



**IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE**

PARAMOUNT SKYDANCE )  
CORPORATION, )  
 )  
Plaintiff, )  
 )  
v. ) C.A. No. 2026-\_\_\_\_\_  
 )  
DAVID M. ZASLAV, SAMUEL A. DI )  
PIAZZA, JR., RICHARD W. FISHER, )  
PAUL A. GOULD, DEBRA L. LEE, )  
JOSEPH M. LEVIN, ANTON J. LEVY, )  
KENNETH W. LOWE, FAZAL F. )  
MERCHANT, ANTHONY J. NOTO, )  
PAULA A. PRICE, DANIEL E. )  
SANCHEZ, GEOFFREY Y. YANG, )  
JOHN C. MALONE, and WARNER )  
BROS. DISCOVERY, INC., )  
 )  
Defendants. )

**VERIFIED COMPLAINT**

Plaintiff Paramount Skydance Corporation (“Paramount” or “PSKY”), by and through its undersigned attorneys, brings this action against the Board of Directors (the “Board” or “Director Defendants”) of Warner Bros. Discovery, Inc. (“WBD” or the “Company”) for breaching their disclosure duties by failing to provide full, accurate, and truthful information.

**NATURE AND SUMMARY OF THE ACTION**

1. Directors of Delaware corporations have a fiduciary obligation to provide full and complete disclosure of all material facts when asking their

stockholders to take action. The Board—while failing to disclose basic, material valuation information that stockholders need to make informed investment decisions—has recommended that its stockholders reject Paramount’s all-cash tender offer in favor of a proposed transaction with Netflix, Inc. (“Netflix”) which is both financially inferior to the Paramount offer and less likely to secure regulatory clearance and close.

2. While the Board’s conduct to date raises serious concerns and gives rise to various categories of fiduciary duty claims, Paramount brings this limited action now, seeking only disclosure of targeted material information, while reserving the right to seek further relief as appropriate. It does so because *right now*, WBD’s stockholders have an immediate need for the material information being withheld in order to make a decision on Paramount’s tender offer to them. This additional material information, including information that the Board purports to rely on but has withheld from view, will confirm what many already know: WBD stockholders should reject the recommendation of the Board and accept Paramount’s value-maximizing tender offer for their shares.

3. This discrete information should be easily and readily ascertainable, and can be swiftly disclosed (indeed, it should have been disclosed already). The Board must already have it and have considered it prior to recommending stockholder action (or, if it did not, that fact is just as significant and readily

available). It is the urgency of these disclosures, and the potential for swift resolution by this Court on this narrow ground, that compels Paramount to bring this limited action now.

4. Starting on September 14, 2025, Paramount made the first of six private proposals to acquire the entire Company, through an unsolicited acquisition proposal set forth in a letter to the Board, carrying an implied value of \$19 per share, composed of 60% in cash and 40% in shares of Paramount. WBD rejected Paramount's proposal without engaging. In the four months that followed, Paramount submitted five additional private proposals, each tailored to address concerns the Board had raised in response to the prior proposal. The Board rejected each one.

5. On December 4, 2025, and in response to the Board's invitation less than 24 hours earlier to revise its December 1 bid, Paramount submitted its sixth proposal: an offer to acquire all of WBD in an improved all-cash \$30 per share bid, accompanied by a full suite of transaction and financing documents that Paramount stated it and its financing sources were prepared to sign that day. Later that day, Paramount also informed WBD's CEO and lead banker that this was *not Paramount's "best and final" offer*. Yet, the Board failed to engage with Paramount any further. While in possession of both Paramount's fully actionable offer and the information that it was not all Paramount had to offer, WBD instead

raced to sign an agreement with Netflix at a lower value. The Board now uses this agreement to justify its refusal to engage on Paramount's current offer, despite having obtained a "fiduciary out" to do so.

6. In the Board's rushed agreement with Netflix that day, it agreed to sell the most valuable parts of its business for a mixture of cash and Netflix stock—worth a combined ~\$27.40 per share as of this filing—while leaving the stockholders with WBD's heavily leveraged and declining Global Networks business that consists of the Company's linear television assets. The Board's stated justification for valuing the Netflix offer as preferred to Paramount's offer was primarily based on the implied value of Global Networks to the stockholders—notwithstanding that linear television has been in decline for years. The Board has never disclosed the valuation it used for the Global Networks business when it made that initial decision, nor any subsequent valuations. Market comparisons (including the recent spin-off of Comcast's linear business into Versant Media Group, Inc. ("Versant")) imply a stand-alone equity value for Global Networks of as little as \$0.00 per share due to the business's large expected debt load. Nor has the Board disclosed information that would enable stockholders to evaluate the reduction in the cash and stock consideration due to them (i.e., the purchase price) that could occur under the Netflix deal based on the allocation of net debt to Global Networks.

7. Because the Board refused to accept Paramount's offer—or even engage with Paramount to find out what else Paramount was prepared to offer—Paramount had no choice but to take its proposal directly to WBD's stockholders. Intent on providing stockholders with a fair deal, Paramount's tender offer matched the \$30 per share that it had previously offered to the Board, and included the same financing commitments as had been offered the Board in Paramount's last proposal to the Board, on December 4: (i) a commitment by the Ellison family and RedBird to backstop the full amount of the equity financing, (ii) debt commitment papers countersigned by Bank of America, Citigroup, and Apollo, and (iii) regulatory commitments that required Paramount to agree to any remedy that did not have a material adverse effect on Paramount and its subsidiaries, including WBD and its subsidiaries.

8. Paramount's decision to launch a tender offer for the same \$30 per share in cash, with the same secured debt and equity financing also provides the proof that its statements on December 4 that its offer was not "best and final" were true. Indeed, while the cash price per share that Paramount offered in its tender was the same it had offered the Board prior to the Netflix agreement, the tender offer effectively raised Paramount's bid by over a dollar per share because Paramount was now offering the same amount of money for a company that might be worth \$2.8

billion less as a result of the breakup fee that WBD may have to pay to Netflix under the Board's agreement.

9. In two Schedule 14D-9 filings—responsive to Paramount's initial and revised tender offers—the Board has twice recommended that WBD stockholders decline Paramount's tender offer and instead support the entrenched Netflix deal, based on its purported assessment that Paramount's \$30 per share offer is not superior to the Netflix agreement. Yet these filings raised far more questions than answers—starting with the nature of the Board's determination itself.

10. The Netflix merger agreement contains a standard “fiduciary out,” allowing the Board to negotiate with a competing bidder after receiving *either* a superior proposal *or* a proposal that *could reasonably be expected to result* in a superior proposal. Notably, the Board has told WBD stockholders it concluded that Paramount's offer “is not a Company Superior Proposal (as defined in the Netflix Merger Agreement),” but did not state whether the Board considered or determined whether Paramount's offer “could reasonably be expected to result in a Company Superior Proposal”—the very determination required to permit WBD to now engage in negotiations with Paramount for the stockholders' benefit. So while WBD's representatives have repeatedly told their stockholders that WBD is contractually barred from negotiating with Paramount at this stage, the Board has not explained the rationale for refusing to exercise this contractual right. Indeed, and interestingly,

despite refusing to exercise the “fiduciary out” to date, the Board Chairman, Samuel Di Piazza, Jr., messaged to stockholders as recently as January 7, 2026, through the press, that “we would be very open to do a transaction with Paramount.”<sup>1</sup>

11. Further, despite the Board’s extensive (and still evolving) rationalizations for its decision to favor a Netflix deal over one with Paramount, it has strikingly and tellingly omitted from its disclosures the basic financial and valuation information that is customary and necessary for stockholders to determine for themselves the relative value of the competing offers, and that underpin the Board’s purported determination that the Netflix offer is economically superior to the Paramount offer. The omitted information prevents WBD’s stockholders from comparing, as the Board purportedly did, Paramount’s simple and straightforward offer of \$30 per share in cash against Netflix’s more complicated consideration—comprised of cash and Netflix stock that is subject to a collar and reduction for net debt—and the equity value of the Global Networks stub.

