INTEL. ANALYSIS. ACCESS. COMMUNITY.

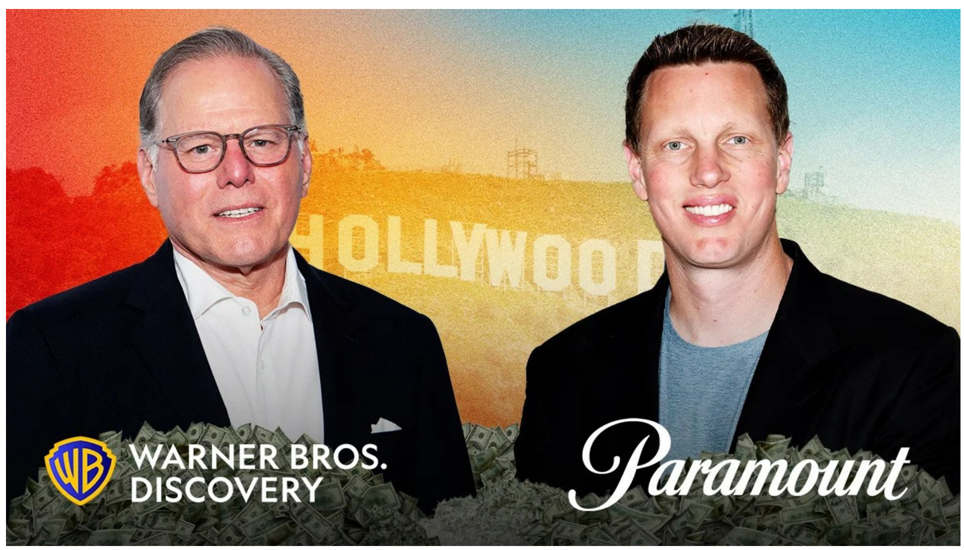
WRAP PRO

The Essential Source for Entertainment Insiders

Why a Paramount-Warner Bros. Discovery Merger Makes Sense | Analysis

The ink is barely dry on the $8-billion Skydance merger and the Ellisons may already be eyeing their next target

By Lucas Manfredi | September 12, 2025



Warner Bros. Discovery CEO David Zaslav and Paramount CEO David Ellison (Credit: Getty Images/Christopher Smith for The Wrap)

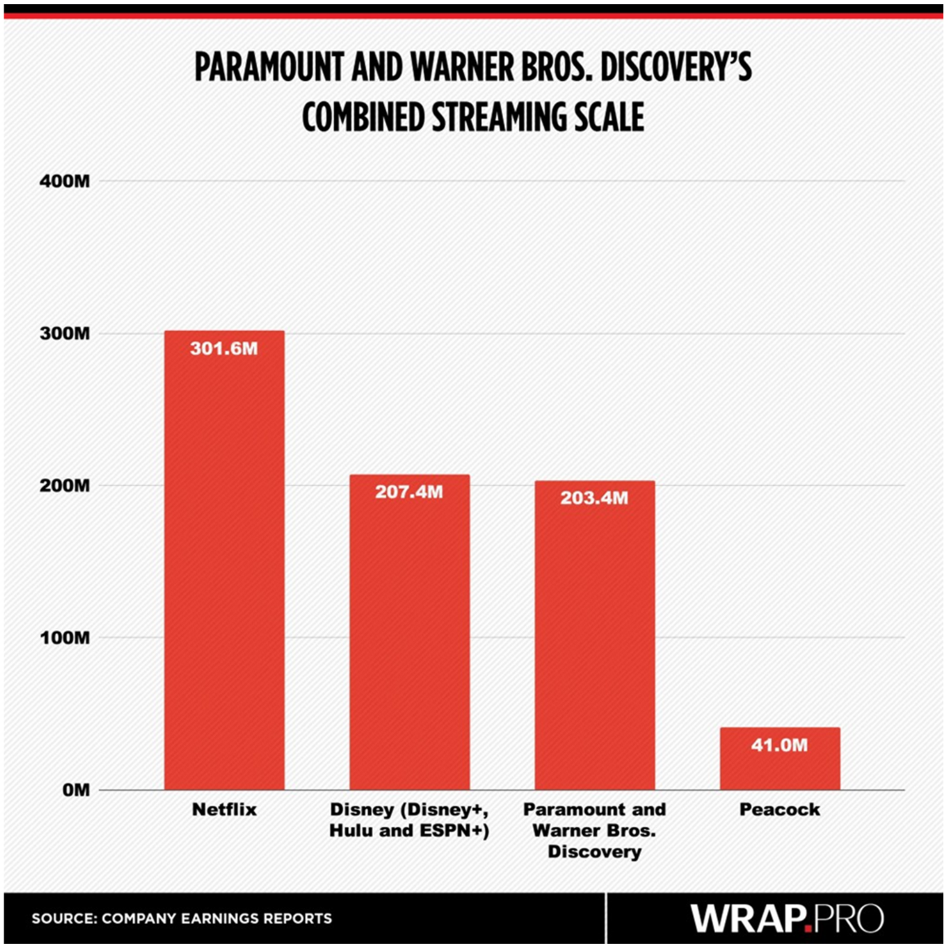
Fresh off its $8-billion merger with Skydance, Paramount appears ready to pounce on Warner Bros. Discovery in a bid to merge its way to becoming a next-generation media giant.

