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COMMENTARY

Paramount Beats Netflix in Bid for Warner Bros... Now What?

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The infamous feud over the acquisition of Warner Bros Discovery (“Warner Bros.”) between Netflix and Paramount Skydance (“Paramount”) has topped recent headlines, with a victor finally emerging as of last month. On February 27, 2026, Warner Bros. signed a \$110 billion deal with Paramount after Netflix declined to raise its bid, claiming the deal was no longer “financially attractive” enough for Netflix to pursue.¹ The latest Paramount bid included a \$7 billion breakup fee in the event the proposed merger does not win regulatory approval.² The company also agreed to pay the \$2.8 billion breakup fee that Warner Bros. would owe Netflix if that deal didn’t go through.³

In its official press release, Paramount gave ten strategic and financial benefits for the acquisition: (1) being the “Hollywood Champion” by producing fifteen films per studio annually (for a total of thirty per year) and retaining “world-class creative talent”; (2) establishing a strong global streaming presence, by enhancing reach, engagement, and monetization capabilities along with enticing new subscribers; (3) “establishing another strong, credible competitor in today’s streaming marketplace”; (4) “supporting a competitive theatrical and content distribution ecosystem”; (5) building a “compelling portfolio of IP and content” with over 15,000 titles and television programming; (6) holding the “most compelling and competitive portfolios of sports rights” including the NFL, NHL, and various college sports; (7) strengthening its portfolio of cable networks and ability to manage linear market pressures; (8) diversifying international portfolios; (9) streamlining technological operating efficiencies; and (10) being well-positioned for continued growth of investments stemming from certain franchises and content generation.⁴

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¹ Lillian Rizzo & Alex Sherman, *Netflix Ditches Deal for Warner Bros. Discovery After Paramount’s Offer is Deemed Superior*, CNBC (Feb. 27, 2026, at 09:22 EST), <https://www.cnbc.com/2026/02/26/warner-bros-discovery-paramount-skydance-deal-superior-netflix.html>.

² *Id.*

³ *Id.*

⁴ Paramount Staff, *Paramount to Acquire Warner Bros. Discovery to Form Next-Generation Global Media and Entertainment Company*, PARAMOUNT (Feb 27, 2026), <https://www.paramount.com/press/paramount-to-acquire-warner-bros-discovery-to-form-next-generation-global-media-and-entertainment-company>.

However, mergers as large as these do not come without restructuring challenges. Paramount is now saddled with \$79 billion in debt.⁵ Paramount CEO David Ellison assured over 53,000 Warner Bros. and Paramount employees that there would be no layoffs and that the savings could largely be found from “nonlabor sources,” but all of Hollywood remains skeptical.⁶ Ellison pointed to plans to merge the two companies’ streaming services, HBO Max and Paramount+, into one platform, reducing significant overlap and costs.⁷ As of now, Paramount executives are also looking to do away with redundant assets such as real estate.⁸ Both of Warner Bros.’ studios are located within the thirty-mile “core zone” of Hollywood, making them prime real estate for buyers.⁹ Instead of selling this space, however, Paramount intends to primarily use the studio in Burbank for operations and lease out the other on Melrose Avenue for various film productions, bringing in further revenue.¹⁰

Despite Ellison’s assurances, analysts and media-industry experts say that the \$79 billion debt load the company will take on when the deal closes, plus the huge cost for the increased output of 30 films a year that Ellison has promised, will likely make large-scale layoffs inevitable.¹¹ Bradford Auerbach, a veteran media lawyer who heads the sports, entertainment and media practice at Outside General Counsel, is also skeptical. “The idea that there won’t be broad redundancies at least in areas like IT and HR and account services seems really unlikely. . . I just don’t think it’s possible to find \$6 billion in cuts in the way that they are saying.”¹² Recent media megamergers seem to support this. After Walt Disney acquired 21st Century Fox’s film and television studios in 2019, more than 4,000 layoffs followed.¹³ The merger of Warner Bros. and Discovery in 2022 was followed by multiple rounds of layoffs, and the acquisition of Paramount by Ellison’s Skydance Media last fall led to 2,000 job cuts.¹⁴

Additionally, antitrust and competition experts argue the merger would create an illegal conglomerate and should not be cleared without significant pushback. Alvaro Bedoya, who served on the Federal Trade Commission between 2022 and 2025, stated that a coalition of state

⁵ Jeremy Barr, *Paramount-Warner Bros Mega-Merger Could Still Face ‘Real Threats’, Antitrust Experts Say*, THE GUARDIAN (March 5, 2026, at 07:00 EST), <https://www.theguardian.com/film/2026/mar/05/paramount-warner-bros-merger-hurdles>.