12. Among the litany of issues with WBD’s first Schedule 14D-9 filing on December 17, 2025—and there are many—it is apparent that the Board expects stockholders to accept its conclusory assessment, along with its recommendation to

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<sup>1</sup> *CNBC Exclusive: Transcript: Warner Bros. Discovery Board Samuel Di Piazza Jr. Speaks with CNBC’s David Faber on “Squawk Box” Today*, CNBC (Jan. 7, 2026, 9:18 AM), <https://www.cnbc.com/2026/01/07/cnbc-exclusive-transcript-warner-bros-discovery-board-chair-samuel-di-piazza-jr-speaks-with-cnbc-s-david-faber-on-squawk-box-today.html>.

reject Paramount’s tender offer, without disclosing basic, fundamental pieces of information.

13. *First*, the Board told WBD stockholders that it had concluded Paramount’s offer is “inferior to the value offered by the Netflix Merger . . . ***plus the additional value*** of the shares of [the Global Networks business] that WBD stockholders will receive,” and that Paramount’s offer “would deprive WBD stockholders” of the value created by a spun-off Global Networks. But it failed to disclose any ***valuation information about Global Networks*** whatsoever—a key value factor that the Board apparently wants stockholders to accept blindly. It also failed to disclose any analyses, estimates, or projections of the ***net debt*** of Global Networks at the time of the separation, or WBD’s process for determining the allocation of debt between Global Networks and the remaining business, despite the fact that such debt allocation will have a direct impact on the amount of cash and stock to be received by WBD stockholders under the Netflix merger agreement. Notably, the Board also failed to disclose the mechanism for that purchase price reduction. The Board further told WBD stockholders that WBD and its stockholders will incur “***[o]ppportunity costs from abandoning***” its planned separation of Global Networks without disclosing any analyses, estimates, or projections of any anticipated financing or bank costs should WBD not complete its proposed separation of the Global Networks business. And, while pointing to the opportunity

cost from abandoning its planned separation of Global Networks, the Board failed to disclose the financial impacts and *opportunity costs from a failed Netflix transaction*, prohibiting a fair comparison between the two deals.

14. *Second*, the Board told WBD stockholders it had received various “opinions” (both “written” and “rendered” verbally) in support of its conclusions relating to the *value of the Netflix transaction*. But it failed to disclose any summary of the valuation work performed by its advisors in connection with any opinion rendered to the Board related to the values of the Paramount offer, Netflix merger, and/or Global Networks.

15. *Third*, the Board told WBD stockholders that it had performed a “*risk adjustment*” to the valuation of Paramount’s offer to arrive at its recommendations against that offer. But it failed to quantify or disclose any specifics concerning this “risk adjustment”—including any qualitative or quantitative “risk adjustment” factors that the Board considered or applied, the relative probability and magnitude of such risk factors, quantitative adjustments to any valuation analyses on the basis of such factors, and how such factors were derived or calculated. The Board further failed to disclose whether it performed any “risk adjustments” to the Netflix transaction, which carries very significant regulatory uncertainty.

16. On January 7, 2026, WBD filed a second materially misleading Schedule 14D-9, again recommending that stockholders decline Paramount’s offer

and instead choose the Netflix deal. This Schedule 14D-9 was filed in response to a revised tender offer that Paramount made on December 22, 2025—specifically to respond to the Board’s newly asserted concern following Paramount’s first tender offer that the Ellison family trust backstop should include a personal guarantee from Larry Ellison himself—which included an irrevocable personal guarantee from Larry Ellison for \$40.4 billion of equity financing for the transaction and any damages claims against Paramount. Although Paramount had, once more, addressed the Board’s stated concerns with its last offer, the Board—while pivoting to entirely new excuses that purportedly affected its assessment of deal certainty and relative value—inexplicably doubled down and expanded upon two of the same points from its earlier Schedule 14D-9: *first*, that “the risk-adjusted value offered by PSKY is inadequate and not superior when compared to the Netflix Merger,” and *second*, that “WBD would be required to abandon the Separation and Distribution of [Global Networks]” at “significant costs.”

17. And, for the very first time, the Board added in a new claim that Paramount’s debt financing was also insecure because the banks—Bank of America, Citigroup, and Apollo Capital Management—might breach their market-standard contractual commitments. In making this assertion, the Board did not explain what analysis it relied upon to conclude those three financing sources are more likely to

breach their fully enforceable contractual obligations than Netflix's debt financing sources—Wells Fargo, HSBC, and BNP Paribas.

18. In continuing to recommend against the Paramount offer in the January 7 Schedule 14D-9, the Board continued its refusal to provide the basic, material financial information described above. The Board apparently continues to expect stockholders to rely, without knowing any of the financial information it utilized, on conclusory statements that the Netflix deal and Global Networks separation are more valuable than Paramount's \$30 per share all-cash offer.

19. The Board's omission of such central information is glaring and was immediately obvious not just to Paramount, but to market participants and commentators broadly. Pentwater, one of WBD's largest stockholders, wrote to the Board on January 7, 2026, expressing concern that WBD "failed to disclose to [stockholders] what the Board believes" Global Networks is worth, "how much debt [it] will carry," and financial information that would allow stockholders to "evaluate the very real risk that there will be a 'dollar-for-dollar' reduction to the price per share of cash consideration paid by Netflix."

20. WBD's stockholders have the opportunity right now to choose between the Netflix transaction and the Paramount offer; and they are entitled to do so with the benefit of all material facts, not simply relying on the Board's say so that it adequately and accurately weighed all relevant factors to determine that Netflix's

offer is superior. There is no legitimate reason for the Board to withhold what it knows and considered in determining to recommend against Paramount's facially-superior offer and in favor of its entrenched Netflix agreement. That is what the duty of disclosure requires. *See In re Orchard Enters., Inc. S'holder Litig.*, 88 A.3d 1, 29 n.9 (Del. Ch. 2014) (explaining the "well-recognized proposition that directors of Delaware corporations are under a fiduciary duty to disclose fully and fairly all material information within the board's control when it seeks shareholder action").

21. The Board's continued withholding and misconstruing of fundamental information that any stockholder would rely upon in making such a critical decision is a clear breach of the Board's duty of disclosure. As one corporate governance commentator has noted, the process that the Board has followed to date suggests that rather than choosing a deal that maximizes stockholder value, they are avoiding one: the Paramount deal.<sup>2</sup> WBD stockholders ultimately must make this investment decision for themselves, and they are entitled to the basic information necessary to render that decision an informed one. The present action asks only that the Court order the Board to provide their stockholders with the critical information that the Board itself has considered or purported to rely on in recommending to stockholders that they should not tender their shares into Paramount's offer. The stockholders

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<sup>2</sup> Mark DesJardine, *Warner Bros. Discovery's board isn't choosing a deal—it's avoiding one*, FORTUNE (Jan. 8, 2026, 12:42 PM), <https://fortune.com/2026/01/08/scandal-warner-bros-discovery-netflix-paramount-fair-process-or-not/>.

cannot make an informed investment decision, including assessing the Board's recommendations, without that modest relief.

### **PARTIES AND RELEVANT NON-PARTIES**

22. Plaintiff is a stockholder of WBD. Plaintiff has submitted eight proposals to purchase WBD to the Board and has launched a tender offer to purchase WBD stock.

23. Defendant David M. Zaslav is the President, CEO, and a director of WBD, and has been at all relevant times.

24. Defendant Dr. John C. Malone has been Chair Emeritus of WBD since June 2025 and serves as a de facto director on the Board in that capacity. Before his designation as Chair Emeritus, Malone served on the Board, including its predecessors, from 2008 to June 2025.

25. Defendant Paul A. Gould is a director of WBD, and has been at all relevant times.

26. Defendant Debra L. Lee is a director of WBD, and has been at all relevant times.

27. Defendant Joseph M. Levin is a director of WBD, and has been at all relevant times.

28. Defendant Kenneth W. Lowe is a director of WBD, and has been at all relevant times.

29. Defendant Fazal F. Merchant is a director of WBD, and has been at all relevant times.

30. Defendant Daniel E. Sanchez is a director of WBD, and has been at all relevant times.

31. Defendant Anthony J. Noto is a director of WBD, and has been at all relevant times.

32. Defendant Anton J. Levy is a director of WBD, and has been at all relevant times.

33. Defendant Samuel A. Di Piazza, Jr. is a director of WBD and the Chair of its Board, and has been at all relevant times.

