

INTEL. ANALYSIS. ACCESS. COMMUNITY.

WRAP ▶ PRO

The Essential Source for Entertainment Insiders

Chasing WBD: Paramount vs. Netflix Pros and Cons | Analysis

Paramount's hostile bid puts its offer against Netflix public, but which company has the sweeter deal?

By **Roger Cheng** | December 9, 2025

The clash between Netflix and Paramount for the legendary Warner Bros. Discovery is getting downright medieval.

Paramount on Monday swooped in with a tender offer to shareholders, launching a hostile bid with what it believes is a superior \$30-a-share all-cash offer for the entire company. It comes just three days after WBD and Netflix said they had agreed to a cash-and-stock deal. WBD, which so far hasn't changed its recommendation on Netflix, said it would carefully review the Paramount offer and advise its shareholders within 10 days.

It marks the latest swerve in the increasingly tangled soap opera that has been the pursuit of WBD. That the bidding war has reached the hostile stage underscores the



Netflix co-CEO Ted Sarandos and Paramount CEO David Ellison (Getty Images/Chris Smith for TheWrap)

stakes surrounding the deal, with either Netflix or Paramount acquiring all or parts of Warner Bros. representing a seismic shift in Hollywood. On the surface, these competing bids represent a contest between a quick, short-term gain with Paramount vs. the longer term prospect of higher returns with Netflix.

The upshot is the public will soon get a lot more detail about the deal than normal, with Paramount laying its cards on the table and WBD obligated to disclose additional information justifying its decision. Ellison and the Paramount camp were left furious with WBD for going with Netflix's bid



*Trump could have a huge impact on what direction this deal goes.
(Roberto Schmidt/Getty Images)*

considering their bid offered more money, and there was some inkling things would turn this way after Paramount sent a note to WBD CEO David Zaslav last week complaining about the “tainted” bidding process that was filled with “management conflict.”

The hostile bid will give shareholders more of a direct hand in deciding which way the company goes, with Netflix only seeking the studio and streaming business, leaving the cable assets to spin off as a separate business, while Paramount is looking to acquire the entire company.

Here’s a breakdown of the pros, cons and different factors for each offer.

Netflix’s offer

Netflix is offering \$23.25 a share in cash and \$4.50 in Netflix stock for each share of WBD, a total value of \$27.75.

But WBD is scheduled to spin off its cable assets, which include CNN, TNT, HGTV and several other networks, in the third quarter of 2026. WBD shareholders will also receive shares in this spin-off.

Pros: Netflix, which is flush with cash and in a strong financial position, already has the board’s blessing. This scenario would also be the one in which the most jobs will be saved, since there are fewer redundant positions with Netflix not owning a studio, a point Zaslav made on Friday.

Cons: Netflix faces significantly more regulatory scrutiny. While Netflix co-CEO Ted Sarandos has said he expects the deal to close in 12 to 18 months, outside observers have said it could take two years or longer. For shareholders, that means having their money locked up longer after more than three years of lackluster stock performance. Walking away means

WBD has to pay Netflix \$2.8 billion in fees.

X Factor: Paramount might have been feeling more confident in its hostile bid after Hollywood erupted in fear and anger over the prospect of Netflix accumulating even more power in the entertainment world. Netflix has already disrupted the industry, including killing residuals and profit-sharing deals that allow creatives to share in the financial success of their films and shows. Expect a number of trade groups and guilds to lobby lawmakers against the deal.

Trump Factor: Sarandos met with Trump in late November to discuss the planned purchase of Warner Bros. and has been quietly nurturing his relationship with the president since he returned to the White House. Trump on Sunday called Sarandos “fantastic,” but noted the outsized market share and competition raised questions.

TheWrap Take: On the surface, Netflix faces a massive mountain to climb from a regulatory perspective, with the company controlling the No. 1 and No. 3 streaming services — giving anti-trust officials a pretty clear case to oppose it.

But Netflix appears to be building its case for approval on the central issue of jobs. The company has said it plans to run Warner Bros. as-is, and noted it’s getting into new areas with its studio business, which means keeping more jobs intact.



Larry and David Ellison are the majority shareholders in Paramount. (Eric Charbonneau/Getty Images)

“[President Trump’s] interest in this is the same as ours, which is to create and protect jobs. Where do you think synergies come from? Cutting jobs,” Sarandos told an investor conference hosted by UBS. “We’re not cutting jobs. We’re making jobs.”

Those synergies were a shot at Paramount’s projected \$6 billion in merger cost savings, triple the amount Netflix had projected, signaling that the Paramount route would lead to more dramatic job cuts on top of the layoffs it’s still working through internally.

Both Sarandos and co-CEO Greg Peters talked up Netflix’s investment in the U.S. across all 50 states, and how it’s contributed \$125 billion into the U.S. economy over the last several years — clearly playing to the White House.

