During his tenure at Mattel, Kreiz was instrumental in pushing the toy company to capitalize on its beloved brands, such as *Barbie* and *Hot Wheels*, turning them into franchises that could span movies, television and games.

One executive who won't be part of the new team at Skydance is David Zaslav, the president and CEO of Warner Bros., who will take his leave along with potentially more than \$667 million in cash severance and stock awards triggered by the sale.

Ellison will serve as chairman of Skydance, and the board will include all of the current members of Paramount's board along with three new additions: Kreiz, Laurene Powell Jobs, founder and president of

Emerson Collective, and Bobby Kotick, former CEO of video game company Activision Blizzard. Former UK Prime Minister Tony Blair will join as a board adviser. Blair is currently executive chairman of the Tony Blair Institute for Global Change, a nonprofit organization that helps leaders govern in the age of AI.