34. Defendant Richard W. Fisher is a director of WBD, and has been at all relevant times.

35. Defendant Paula A. Price is a director of WBD, and has been at all relevant times.

36. Defendant Geoffrey Y. Yang is a director of WBD, and has been at all relevant times.

37. Defendant Warner Bros. Discovery, Inc. is a Delaware corporation against which no claims are brought here but it is named to the extent it is a necessary party for the relief that Paramount seeks; namely, additional disclosures to be made by WBD.

## **JURISDICTION AND VENUE**

38. This Court has jurisdiction pursuant to 10 *Del. C.* § 341 and 10 *Del. C.* § 3114.

39. Venue in this Court is appropriate, including because WBD's operative Certificate of Incorporation provides that "the Court of Chancery of the State of Delaware shall to the fullest extent permitted by law be the sole and exclusive forum for . . . any action or proceeding asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, employee, stockholder or agent of the Corporation to . . . the Corporation's stockholders."<sup>3</sup>

## **FACTUAL BACKGROUND**

40. Following weeks of active pursuit of WBD by Paramount, which catapulted the WBD share price from an unaffected price of \$12.54 to a high of almost \$30, the Board caused WBD to enter into an agreement with Netflix to acquire WBD's Streaming & Studios business for only \$23.25 in cash with a small kicker of Netflix stock "representing a target value of \$4.50."

41. In doing so, the Board abruptly cut off an active bidding process and foreclosed the possibility of extracting further value from the process for WBD's stockholders, despite repeated messages from Paramount's management and

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<sup>3</sup> Warner Bros. Discovery, Third Restated Certificate of Incorporation of Warner Bros. Discovery, Inc. (Form 8-K, Exhibit 3.1) (June 2, 2025).

advisors to WBD's management and advisors that Paramount's then-current \$30 per share all-cash offer was not its best and final offer. WBD's failure to state that these messages were conveyed to the Board prior to execution of the Netflix agreement is a tacit admission that the Board was not aware of this fact when it agreed to the Netflix proposal.

42. Paramount has made an offer of \$30 per share in cash for WBD. It did so before the Board decided to enter the Netflix merger agreement, and has reiterated this offer by taking it directly to the stockholders. Paramount has made clear to the Board that it is available to negotiate terms: economic, financial, ancillary, or otherwise. The Board stonewalled Paramount before entering into exclusivity with Netflix and has continued to do so since.

43. Most recently, the Board has stridently recommended in favor of the Netflix merger and urged stockholder rejection of Paramount's offer in successive Schedule 14D-9 filings, without disclosing or quantifying how the Board has valued the competing offers to arrive at that recommendation (including the valuation of the Global Networks business, complex and contingent value aspects of the Netflix offer, and the vague "risk adjustment" factors the Board has leaned on). More strikingly, the Board has dug its heels in and plowed ahead without ever engaging with Paramount (despite having a "fiduciary out" provision permitting negotiation if a competing proposal even "could" reasonably be expected to result in a superior

proposal) or seeking a matching bid from Netflix—again, with scant explanation and even less disclosure of process and rationale.

44. WBD’s Schedule 14D-9 filings omit material facts necessary for stockholders to make an informed choice between the Netflix transaction and the Paramount offer. With the stockholders now empowered to decide for themselves which offer is more valuable, the Board was obligated to disclose the information available to it; not just carefully curated assertions about “risk adjustments” and unsupported claims of “additional value” of Global Networks that purportedly favor the Board’s recommended bidder and transaction while subtly eliding any contrary considerations.

**A. The WBD Combination Fails To Flourish And The Board Determines To Unwind And Pursue A Separation Plan**

45. WBD was formed in April 2022 through the spin-off of WarnerMedia from AT&T Inc. and the contemporaneous merger of WarnerMedia with Discovery, Inc. (“Discovery”). The transaction combined WarnerMedia’s film and television divisions with Discovery’s group of cable networks, with Zaslav installed as CEO of the combined entity.

46. The merger of Discovery with WarnerMedia resulted in a combined entity with over \$40 billion in debt and a 5x debt to EBITDA ratio. Zaslav took steps to reduce this debt load but ultimately accomplished only a modest decrease. Meanwhile, the combined entity’s stock price declined approximately 70% between

2022 and August 2024 from \$24.47 to \$7.24. By mid-August 2024, WBD's market capitalization was \$17.75 billion, down from \$27.39 billion at year-end 2023.

47. On April 28, 2025, the Board met with WBD management and WBD's tax and legal advisors to discuss "potential strategic alternatives to create stockholder value."<sup>4</sup> These strategic alternatives included (1) a potential sale of WBD in its entirety and (2) a tax-free separation whereby WBD would spin-off its streaming and studios business from its global linear networks business. Additional meetings regarding the potential structure and implications of a spin-off followed.

48. On June 9, 2025, a week after its 2025 Annual Meeting of Stockholders, WBD announced its plan to break up the company into two separate publicly traded companies (the "WBD Separation Plan"), with an expected completion by mid-2026, *before* its next Annual Meeting of Stockholders. The first company, referred to as "Streaming & Studios," would consist of the most valuable assets: Warner Bros. Television, Warner Bros. Motion Picture Group, DC Studios, HBO, and HBO Max, as well as their respective film and television libraries. The second, referred to as "Global Networks," would consist of declining linear television assets: CNN, TNT Sports in the U.S., Discovery, free-to-air channels across Europe, Discovery+ streaming service, and Bleacher Report (B/R), among other miscellaneous assets.

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<sup>4</sup> Warner Bros. Discovery, Inc., Schedule 14D-9 Solicitation/Recommendation Statement, at 18 (December 17, 2025).

49. Under the WBD Separation Plan, WBD would spin-off Streaming & Studios and install Zaslav as the President and CEO. Global Networks would be retained under the leadership of WBD's CFO Gunnar Wiedenfels and, presumably because it would fail on its own two feet, Global Networks would retain a 20% stake in the spun out Streaming & Studios.

**B. WBD Rejects Paramount's First Value-Maximizing Offer**

50. In August 2025, Paramount's leadership and board determined that it would be desirable to combine Paramount with WBD. Due to WBD's announcement of the WBD Separation Plan and timeline, which contemplated the spin-off occurring before any WBD stockholder input, Paramount perceived a need to move quickly if it was to acquire WBD and began to prepare an offer.

51. After news outlets reported that Paramount was preparing an offer for WBD on September 11, 2025, WBD's stock price increased by nearly 30% from WBD's closing stock price of \$12.54 on September 10, 2025 (the "Unaffected WBD Stock Price").

52. On September 14, 2025, Paramount provided WBD with a formal proposal to acquire each outstanding WBD share for an implied value of \$19 per share, comprised of 60% in cash and 40% in shares of Paramount, which represented a 52% premium to the Unaffected WBD Stock Price.

53. By September 22, 2025, WBD had chosen not to engage with Paramount, stating that Paramount's September 14 proposal was inadequate, expressing concern about the stock component of the consideration and the purported risk that federal regulators would reject a merger between the two companies, and noting that the Board and management were committed to pursuing the WBD Separation Plan.

**C. WBD Rejects Paramount's Second Value-Maximizing Offer**

54. Undeterred, Paramount put together a higher offer, which Paramount's Chairman and CEO David Ellison delivered to WBD on September 30, 2025. The improved offer was for each outstanding share at an implied value of \$22.00 per share (comprised of 66.7% in cash and 33.3% in shares of Paramount), representing a 75% premium to the Unaffected WBD Stock Price, a \$3 per share increase from the September 14 proposal and a higher cash proportion. The September 30 proposal also included valuable non-monetary terms, including a commitment to litigate and to take actions to achieve regulatory clearance of the transaction up to a "material adverse effect" standard, and a \$2 billion regulatory reverse termination fee.

55. Choosing again not to engage with Paramount, WBD rejected the September 30 proposal via letter on October 8, 2025, stating that the proposal was inadequate. WBD again expressed reticence to accept a cash/stock deal and a bid carrying the risk of regulatory rejection. Specifically, the October 8 rejection letter

objected to “[n]early one-third of the merger consideration in the proposal consist[ing] of Paramount Skydance (‘PSKY’) Class B non-voting common shares,” and the “substantial” “risks inherent in the regulatory review process.” The Board reaffirmed its view that the WBD Separation Plan was “far superior” to Paramount’s proposal.