The upshot: For shareholders, the calculus will be whether they are willing to gamble on the potential

longer term gains both from Discovery Global’s spinoff and the rise in Netflix shares (the streamer’s share price dropped 3.4% on Monday). While the cable business is gradually shrinking, it still generates a ton of revenue and profits. You can look to the Comcast spinoff of Versant for a sense of how a business could be potentially valued (hint: it’s more than zero, as Ellison tried to suggest).

If shareholders start to get swayed by Paramount’s bid, Lloyd Greif, president and CEO of investment bank Greif & Co., said Netflix could always sweeten its own offer.

“[Netflix] can outbid deep-pocketed Larry Ellison, because at some point he decides the juice isn’t worth the squeeze,” Greif told TheWrap. “Larry’s a relative newcomer to Hollywood. Not so Netflix, which has been playing the role of entertainment industry spoiler since inception.”

Paramount’s offer

Pros: Paramount’s offer is much cleaner, with the company offering all cash for the entire business. Ellison’s primary sales pitch is that it can get shareholders more money and faster, with his father Larry Ellison a close ally with Trump. He expects a deal to be approved in less than a year.

Cons: Paramount, already saddled with considerable debt, is taking on even more with this deal. And even with the backing of David’s father, that raises questions about its financial flexibility in the long run. The deal almost entirely discounts the value of Discovery Global, which Ellison said on CNBC could be worth close to nothing if spun out. The company is also targeting \$6 billion in merger cost savings, three times the amount Netflix projected, signaling heavier job cuts (Paramount is still going through cuts of its own).

X Factor: When Skydance swooped in to buy Paramount, it was seen as a savior and best-case scenario for the storied media company. But the quick accumulation of power (Larry Ellison also has a controlling stake in TikTok’s U.S. business) and some of his decisions — like the appointment of Bari Weiss as head of CBS News — have rankled many in the industry who are disturbed by what they see as a Trump-aligned takeover.

Ellison has taken a massive \$24 billion in funding from three Middle Eastern sovereign wealth funds for the bid, which has also raised eyebrows over foreign ownership of critical media assets.

Trump Factor: Adding Weiss and working with government funds like Saudi Arabia were both seen as moves designed to curry favor with Trump. But as evidence of how unpredictable Trump is, this morning he attacked “60 Minutes” and Paramount just after the takeover was announced.

TheWrap Take: Ellison’s offer and sales pitch is simple: Get more cash sooner with us. The downside is you won’t be participating in any upside from Discovery Global since it will be part of Paramount.

Hostile bids have a mixed track record of success, with few examples of attempts in the media business working out. Analysts over the weekend had pontificated on whether Ellison needed to raise his offer, considering this was already reviewed and rejected by the WBD board.

Still, this is a highly unusual situation with an unpredictable Trump White House, and David’s father Larry has actually won a hostile takeover himself when Oracle acquired Peoplesoft in 2005.

Paramount needs the acquisition to scale up and better compete with giants like Amazon, Apple and, yes, Netflix.

The upshot: While there are a lot of people in Hollywood terrified of Netflix’s potential to disrupt the industry, there’s likely others just as uneasy with Paramount’s power and its ties to Trump and, more recently, to the three sovereign wealth funds, which TheWrap previously identified as Saudi Arabia’s Public Investment Fund (PIF), the Qatar Investment Authority (QIA) and the Abu Dhabi Investment Authority (ADIA).

And while Paramount has a smoother road to regulatory approval, the idea of it buying another studio may still raise antitrust concerns, and Trump’s opinions on the company seems to change by the day.

Jeffrey Sonnenfeld, founder and CEO of Yale School of Management’s Chief Executive Leadership Institute, believes financially coercing a company never works in the entertainment industry, noting the longer term reputational damage from such a move.

“It’s very easy to become seen as the Darth Vader in the media business, and then you’re no longer a magnet for top talent, and as you lose that top creative talent, you’re also going to lose viewership,” Sonnenfeld told TheWrap.

Conclusion

For an industry already devastated by consolidation, it’s choosing between the lesser of two evils. Netflix could disrupt the industry and harm the theatrical business.

Paramount could slash even more jobs and produce fewer films after consolidating studio assets.

It’s no wonder Sen. Elizabeth Warren, on the heels of slamming the Netflix-WBD deal as an “anti-monopoly nightmare,” called the Paramount hostile bid “a trap to set higher prices” on Monday.

For shareholders, it’s a simpler choice of opting between cashing out with Paramount in about a year or sticking it out longer to benefit from the potential upside of Discovery Global and Netflix shares.

The question is, ultimately, who comes up with the highest credible offer?

“They’re both credible companies,” said Charles Elson, founding director of University of Delaware’s Weinberg Center for Corporate Governance. “Obviously, Netflix has done very well and Paramount is backed by quite a wealthy individual family. But it’s ultimately who pays and has the most money.”