Paramount's new CEO David Ellison is reportedly preparing a majority cash bid for all of WBD's assets, including its cable networks and movie studio. According to the Wall Street Journal, it would be backed by Oracle co-founder Larry Ellison — David's father and newly-crowned as the world's richest man.

Warner stock closed up nearly 30% at the end of Thursday's trading session, while Paramount was up more than 5%, with both companies hitting new 52-week highs of $17.24 and $87.89 per share, respectively. Representatives for Paramount and Warner Bros. Discovery declined to comment.

A potential deal would give the diminished Paramount and Warner Discovery much-needed scale and an increased arsenal of content at a time where they've lagged behind Netflix and Disney in the streaming wars. Combined, the new company would have a total of 203.4 million streaming subscribers as of the latest figures from the second quarter of 2025 — putting it just shy of Disney's 207.4 million across Disney+, Hulu and ESPN+ in its latest quarter. Reaching numbers to be competitive with Disney and Netflix has been a long-stated aim of Warner Discovery CEO David Zaslav.

Paramount would also be able to tap Warner's massive portfolio of assets, including Warner Bros.



Television and Motion Picture Group, DC Studios, HBO and HBO Max, Discovery+, a slew of cable networks and other media businesses, including production studios in Burbank, California, and Leavesden, England.

They would be paired with Paramount assets including the CBS network, Paramount Pictures and its studio, along with streaming services Paramount+ and Pluto TV and cable networks like Comedy Central, MTV, BET and Nickelodeon.

Additionally, the companies would have stronger bargaining power with advertisers, distributors and talent and the opportunity to generate massive cost savings. Paramount has already identified more than $2 billion in merger-related cuts that will be carried out through layoffs, a review of its real estate portfolio and a transformation of its technological infrastructure.

Wolfe Research's Peter Supino estimates that a combined Paramount-WBD could generate $3 billion in cost synergies, including roughly $1.5 billion from streaming & studios, $1.2 billion from Warner Bros. corporate costs and roughly $250 million from linear networks.

"It's a brilliant move," Lloyd Greif, president and CEO of the Los Angeles-based investment banking firm Greif & Co., told TheWrap. "Everybody knows Larry Ellison has the ability to pull it off. So let there be no doubt, this is a doable deal, even though Paramount is a minnow and Warner is a whale. I don't think anybody on the Street has any doubts that they can complete this transaction."

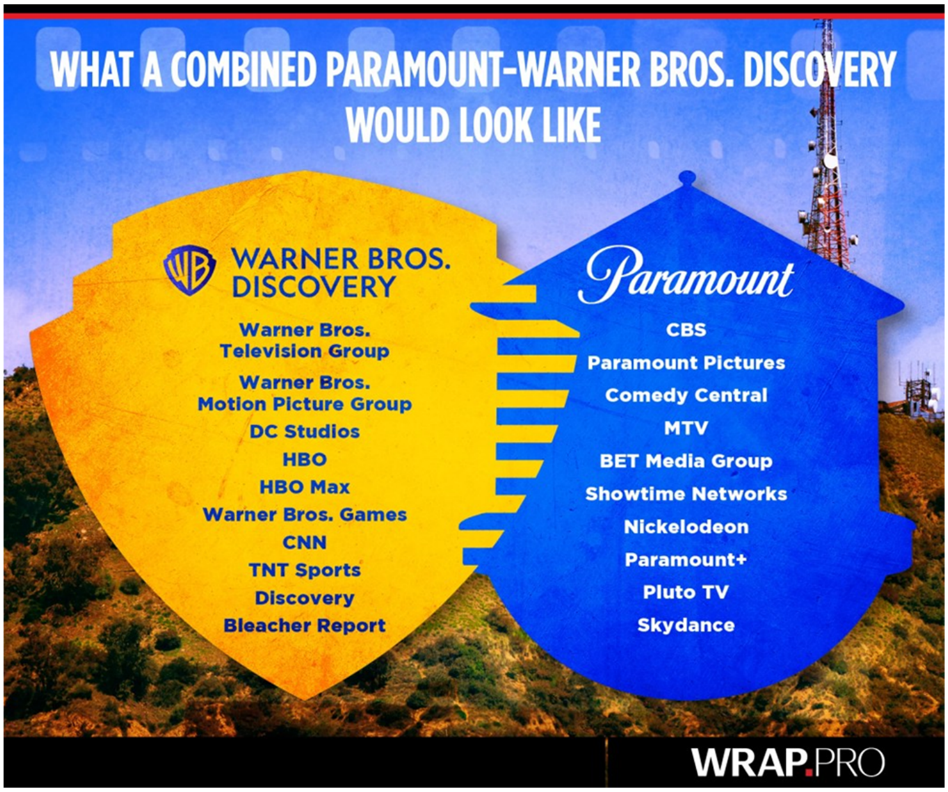
Merging the two media companies together would catapult David Ellison further into the upper strata of power players in the entertainment world, one he had just entered through Skydance's merger with Paramount.