**D. Paramount Makes A Third Value-Maximizing Offer**

56. Paramount delivered a third proposal to WBD, on October 13, 2025, for each outstanding share at an implied value of \$23.50 per share, comprised of 80% in cash and 20% in shares of Paramount, representing an 87% premium to the Unaffected WBD Stock Price, a \$1.50 per share increase from the September 30 proposal, and an even higher cash proportion from the prior proposal. The October 13 proposal maintained the prior regulatory commitments, raised the proposed regulatory reverse termination fee to \$2.1 billion, and stated that the offer was not subject to any financing conditions, had committed debt financing, and had a full equity backstop from Paramount’s principal equity holders.

**E. Netflix Formally Proposes To Engage With WBD**

57. Netflix was reportedly kicking the tires on a WBD transaction as early as September 22, 2025. On October 16, 2025, Netflix CEO Ted Sarandos purportedly called Zaslav to formally discuss Netflix’s interest in acquiring WBD’s Streaming & Studios business.

58. On October 20, 2025, WBD’s management first discussed an alternative spin-off transaction structure in which WBD would spin-off its Global Networks business instead of its Streaming & Studios business. WBD’s newfound interest in altering the structure of its long-planned spin-off transaction, which it had selected following extensive consultation with its tax and legal advisors, was a result of “interest received from Netflix.”<sup>5</sup>

**F. WBD Rejects Paramount’s Third Value-Maximizing Proposal**

59. On October 21, 2025, WBD rejected Paramount’s October 13 proposal, claiming it was inadequate, once again citing its aversion to any stock consideration and the deal’s regulatory risk, and stating that WBD would explore strategic alternatives through a formal bidding process. As with the two prior rejections, WBD did not even pick up the phone and engage with Paramount, despite the ample evidence it now had that Paramount was a highly motivated suitor, demonstrably open to feedback and continually improving price and terms.

**G. WBD Launches “Review Of Strategic Alternatives”**

60. On October 21, 2025, the same day that WBD rejected Paramount’s third bid out of hand, WBD announced that its Board had “initiated a review of strategic alternatives to maximize shareholder value, in light of unsolicited interest the Company has received from multiple parties for both the entire company and

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<sup>5</sup> *Id.* at 24.

[Streaming & Studios].” In connection with that review, the Board would “evaluate a broad range of strategic options, which will include” (i) “continuing to advance [WBD’s] planned separation to completion by mid-2026,” (ii) “a transaction for the entire company,” (iii) “separate transactions for its [Streaming & Studios] and/or [Global Networks] businesses,” and (iv) “an alternative separation structure that would enable a merger of [Streaming & Studios] and spin-off of [Global Networks] to our shareholders.” WBD announced there was “no deadline or definitive timetable for completion of the strategic alternatives review process.”<sup>6</sup> Notably, in a later interview with CNBC, Malone tipped his hand, describing the Paramount offer (which has already nearly doubled the WBD stock price) as having “interrupted” the WBD Separation Plan, which he had “hope[d]” “would take place without interference.”<sup>7</sup>

61. Later that day, WBD’s representatives informed Paramount that they expected the bidding process to span multiple rounds, with a year-end target, no earlier than December 8, 2025, for signing a definitive agreement.

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<sup>6</sup> Warner Bros. Discovery Initiates Review of Potential Alternatives to Maximize Shareholder Value, WBD (Oct. 21, 2025), <https://ir.wbd.com/news-and-events/financial-news/financial-news-details/2025/Warner-Bros--Discovery-Initiates-Review-of-Potential-Alternatives-to-Maximize-Shareholder-Value/default.aspx>.

<sup>7</sup> David Faber, *Interview of John Malone*, , CNBC (Nov. 20, 2025), <https://www.cnbc.com/video/2025/11/20/watch-cnbc-full-interview-with-liberty-media-chairman-john-malone.html>.

62. Between October 24, 2025 and November 10, 2025, Paramount and WBD negotiated a proposed confidentiality agreement that WBD had provided as a condition for participating in the process. Two atypical provisions in the agreement stand out. First, WBD insisted on a provision restricting Paramount's ability to communicate with any members of the Board except Zaslav, thus attempting to wall off independent directors from contact and information. Second, WBD insisted on a seemingly unprecedented waiver of any claim for damages that Paramount might have against Zaslav, the Board, or WBD's advisors arising from their conduct during the bidding process.

63. During the same time, the entire process for WBD was overseen by a so-called "working group" that included Zaslav, Malone, and Di Piazza, along with three as-yet unidentified WBD directors. The Board did not convene a single meeting during this critical period or otherwise take any steps to wall off management or recuse any conflicted directors from the sale process.

#### **H. WBD Receives Paramount's Fourth Value-Maximizing Proposal**

64. On November 20, 2025, pursuant to the Board's process, Paramount submitted a revised proposal to WBD at an implied value of \$25.50 per share, comprised of 85% in cash and 15% in shares of Paramount, representing a 103% premium to the Unaffected WBD Stock Price, a \$2.00 increase from the October 13 proposal and once again increasing the cash proportion. The November 20 proposal

explicitly stated that it was “not subject to any financing condition and [was] fully financed,” with debt commitment papers signed by BofA Securities, Inc., Bank of America, N.A., Citigroup Global Markets Inc., Apollo Global Funding, LLC, and Apollo Capital Management, L.P. (the “Debt Commitment Parties”), and promised equity commitments from certain affiliates and partners of Paramount in the amount of \$34.5 billion cash. The November 20 proposal further noted that the Ellison family and RedBird would commit to underwrite the full equity funding requirements for the acquisition.

65. Paramount also returned a markup of WBD’s proposed term sheet providing for (1) a \$5 billion regulatory reverse termination fee payable to WBD upon reaching an 18-month outside date (the outside date requested by WBD), with pre-funding of (x) \$1 billion if the transaction is not consummated in 12 months and (y) another \$500 million if the transaction is not consummated in 15 months, and (2) further detail on Paramount’s “regulatory efforts” commitment to take actions to receive U.S. and non-U.S. antitrust and foreign investment approvals.

66. On November 21, 2025, Zaslav and others met with Board Chair Di Piazza and certain of WBD’s outside advisors to discuss the bids received the day prior. During the meeting, attendees expressed a preference for Netflix’s bid over Paramount’s bid because, among other things, Netflix was “expected to cooperate

with the planned spin-off of the WBD Global Linear Networks Business in a straightforward manner without requiring material changes in planning.”<sup>8</sup>

67. This notion of preferring the spin-off seemingly at all costs appears to be an embedded mindset of WBD, as if having Streaming & Studios as a separate company run by Zaslav is an end in itself. It comes through in the vague rationales in WBD’s successive Schedule 14D-9 filings as well, and it also may be the reason WBD appears to prefer Netflix’s more regulatorily challenged deal. Because if that deal is blocked, WBD and Zaslav end up exactly where they wanted to be all along before the nuisance of Paramount’s pursuit of a value-maximizing transaction upended their well-laid plans.

68. On November 22, 2025, WBD stated that Paramount’s November 20 proposal was “not compelling given other proposals,” that the stock component was being discounted by the Board in the absence of a “collar” or other value protection mechanism, and that while the \$5 billion regulatory reverse termination fee had been favorably received, the regulatory commitment created concern for WBD. WBD sought further clarity on the equity financing and instructed Paramount to provide commitment papers for Paramount’s debt and equity. WBD also sought further clarity regarding its flexibility to refinance its own debt and requested a change in

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<sup>8</sup> Warner Bros. Discovery, Inc., Schedule 14-D9 Solicitation/Recommendation Statement, at 31 (December 17, 2025).

Paramount's definition of regulatory material adverse effect to eliminate the concept of an impact on the anticipated benefits of the transaction.

69. Consistent with these directives, Paramount submitted an initial draft markup of the merger agreement to representatives of WBD that reflected adjustments responsive to the feedback it had received from WBD to date, including a definition of "regulatory material adverse effect" that was limited to a materially adverse impact on the business, assets, financial condition or results of operations of Paramount and WBD and their subsidiaries taken as a whole, and a commitment to seek to obtain regulatory approvals as promptly as practicable rather than prior to the outside date. Consistent with a November 25, 2025 discussion between Paramount and WBD concerning regulatory approvals, Paramount expressly did not condition its financing or the acquisition of WBD on CFIUS clearance or FCC clearance, and made clear there was no financing conditions in its proposal. Alongside the merger agreement markup, representatives of Paramount also submitted draft equity financing documentation consisting of a form subscription agreement, equity commitment letter, and limited guarantee.

