

# Warner Bros. Discovery board urges shareholders to reject Paramount's hostile takeover bid, throws support behind Netflix merger

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122

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Warner Bros. Discovery's board unanimously urged shareholders to reject a hostile buyout offer from [Paramount Skydance](#) — calling the bid to break up its merger agreement with Netflix “illusory” and provoking a heated response from Paramount just hours later.

In a Wednesday statement, the board said the [Paramount Skydance bid](#) fails to meet the bar of a “superior proposal” under WBD’s merger agreement and can be “terminated or amended” at any time, creating what it called untenable downside for investors.

“Following a careful evaluation of [Paramount’s recently launched tender offer](#), the Board concluded that the offer’s value is inadequate, with significant risks and costs imposed on our shareholders,” board chair Samuel A. Di Piazza Jr. said.



Paramount made a hostile bid to take over Warner Bros. Discovery.

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The board also said the Ellison family has not provided an “equity backstop” — a firm guarantee that it would make up for any potential collapse in financing — for the bid and argued there is no material difference in regulatory risk between the Paramount offer and the Netflix deal.

Later on Wednesday morning, Paramount shot back with a fiery statement that accused WBD and its advisers of stonewalling, saying there was an “absolute resistance on the part of WBD to even engage in a single negotiating session with Paramount or its advisors.”

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Paramount claimed that WBD has shut it out of the process despite its higher bid, saying, “the absence of any engagement by WBD with Paramount in the face of a superior all-cash \$30 per share offer speaks for itself.”

On financing, Paramount insisted its bid is secure, stating: “Paramount has lined up all necessary financing to deliver its offer to WBD shareholders, and it is not subject to any financing conditions.”

Paramount added: “Missing from the cloud of obfuscation is any explanation for why WBD and its advisors did not lift a finger to get any of those questions answered or concerns addressed?”



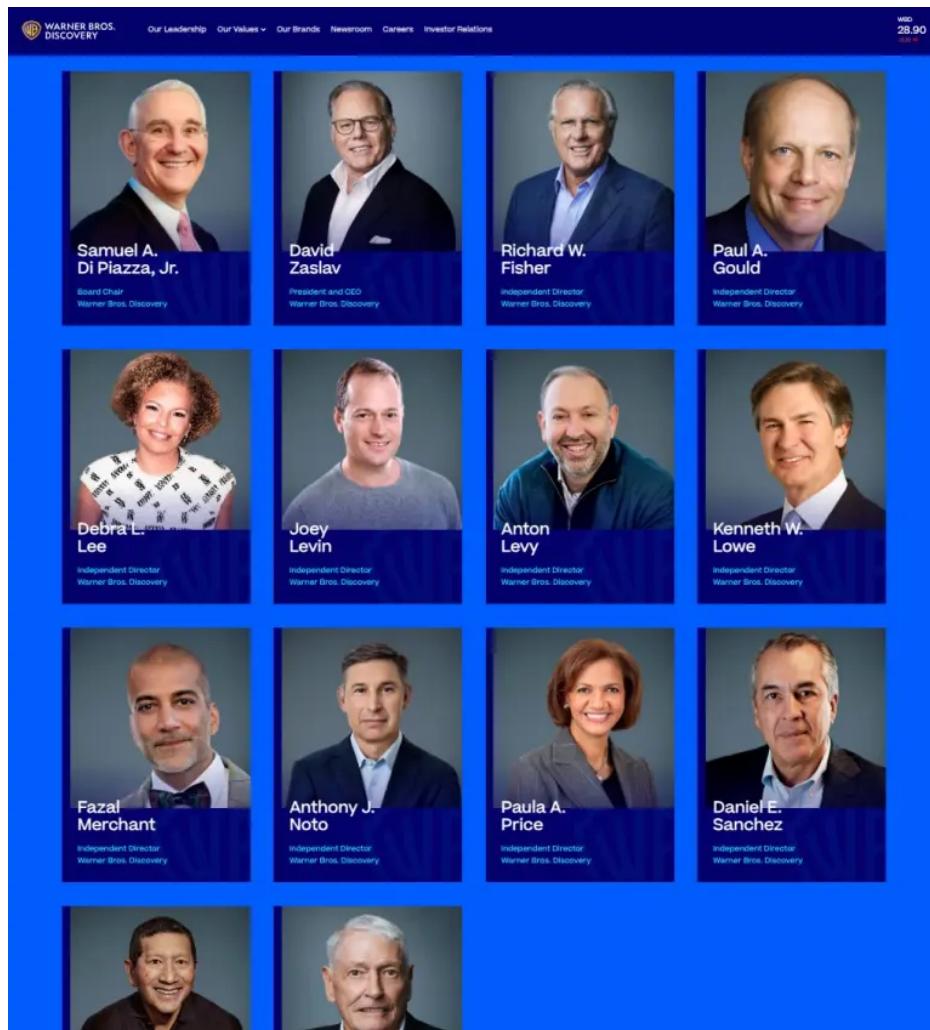
WBD argues in the filing that Larry Ellison's commitment contains various loopholes that the Netflix bid doesn't. NurPhoto via Getty Images