⁶ Lukas I. Alpert, *Paramount Says Its Warner Bros. Deal Can Work Without Big Layoffs. Hollywood Isn’t Buying It.*, MARKETWATCH (March 7, 2026, at 09:30 EST), https://www.marketwatch.com/story/paramount-says-its-warner-bros-deal-can-work-without-big-layoffs-hollywood-isnt-buying-it-c3f083d5?gaa_at=eafs&gaa_n=AWetsqeNTlpaDf0Cx6zd19_HxzoDRMVI6XtLTfxMZNd6xv1eV3wMcKlAD4mb8nhbwd%3D&gaa_ts=69af3100&gaa_sig=9eul5qQIHcNzxaQSEcq9R_9wAzoLjgbvi8q4ymEuc9S9sIaw6mlzY9N2LL7aS0EEKBR02MU9Aid4NiqXibjkw%3D%3D.

⁷ *Id.*

⁸ Roger Vincent, *After Warner Bros. Merger, Changes Are Coming to the Historic Paramount Lot. Here’s What to Expect*, LA TIMES (March 5, 2026, at 03:00 PT), <https://www.latimes.com/business/story/2026-03-05/what-happens-to-all-property-controlled-by-paramount-warner-bros>.

⁹ *Id.*

¹⁰ *Id.*

¹¹ Alpert, *supra* note 6.

¹² *Id.*

¹³ *Id.*

¹⁴ *Id.*

attorney generals could very well stop the merger if they pooled their resources.¹⁵ In fact, Rob Bonta, California’s attorney general, said in a post on X that he was “in conversation” with fellow state attorneys general to do just that. “Paramount/Warner Bros is not a done deal,” Bonta said in a statement after the deal was announced. “These two Hollywood titans have not cleared regulatory scrutiny – the California Department of Justice has an open investigation, and we intend to be vigorous in our review.”¹⁶ Bill Baer, who served as assistant attorney general in charge of the antitrust division of the US Department of Justice (“DOJ”) from 2013 to 2016, told news outlets that, “a combined lawsuit by state attorneys general presents a real threat” even if the DOJ had previously approved.¹⁷

The Writers Guild of America also put out a statement opposing the deal, saying the merger “must be blocked” because “the loss of competition would be a disaster for writers, consumers and the entire entertainment industry.” On March 2nd, US senators Elizabeth Warren and Richard Blumenthal wrote a letter to Pam Bondi, US attorney general, stating that if the deal went through it would create a “massive conglomerate,” in which “one family [would] become a dominant force in American entertainment, with David Ellison owning Warner Bros., Paramount+, HBO, CBS News, CNN, TNT, TBS, Food Network, Discovery Channel, Animal Planet, HGTV, and more...which [is] bad for our economy and for Americans.”¹⁸

Despite this pushback, the DOJ seems poised to approve the deal, especially considering Ellison’s close alignment with President Trump and the DOJ.¹⁹ The merger will also need to be approved by antitrust officials from the European Commission and the United Kingdom, though competition and antitrust expert Cristina Caffarra said she didn’t expect that to be an issue, particularly because she sees little willingness to antagonize President Trump.²⁰ A spokeswoman for the Competition and Markets Authority, which reviews mergers in Britain, said the agency could not speculate on what matters it would investigate.²¹ A spokesman for the European Commission, which holds the same role for the European Union, said the companies had not formally notified authorities of the deal, an early step in its merger review process.²² As Caffarra aptly put it – “this deal is not particularly significant to anyone in Europe . . . There isn’t the prospect of lost jobs, like in California. Even on conventional grounds, this would likely be waved through in Europe.”

While the deal seems to have a decently clear path forward, Paramount would take a serious financial hit in the event of a significant delay. Part of Paramount’s agreement with Warner Bros. is a “ticking fee” of an additional 25 cents per share for every quarter the deal fails to close past September 30, 2026. That would cost Paramount an additional \$650 million for every quarter the deal is delayed.²³ It is no wonder then why Ellison emphatically claimed Paramount would work “incredibly collaboratively with regulators to ensure that [they] get a quick path to closing and are

¹⁵ Barr, *supra* note 5.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ David McCabe, *Paramount Won Over Warner Bros. Now for the Regulators.*, NY TIMES (March 2, 2026), <https://www.nytimes.com/2026/03/02/technology/paramount-deal-approval.html>.

²⁰ Barr, *supra* note 5.

²¹ McCabe, *supra* note 19.

²² *Id.*

²³ Alpert, *supra* note 6.

confident in [their] ability to achieve that goal.” As of now, the DOJ declined to comment on the status of the agency’s regulatory review, noting that the deal “remains under active review by US antitrust officials.”²⁴

Only time will tell how this megamerger pans out, but all signs currently point towards approval, so long as there is no significant pushback or litigation from state attorney generals. Investors, attorneys, politicians, actors, union members, and studio employees alike are highly invested in the outcome, and the uncertainty surrounding this deal will surely continue to cause a stir until its finalization.

²⁴ Leah Nylen & Josh Sisco, *Paramount Deal Still Under US Review, With Challenge Unlikely*, BLOOMBERG (March 2, 2026, at 23:12 UTC), <https://www.bloomberg.com/news/articles/2026-03-02/paramount-deal-still-under-us-review-with-challenge-unlikely?embedded-checkout=true>.