70. On November 29, 2025, WBD's attorneys met virtually with Paramount's attorneys for approximately one hour to provide oral feedback, relaying questions about whether some of the sources of equity financing would be non-U.S. parties, whether the equity commitment documents consisting of both a subscription

agreement and equity commitment letters could be combined into the subscription agreement for ease and simplicity, the regulatory efforts commitment, and some nits with other miscellaneous provisions. Notably, WBD's attorneys never questioned the basic forms or provisions of the equity financing documents, which were customary and had been found acceptable in numerous transactions involving WBD's legal and financial advisors. The next day, the parties met virtually again, with Paramount addressing many of WBD's concerns. Despite submitting all materials by the stated deadlines, Paramount never received written feedback on its initial markup of the merger agreement.

**I. Paramount's Fifth Proposal Addresses WBD's Concerns With A \$26.50 All-Cash Offer**

71. On December 1, 2025, Paramount submitted a proposal to WBD to acquire each share for an amount equal to \$26.50 per share in an all-cash transaction, representing a 111% premium to the Unaffected WBD Stock Price and a \$1 per share increase from the November 20 proposal. The December 1 proposal fully responded to WBD's request that Paramount eliminate the stock component of the bid. The December 1 proposal also stated that Paramount had board approval to immediately enter into definitive agreements.

72. The December 1 proposal included a revised markup of the merger agreement, which addressed each piece of feedback from the November 29, 2025 meeting with WBD, including, among other things, (i) application of the "clear

skies” provisions to the Ellison family, (ii) additional flexibility with respect to the refinancing of WBD debt, and (iii) broader triggers for the payment of the \$5 billion regulatory reverse termination fee by Paramount, which was fully backstopped by the Lawrence J. Ellison Revocable Trust, u/a/d 1/22/88, as amended (the “Ellison Trust”). The proposal also included a revised markup of the WBD disclosure schedules, despite WBD having provided no feedback on the prior markup that Paramount submitted.

73. The December 1 proposal again stated that neither FCC nor CFIUS approvals were conditions to Paramount’s financing or under Paramount’s merger agreement and reiterated the absence of any financing condition. It included signed debt commitment letters from the Debt Commitment Parties in the amount of \$50 billion. It also included folding the equity commitment letter provisions into the subscription agreement for Paramount’s equity financing as had been requested, and provided an allocation for such equity financing sources, which included an \$11.8 billion commitment from the Ellison Trust, an aggregate \$24 billion commitment from three sovereign wealth funds from the Gulf, a \$1 billion commitment from Tencent, and commitments from RedBird Capital Partners and Affinity Partners. The December 1 proposal stated Paramount’s partners were all “prepared to execute subscription agreements containing equity commitments in the

forms provided with our bid, concurrently with the signing of definitive agreements for the Merger.”

74. On the same date, Paramount submitted a letter to WBD concerning the competitive landscape and the path to antitrust regulatory clearance for potential bidders as compared with Paramount. The letter explained in detail that Paramount offered the easiest path with respect to closing certainty and noted that antitrust regulators around the world would reject Netflix’s argument that the “market” in which it competes would be broadly construed to include advertising-supported video services like YouTube and Instagram.

**J. WBD Determines To Accelerate Forward With Netflix Despite Paramount’s Superior Fifth Proposal**

75. On December 2, 2025, the Board met as a group for the first time in almost four weeks to discuss the bids WBD had received the previous day. The Board unanimously decided to accelerate discussions with Netflix, and immediately did so. A full day after deciding to accelerate the discussions with Netflix, on December 3, 2025, Zaslav called David Ellison to say he was calling all bidders to communicate specific concerns raised by the Board and what they needed to do to improve their bids. Zaslav then reviewed concerns around Paramount’s equity financing structure, including the presence of non-U.S. funding sources rather than a full backstop from the Ellison family and RedBird, as well as WBD’s need for flexibility in debt refinancing. Later, in a virtual meeting that lasted 30 minutes,

WBD's representatives informed Paramount's representatives that the Board wanted a full backstop from the Ellison family and RedBird, stating that such structure could be accomplished numerous ways including through an equity syndication. WBD never flagged any issue with the Ellison Trust providing a significant equity commitment, raised any question about the Ellison Trust's creditworthiness, requested a personal guarantee by Larry Ellison, provided other comments on Paramount's equity financing papers, or raised concerns about any specific provisions in such papers. Both Zaslav and the WBD representatives separately noted that the Board would be meeting periodically over the course of the next several days but declined to provide a timetable for next steps or a deadline for a responsive revised proposal.

76. Although Paramount never received written feedback, it evaluated how to address the feedback it received from WBD. Based on WBD's conduct, Paramount reasonably believed that the auction process was continuing and that the Board would not allow it to be cut off at the demand of a competing bidder in advance of the end-of-December time period that had previously been communicated. WBD repeatedly insisted that cash was preferred and that stock was unacceptable, and never raised a concern about Paramount's proposals being a leveraged buyout. Given these circumstances, Paramount did not account for the

possibility that the obvious financing structure needed to support WBD's expressly preferred all-cash transaction was somehow problematic.

77. Later on December 3, Paramount's financial advisor called WBD's financial advisor to seek guidance as to what factors would be important to WBD in deciding which bidders would move forward in the sale process. WBD's financial advisor reiterated that "cash is king"—a double standard that would not be applied to Netflix and that would encourage Paramount to take on additional debt financing that WBD would later use as a basis to critique Paramount's bid. At the end of this call, Paramount's financial advisor informed WBD's financial advisor that Paramount would submit a revised proposal by 4:00 p.m. eastern time the next day (December 4). Later that evening, Paramount determined that it would be able to submit the revised offer to WBD even earlier the next day. The updated timing was promptly conveyed to WBD.

78. Early in the morning on December 4, 2025, Paramount's legal advisor reached out to WBD's legal advisors to ask if there were any other comments or issues that Paramount should be aware of as it finalized its revised offer. WBD's legal advisors responded that the "regulatory material adverse effect" definition should drop the references to business, assets, financial condition and results of operations of the combined company, asserting this was what other bidders had done, that the "clear skies" provision should be broadened, and that Paramount

should “lean in” on the interim operating covenants and other related provisions. But once again, WBD was applying a double standard: the regulatory material adverse effect definition in the Netflix merger agreement actually states that Netflix is not required to accept *any* remedy that “involves, applies to, restricts or affects the operation, contracts, business or assets of Netflix”—which gives Netflix an opening to walk away entirely if regulators insist upon any remedies on Netflix’s business as a condition of approval. The fact that WBD accepted such an open-ended walkaway right for Netflix, which faces higher regulatory hurdles as the dominant streaming service, lends credence to the question of whether WBD’s preference for the Netflix transaction is really WBD’s preference for a return to the status quo before Paramount came along and disrupted its separation plans. It certainly is a question that Mr. Malone seemed to answer affirmatively in his CNBC interview where he called Paramount’s bid—which took WBD stock from \$12.54 to where it is today—an “interruption.” And, notably, the key reasons that the Board relied on for “risk-adjusting” and rejecting Paramount’s initial \$30 per share tender offer—the absence of a personal guarantee from Larry Ellison and the revocable nature of the Ellison Trust—were not raised or even mentioned.

**K. Paramount’s Sixth Offer Raises The Bid To \$30 Per Share All-Cash**

79. At approximately 11:00 a.m. eastern time on December 4, 2025, Paramount submitted a new proposal to WBD to acquire each share for 100% cash,

in an amount equal to \$30 per share, representing a 139% premium to the Unaffected WBD Stock Price and a \$3.50 per share increase from the December 1 proposal. The December 4 proposal remains the only offer to meet both (1) WBD's publicized \$30 per share all-cash target and (2) stated need for contractual certainty on regulatory commitments.