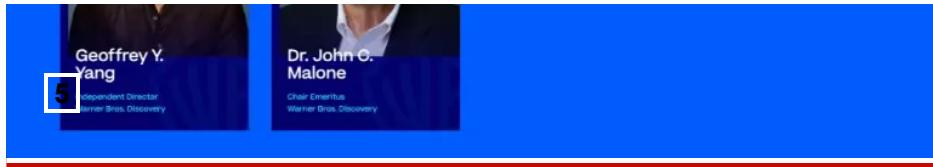
WBD said details of its decision are laid out in a Schedule 14D-9 filing with the Securities and Exchange Commission, as the company presses shareholders to back the Netflix transaction as the "more certain value" path forward.

According to WBD's filing, "The WBD Board considered that the Netflix transaction offered high risk-adjusted value, a strong regulatory package, and financing certainty from a counterparty with an investment-grade balance sheet."

As reported by The Post, David and Larry Ellison and their partners at RedBird Capital have no immediate plans to increase their offer above \$30 a share in cash. They do, however, plan to cover the deal's \$2.8 billion breakup fee — worth approximately \$1 a share — if investors side with their proposal to buy the company.

A Paramount Skydance spokeswoman had no immediate comment on Wednesday morning's filing.





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Warner Bros. Discovery

The filing continues WBD's strategy of questioning the strength of the Ellisons' all-cash, \$78 billion bid for the company, which Paramount is arguing is superior to the stock-and-cash offer by Netflix for the Warner Bros. studio, HBO and HBO Max, which is valued at \$27.75 a share, or \$72 billion.

Despite Larry Ellison's net worth of \$230 billion and commitment to backstop the deal with it with his family's "revocable trust," WBD states "there is no Ellison family commitment of any kind," while "WBD's merger agreement with Netflix is a binding agreement with enforceable commitments."

WBD argues in the filing that Ellison's commitment contains various loopholes that the Netflix bid doesn't.

The filing with the SEC also includes a detailed timeline of sometimes contentious negotiations between the Ellisons and WBD management, most notably WBD's voluble CEO David Zaslav as the Ellisons began to set their sights on acquiring the company.

Starting in September, the Ellisons began offering a series of ever higher bids for the company and other inducements including "a compensation package worth several hundred million dollars" for Zaslav if he agreed to its terms.





Paramount CEO David Ellison reportedly has no plans to increase the company's offer.

REUTERS

Zaslav, the filing said, "advised the WBD Board that he informed the Ellisons that it would be inappropriate to discuss any such arrangements at that time." He would eventually reject Ellisons' bids a total of six times.

The offers came as WBD was in the process of a breakup of its operations, separating its studio and streaming units into a separate company and offering new stock on behalf of its cable properties.

As news broke about the Paramount Skydance bids, the company began receiving feelers from other potential suitors, 13 to be exact. One included an expression of interest from Netflix, the streaming giant that has shied away from major acquisitions in the past but saw opportunity for significant expansion including by purchasing a major studio.



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CEO Ted Sarandos contacted Zaslav, a longtime friend, on Oct. 16, nearly a month after Ellison's first expressed interest, that he was eyeing the acquisition of WBD's streaming service and studio, according to the filing.

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WBD then began a formal process of shopping the company. Suitors eyed not just the studio and streaming service but also WBD's cable properties, thought to be the weakest link of its corporate ecosystem given the impact of cord cutting on such businesses.

Not to be deterred, the Ellison's came back again with its final all-cash bid of \$30 a share bid and even offered Zaslav a management role in the company. With the bidding war on, WBD began winnowing down the offers to three, Paramount Skydance, Netflix and an entity described as "Company A," which is believed to be media conglomerate Comcast, widely regarded during the process as the weakest of the bidders.

*Ariel Zilber contributed reporting.*

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