It would also expand the influence of the Ellison family in the media and tech space. In addition to WBD, the younger Ellison has been circling Bari Weiss' The Free Press. President Donald Trump has also previously expressed support for the elder Ellison's Oracle to buy TikTok.

"For the Ellisons, pulling this off would crown their effort to build a next-gen Hollywood major," Qualia Legacy Advisors managing director Aaron Meyerson said. "For David Zaslav, it could provide a strategic exit after years of cost-cutting and debt management."

That said, Hollywood insiders bemoaned the prospect of losing yet another major studio. "You have 20% fewer people to sell to. Finding the next Jordan Peele, the next Daniels [Daniel Kwan and Daniel Scheinert] — the threshold gets harder and harder," said one top executive from a rival studio.

"And does it become a free for all? Does Apple try to buy Universal?" the executive continued, suggesting that the sparse details from Thursday's leak suggests a trial balloon rather than a serious bid.



"If I were looking to do R&D and test the market, today was very successful," this person said.

Even if a deal goes through, Howard Homonoff, a strategic advisor to media and tech companies and managing director of Homonoff Media Group, told TheWrap that many important strategic questions remain unanswered. For one, the combined company could be exposed to too many cable networks at a time when that business is in decline. It's also unclear if combining Paramount+ and HBO Max would be enough to close the gap with streaming heavy-hitter Netflix. "It's a bigger player, but it still leaves a lot of questions for future investors about what the growth strategy is," Homonoff said. Still, the chance to increase the reach and scale of the companies may be worth the risk.

Preempting a bidding war

Ellison's move comes as the Zaslav-led media giant has been working towards a split of its linear network (Discovery Global) and studios and streaming businesses (Warner Bros.) by mid-2026. MoffettNathanson analyst Robert Fishman said that getting a bid early could preempt a potential bidding war for WBD's streaming and studio assets post-split.

"By acting now, Paramount positions itself to secure the entire company before rivals can cherry-pick the most attractive assets," Fishman wrote in a note to clients on Thursday. "Perhaps just as important, the odds of the deal clearing regulatory review may be higher for the Skydance team given its recent success in closing the Paramount transaction."

Among the potential rival bidders that Fishman floated include Comcast, which is currently in the process of its own spin off of network assets with Versant, and Apollo Global Management and Sony Pictures Entertainment, which previously kicked the tires on Paramount prior to Ellison's acquisition.

Paramount CEO David Ellison (Nate Jensen/Paramount)

WBD CEO David Zaslav (Slaven Vlasic/Getty Images for The New York Times)

Representatives for Comcast, Apollo and Sony did not immediately return TheWrap's request for comment.

Greif also didn't rule out the possibility of a big tech player like Apple, Amazon, Google or other private equity firms entering the ring.

"Warner Brothers is an extremely attractive asset. I think everybody pays attention to this one and doesn't let it go," Greif said. "Splitting would have definitely attracted a feeding frenzy. This move is trying to catch everybody flat footed, but you can't really catch anybody flat footed for long. That being said, they're all going to think long and hard about getting into a bidding war with Larry Ellison."

Hurdles for a deal

While a deal is doable, there will obviously be key challenges for Ellison to overcome if he ultimately makes a bid.

Among the challenges are WBD's massive $35.6 billion in gross debt to pay down on top of Paramount's own $15.5 billion.

Experts also aren't ruling out potential antitrust, regulatory or political scrutiny from the Trump administration and other lawmakers. Sen. Elizabeth Warren has already knocked a potential tie-up as a "dangerous concentration of power" and warned it "must be blocked."

"Regulators would scrutinize overlaps in broadcast (CBS), cable news (CNN), sports rights and streaming under the (Department of Justice)'s tougher merger guidelines and to a lesser extent the FCC," Meyerson said. "It's a bold swing with real industrial logic, but the political and financial execution risks are equally large."

Any deal, however, would likely be supported by the deep-pockets of the elder Ellison, whose net worth sits at $367.2 billion. And given Paramount's $7.7 billion bid to acquire the rights to UFC, the Ellisons have shown they're willing to spare no expense if it gives them a competitive advantage. On the regulatory front, the Ellisons have already done a lot of work to gain favor with Trump, who could ease any regulatory concerns.

There's also the question of whether Zaslav is ready to hand over the reins or not, though this isn't the first time a merger with Paramount has been mulled. Ultimately, if the offer is rich enough, it may not be up to him.

"There will be pressure on him to act in the interest of the shareholders," Greif said. "If the deal is deemed to be an attractive price, it's a deal that gets done whether Zaslav has a position post-closing, or whether he just smiles all the way into happy temporary retirement. And it would be temporary retirement. Guys like that don't stay on the sidelines for long."