80. Paramount also stated that it was prepared to enter into the Paramount/WBD merger agreement immediately and included debt commitment papers signed by the Debt Commitment Parties and a revised markup of the WBD disclosure schedules, for which feedback from WBD had still not been provided. It also included the Paramount/WBD merger agreement, which (i) unilaterally offered scaling back representations and warranties for WBD despite not having received any specific comments from WBD on these, (ii) offered a footnote to the interim operating covenants inviting any specific feedback or requests from WBD, though none had been offered to date, (iii) further improved the definition of regulatory material adverse effect, precisely as had been requested in the earlier telephone call between representatives of Paramount and WBD, to only be triggered by a material adverse effect on the combined company, (iv) added further flexibility for WBD to refinance its debt, and (v) changed the standard in the no-shop for a "superior proposal" to delete references to financial superiority and taking into account likelihood of consummation. Additionally, the equity financing documents and the

December 4 proposal contained the requested commitment by the Ellison Trust and RedBird to backstop the full amount of the equity financing. It also noted that the Gulf State sovereign wealth funds had agreed with Paramount to make certain changes to the financing arrangements to provide WBD with the requested assurance regarding the absence of CFIUS jurisdiction over the transaction, and that Tencent would no longer be an equity financing source. In short, Paramount addressed every material issue about which it had received specific feedback.

81. Paramount highlighted that it was prepared to execute the Paramount/WBD merger agreement that day. A representative of Paramount also called a member of WBD management to check in on the status of the bid around 12:00 p.m. eastern time. The member of WBD management confirmed that the WBD team had received Paramount's submission and would respond to Paramount in time. No such response was received.

82. While Paramount was being met with radio silence on December 4, Zaslav reportedly spoke to Sarandos that day and purportedly received a message that Netflix would withdraw from the bidding if its revised offer, firm at \$27.75 per share in the form of cash/stock consideration, was not accepted that day. Netflix's counsel at Skadden echoed that Netflix's "expectation is that we will be signed as soon as practicable this evening" and threatened "that if we are not done before open of market tomorrow morning, our proposal shall be deemed withdrawn, null and

void. We will withdraw from your process, abandon pursuit of the transaction and terminate discussions.”

**L. Paramount Communicates That More Value Is Available To WBD Stockholders**

83. At approximately 4:00 p.m. eastern time on December 4, 2025, David Ellison, having heard nothing all day, texted Zaslav to note, among other things, that the December 4 proposal was meant to “offer you a package that addressed all of the issues you discussed [with] me. Those were 1 we wanted to offer complete certainty 2 strong cash value 3 speed to close.” David Ellison also expressly noted that Paramount “*did not include ‘best and final’ in [its] bid*”—a clear indication that Paramount, the party that had shown intense determination and responsiveness over a four month period still had more it was prepared to offer if that was needed for Paramount to win the bidding.

84. Thirty minutes later, Paramount’s financial advisor provided a nearly identical text message to WBD’s financial advisor at Evercore: “note 1 we wanted to offer complete certainty 2 strong cash value 3 speed to close. Pls note more importantly *we did not include ‘best and final’ in our bid.*”

85. Zaslav and Evercore received these messages “while the meeting of the WBD Board to consider the various proposals was ongoing.”

86. Zaslav and Evercore appear to have withheld this information regarding additional value available to WBD stockholders, which was apparently not provided

to the Board before it determined to close the bidding and award the sale to Netflix, and neither responded to the text messages.

87. According to WBD, Zaslav and Evercore did not respond to the messages based on the purported judgment that “they did not present any actionable improved proposal for consideration and it would not have been appropriate to do so in the midst of the WBD Board’s deliberations.” It is, to the say the least, curious that WBD has taken the position that it would be “inappropriate” for the Board—in the midst of evaluating how to maximize stockholder value—to have been informed that Paramount was prepared to continue improving its bid as the Board was considering entering into a merger agreement with Netflix that would, among other things, expose the Company to a multi-billion dollar break fee if a fiduciary out was subsequently exercised.

**M. WBD Enters Merger Agreement With Inferior Bidder**

88. On the morning of December 5, 2025, WBD and Netflix issued a joint press release announcing they had entered into the Netflix merger agreement, pursuant to which WBD would spin out Global Networks and retain Streaming & Studios and Netflix would acquire WBD for (i) an amount in cash equal to \$23.25 per share, without interest, and (ii) a number of shares of common stock of Netflix, par value \$0.001 per share based on the per share volume-weighted average trading price of such common stock a specified number of trading days prior to the closing

date of the transaction between WBD and Netflix, subject to a collar, and subject to a dollar-for-dollar reduction based on net indebtedness of the to-be-separated Global Networks business (the mechanism and targets of which remain undisclosed). The press release further stated that the parties value the transaction at \$27.75 per share, with a total equity value of \$72.0 billion, with each of such calculations assuming an average trading value of Netflix's common stock between \$97.91 and \$119.67 within the prescribed period and *assuming* that there is no reduction in consideration payable to WBD stockholders based on net indebtedness.

89. The Netflix merger agreement does, however, contain a broad “fiduciary out” which frees the Board to engage with an “Acquisition Proposal” provided that such proposal “constitutes *or could reasonably be expected to result in* a Superior Company Proposal.”<sup>9</sup> In other words, the Board may engage with a competing offer prior to a stockholder vote not just if the competing offer *is* superior to Netflix's offer, but also if it “could *reasonably* be expected to result in” a superior offer.

#### **N. Paramount's Tender Offer**

90. On December 8, 2025, Paramount commenced a tender offer, presenting its superior \$30 per share all-cash bid directly to WBD stockholders.

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<sup>9</sup> Warner Bros. Discovery, Inc., Agreement and Plan of Merger (Form 8-k, Ex. 2.1), at § 6.2(a) (Dec. 5, 2025) (emphasis added).

Paramount's first tender offer provided substantial additional value to WBD stockholders.

91. ***Superior Economic Value.*** Paramount offered \$30 per share in all cash, whereas Netflix's proposal consists of \$23.25 per share in cash, a target of \$4.50 in Netflix stock (subject to a collar which means if Netflix trades below the collar endpoint, as it has since the deal announcement, the value will be less), and stock in WBD's Global Networks business worth—in Paramount's analysis—about zero dollars based on the best available market comparison and anticipated leverage levels. Paramount's offer provides stockholders with more cash to the tune of \$6.75 per share versus the cash component of the Netflix transaction, resulting in approximately \$18 billion more in cash consideration than Netflix's offer.

92. Paramount's decision to continue to offer the full \$30 per share cash consideration to stockholders represents an increase from Paramount's December 4 offer to the Board because, due to the Board's intervening decision to agree to a \$2.8 billion break fee, the value of the asset that Paramount will receive will be significantly reduced if WBD is required to pay the break fee to Netflix.

93. Paramount is proposing a full company acquisition of both WBD's Global Networks business and its Streaming & Studios business. On the other hand, Netflix's proposal is to acquire only WBD's Streaming & Studios business, leaving stockholders with a highly levered declining Global Networks business that creates

value uncertainty. Moreover, to the extent WBD props up the Global Networks business by allocating less debt to the Global Networks stub, Netflix's purchase price will be reduced on a dollar-for-dollar basis, reducing cash and Netflix stock consideration and increasing the proportion of consideration coming from highly uncertain equity value in the Global Networks stub.

94. ***Timing Advantages.*** Netflix's offer is expected to take materially longer to complete than Paramount's offer due to more complex regulatory review processes across multiple jurisdictions, if regulatory approval is even possible for the Netflix offer.

95. Paramount expects to obtain regulatory approval within 12 months, whereas the Netflix transaction faces a protracted review timeline. Because Netflix is the largest streamer seeking to acquire another dominant streaming platform, regulatory review could extend at least six months beyond Paramount's expected closing date, and is more likely to fail entirely.

96. The delay in closing the Netflix transaction reduces the present value of the cash and Netflix stock components by approximately \$1.25 per share, assuming only six months of additional delay beyond Paramount's expected closing timeline.

97. On a present value basis, accounting for the six-month delay, the value of the Netflix merger offer declines from \$27.75 (a generous assumption considering

that Netflix's stock closed at \$8.45 below the low end of the collar on the last trading day prior to the filing of this complaint) to approximately \$26.50 per share, creating a \$3.50 per share differential compared to Paramount's offer.

98. ***Increased Regulatory Certainty.*** Netflix's offer faces substantial antitrust regulatory risks that make approval uncertain and will significantly delay closing.

99. Because it combines two market-leading streaming services, regulators are unlikely to approve the Netflix offer. Recognizing that potentially insurmountable hurdle, Netflix instead defines the relevant market as TV view share as reported by Nielsen, not the market for streaming services. This pivot seems to ignore that TV viewing time is unlikely to be a relevant metric for antitrust regulators. Viewing time is relevant in ad-driven markets. Netflix is not currently a major advertising competitor. It generates less than 10% of its revenue from advertisements. Instead, Netflix's primary business is video streaming subscriptions. In the market for streaming subscriptions, Netflix is the number one player and a combination with WBD's HBO Max would give Netflix a 43% share of all global Subscription Video on Demand ("SVOD") subscribers and over 30% of U.S. subscribers.

100. By contrast, a WBD combination with Paramount would create a streaming platform with approximately 200 million global subscribers (after

deduplication). This represents roughly 20% of worldwide SVOD subscribers and 25% of U.S. subscribers. The combined platform would be comparable to Disney, but still significantly smaller than Netflix’s 310 million subscribers and Amazon’s similar subscriber base.

101. The Board essentially acknowledges that the Paramount merger would pose less antitrust concern but takes the position that the difference is insufficiently “material” to render Netflix’s proposal inferior.<sup>10</sup> Paramount has also taken a proactive approach to regulatory approval; it has already filed for Hart-Scott-Rodino Act approval in the United States and announced the transaction to the European Commission and UK Competition and Markets Authority, opening the path to pre-notification discussions and demonstrating its commitment to expeditious regulatory review.

#### **O. WBD Rejects Paramount’s First Post-Merger Proposal**

102. In a statement dated December 8, 2025, WBD confirmed receipt of Paramount’s tender offer and noted that the Board “is not modifying its recommendation with respect to the agreement with Netflix.” WBD indicated that the Board would make a recommendation as to Paramount’s tender offer within ten

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<sup>10</sup> Warner Bros. Discovery, Inc., Schedule 14-D9 Solicitation/Recommendation Statement, at 44 (December 17, 2025).

business days and advised stockholders to refrain from taking any action during that time.

103. On December 17, 2025, WBD filed a Schedule 14D-9 with the United States Securities and Exchange Commission in which the Board unanimously recommended that WBD stockholders reject Paramount’s tender offer and affirmed its view that the Netflix merger remained the highest value available to stockholders. Referencing the Netflix merger agreement, the Board purported to determine that Paramount’s offer was “not a Company Superior Proposal,” thereby not triggering the fiduciary out under which it could negotiate with Paramount and/or present the Paramount offer for Netflix to match. But the Board notably failed to disclose whether it considered—and it appears not to have—or made any determination whether Paramount’s offer “could reasonably be expected to result in a Company Superior Proposal” which equally triggers the fiduciary out, and why it forwent the opportunity to present the offer to Netflix and seek a matching bid. Nor does it explain why the Board, having obtained this right, chose not to *use* that right for the benefit of WBD’s stockholders.

104. The Board claims that the Paramount offer is not financially superior to the Netflix merger, but fails to disclose basic pieces of material information that stockholders would need to assess that claim regarding (i) the valuation of Global Networks, (ii) the work performed by WBD’s advisors to support their opinions, (iii)

the so-called “risk adjustments” used to discount Paramount’s offer, (iv) the effect of net debt at Global Networks on the value of the Netflix transaction, and (v) purported financing and bank costs associated with failing to complete the spin-off if Paramount’s offer were accepted.

105. *Despite Concluding that Paramount’s Offer was Financially Inferior, WBD Fails to Disclose its Valuation of Global Networks.* The December 17 Schedule 14D-9 advised that “the WBD Board determined that the risk adjusted, per-share value of the PSKY December 4 Proposal was not superior to the value offered by Netflix, which consisted of \$23.25 in cash, plus a number of shares of Netflix Common Stock representing a target value of \$4.50 . . . plus the additional value of the shares of [Global Networks] that WBD stockholders will receive pursuant to” WBD’s planned spin-off transaction.

106. Despite recommending that its stockholders reject Paramount’s bid in favor of Netflix’s on the basis of a purported “risk adjustment” to an all-cash offer, WBD disclosed no valuation information concerning such adjustment, nor any valuation information concerning the value of the shares of the Global Networks to support that recommendation.

107. It is implausible that the Board—advised by Allen & Co., Evercore, and J.P. Morgan—did not obtain such a valuation. Instead, the Board has withheld this valuation, presumably because the stub has minimal positive value, if not a net

negative value on the total company. Indeed, the WBD Separation Plan had assumed that the stub would be unable to survive on its own without a 20% stake in Streaming & Studios, which it will not have under the terms of the Netflix merger agreement.

108. When publicly confronted with its failure to provide this critical information, which the Board purportedly relied upon when considering Paramount's offer, it has obfuscated. On December 17, 2025, Board Chairman Di Piazza, during an interview with David Faber on CNBC's "Squawk Box," claimed that the Netflix merger agreement is superior to Paramount's offer because "[i]t includes [Global Networks]," which "has the factor of its value and that's what you guys have all been focused on. Analysts said \$3, \$4, \$5 the market will ultimately decide ...." The very next day, on December 18, 2025, a financial advisor to WBD conducted an interview on CNBC where he described the Netflix merger agreement as superior because it has better "risk adjusted value" and includes "the so-called stub value, or the value per share of [Global Networks], the spin-off ...." However, in contrast to Di Piazza's statement the day prior, WBD's advisor noted that "the street is all over the place on the valuation of that – some say it is as low as \$1 and some say it is as high as \$4 ...."

109. The Board's effort to deflect by referencing analyst valuations is a breach of its duty of disclosure to stockholders. The Board has its own valuation of Global Networks; it considered that valuation in choosing to recommend against the

Paramount proposal; and it has nevertheless withheld that highly material valuation information from its stockholders, while recommending that they not tender into an offer that is being made to them.

110. This disclosure failure is especially troubling because the only known market comparable for Global Networks is Versant. A valuation analysis compared to Versant results in a \$0.00 per share valuation for Global Networks, with its only value being about fifty cents per share in potential M&A synergy value.<sup>11</sup> This valuation, which Paramount publicly disclosed on January 8, assumes a forward EBITDA multiple of 3.8x, which is in-line with Versant's trading multiple on January 7, and \$3.9 billion of next twelve months EBITDA. These assumptions are based on Wall Street consensus estimates and public statements by WBD executives concerning how debt would be allocated in connection with the WBD Separation Plan.

111. ***The Board Fails to Disclose the Estimated Effect of The Net Debt Condition on the Financial Consideration Payable to WBD Stockholders Under the Netflix Deal.*** While WBD's disclosures insist that the Netflix offer is financially superior, they omit material information concerning an additional qualifier in

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<sup>11</sup> *Paramount Reaffirms Commitment To Delivering Superior \$30 Per Share All-Cash Offer to Warner Bros. Discovery Shareholders*, Paramount, Ex. 2 (Jan. 8, 2026), <https://www.paramount.com/press/paramount-reaffirms-commitment-to-delivering-superior-30-per-share-all-cash-offer-to-warner-bros-discovery-shareholders>.

Netflix's offer: the cash and stock consideration payable to WBD stockholders is subject to a dollar-for-dollar reduction based on the net debt of Global Networks post spin-off.

112. For example, if WBD opted to target a more reasonable 1.25x leverage—in line with Versant—WBD stockholders would receive around \$10 billion less in cash and Netflix stock, receiving additional equity in Global Networks instead.

113. With WBD's continued refusal to disclose its valuation of the Global Networks business, the value of any off-setting consideration remains uncertain. Despite this material contingency, WBD has failed to disclose how much debt its Global Networks business carries or to quantify the magnitude of any corresponding reduction to Netflix's offer. Indeed, the Board has failed even to disclose the mechanism for that purchase price reduction itself. These deficiencies deprive stockholders of the ability to evaluate the real risk of a decrease in financial consideration or meaningfully compare Netflix's offer to Paramount's all-cash offer.

114. ***The Board Fails to Provide Estimates of Financing or Bank Costs Should it Fail to Complete the Spin-Off.*** The Board, in citing the financial superiority of the Netflix deal, notes that the Paramount deal poses opportunity costs related to WBD's planned spin-off if the Paramount deal were to fall through, an issue not posed by the Netflix deal, which contemplates the spin-off. The Board

fails to disclose the financing or bank costs for which it penalizes Paramount in this scenario. In addition, WBD does not quantify any of the costs that WBD stockholders would bear from inverting its planned spin-off to permit Netflix to attempt to buy Streaming & Studios, nor the “opportunity” or other costs that would be incurred if the Netflix transaction (which is subject to significant regulatory risk) should fail to close.

115. ***The Board Relies on Various of its Advisors’ “Opinions” While Failing to Disclose the Substantive Work.*** Delaware law requires corporations to disclose in their 14D-9’s “a fair summary of the substantive work performed by the investment bankers upon whose advice their board relied in reaching their recommendation as to a tender offer.” *In re Cogent, Inc. S’holder Litig.*, 7 A.3d 487, 510 (Del. Ch. 2010).

116. WBD’s December 17 Schedule 14D-9 tells stockholders that it had received various “opinions” (both written and verbal) that support its conclusions regarding the relative value of Netflix’s proposal. However, despite its legal obligation to do so, WBD has failed to disclose the substantive work performed by its advisors in connection with any opinion rendered relating to the value of the Paramount offer, the Netflix merger, and/or the Global Networks spin-off. Without this fair summary of work, stockholders are unable to assess for themselves the professional opinions on which the Board relied.

117. *WBD Relies Upon Various “Risk Adjustments,” but Fails to Disclose Specifics.* The December 17 Schedule 14D-9 also advises that the Paramount offer provided “insufficient risk-adjusted value” compared to the Netflix agreement, largely based on a purported lack of a personal guarantee from the “Ellison family.” That is, the Board took issue with the fact that the equity financing for Paramount’s first offer was backstopped by the assets of—and not the person—Larry Ellison, co-founder of Oracle Corporation and among the world’s wealthiest individuals.

118. Because Ellison’s billions in Oracle stock and other assets are held in the Ellison Trust, Larry Ellison designated the trust to backstop the Paramount equity commitment—a fact WBD understood since at least December 1, 2025—and never took issue with in the weeks leading up to its selection of Netflix.

119. It is noteworthy that WBD’s “risk adjustment” does not appear to extend to the far more obvious risk of antitrust regulators blocking Netflix’s acquisition outright rather than permitting Netflix and WBD’s HBO Max—which together would dominate the streaming industry—to consolidate under the same roof.

120. To the extent that the Board has downward-adjusted Paramount’s offer for other “risks”, it has failed to disclose their nature and their likelihood. The Board has also failed to disclose whether and how it has adjusted the value of the Netflix offer.

**P. Paramount's First Amended Tender Offer Resolves Purported Identified Issues**

121. On December 22, 2025, Paramount amended its tender offer to directly address the concerns raised by the Board, including by adding an irrevocable personal guarantee from Larry Ellison for \$40.4 billion of equity financing for the transaction and any damages owed by Paramount to WBD, and adding a direct obligation for Larry Ellison and the Ellison Trust to furnish information in connection with, and cooperate to, obtain regulatory approvals, and refrain from entering into agreements that could delay or impair the consummation of a transaction with WBD.

**Q. WBD Rejects Paramount's Second Post-Signing Proposal**

122. In a January 7, 2026 Schedule 14D-9 filing, the Board rejected Paramount's amended tender offer. In rejecting Paramount's amended tender offer, WBD again failed to disclose the information discussed *supra*.

123. Yet there is no question the Board understands the materiality of these disclosures to stockholders' assessment of the comparative value of the Paramount offers and the Netflix merger. In his January 7, 2026 interview, Board Chairman Di Piazza acknowledged the materiality of the Global Networks stub valuation to stockholders, noting that the Board "will eventually have to address" it.<sup>12</sup>

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<sup>12</sup> CNBC Exclusive: Transcript: Warner Bros. Discovery Board Chair Samuel Di Piazza Jr. Speaks with CNBC's David Faber on "Squawk Box" Today, CNBC (Jan. 7, 2026),

124. In response to the January 7 Schedule 14D-9, one of WBD's largest stockholders, Pentwater, wrote to the Board faulting WBD for "fail[ing] to disclose to [stockholders] what the Board believes" Global Networks is worth, "how much debt [it] will carry," and "financial information" that would "help [stockholders] evaluate the very real risk that there will be a 'dollar-for-dollar' reduction to the price per share of cash consideration paid by Netflix because of the excessive debt load at" Global Networks.<sup>13</sup>

125. Pentwater was not alone in questioning why the Board was withholding this information. In his interview with Board Chairman Di Piazza, CNBC's David Faber observed that "the [B]oard has not given its shareholders any sense as to how you view the [G]lobal [N]etwork spinoff" and asked "why aren't you guys telling us?"<sup>14</sup> Di Piazza had no serious answer.

126. Mark DesJardine, a professor at Dartmouth College's Tuck School of Business and senior fellow at The Wharton School with expertise in corporate

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<https://www.cnbc.com/2026/01/07/cnbc-exclusive-transcript-warner-bros-discovery-board-chair-samuel-di-piazza-jr-speaks-with-cnbc-s-david-faber-on-squawk-box-today.html>.

<sup>13</sup> There was one new piece of financial information about Global Networks, but not a positive one. The December 17 Schedule 14D-9 stated that Global Network's streaming business generates "hundreds of millions of dollars of revenue," but the January 7 Schedule 14D-9 revised this to read "substantial revenue." Apparently the projections changed in the three week interim, but neither version has been disclosed.

<sup>14</sup> CNBC Exclusive, *supra* note 12.

governance, observed that “[w]hat is missing is transparency. Shareholders have not been shown a clear, side-by-side, risk-adjusted explanation for why a lower-priced, more complex transaction dominates a higher-priced cash offer.”<sup>15</sup>

127. As noted by Pentwater, the January 7 Schedule 14D-9 also did not disclose specifics behind WBD’s purported “risk adjustment,” any estimate of the impact of Netflix’s net debt condition on the financial consideration available to WBD stockholders, nor any analysis of anticipated financing or bank costs should WBD not complete its proposed spin of Global Networks.

128. Stockholders will continue to find themselves unable to make an informed decision as to whether to tender their shares into Paramount’s offer on the basis of WBD’s materially deficient disclosures.

129. Interestingly, in WBD’s January 7 Schedule 14D-9, it also introduced the novel allegation that Paramount’s debt financing poses another risk because, despite market-standard fully binding commitments from Bank of America, Citi, and Apollo, the banks might breach their funding obligation or be induced to breach by Paramount or Larry Ellison. This, of course, ignores that there is no financing condition in Paramount’s tender offer or proposed merger agreement, and no debt financing contingency in Larry Ellison’s personal guarantee of the equity financing (that is, the equity contribution is required to be made without regard to any debt

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<sup>15</sup> Mark DesJardine, *supra* note 2.

funding). What WBD appears to suggest is that nothing that Paramount, Larry Ellison, Bank of America, Citi, or Apollo commit to will be, in its judgment, capable of being enforced in a court. This, coupled with Di Piazza's suggestion in an interview on CNBC on January 7 that it is not his job to help Paramount perfect its offer, leads to the nagging question: what does WBD's Board believe its job to be in a sale of its Company?

130. The Board also purported to absolve itself of any obligation to show its work by contending that the "Board evaluated the various factors listed above in light of their knowledge of the business, financial condition and prospects of WBD and considered the advice of WBD's independent legal and financial advisors and WBD management" but "did not find it practicable to assign relative weights to the foregoing factors" and instead based its recommendation on "the totality of the information and factors involved."<sup>16</sup> The Board has not provided the totality of information and the factors it considered or any of the advice from its advisors that went to its conclusions. Moreover, the Board has not explained how it views the risks it purportedly identified in connection with the Paramount bid, or their impact on valuation, compared to the risks inherent to the Netflix transaction—including Netflix's unilateral right not to close in the likely event that a regulator imposes an

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<sup>16</sup> Warner Bros. Discovery, Schedule 14D-9 Solicitation/Recommendation Statement, 44, 46, 62 (January 7, 2026).

antitrust remedy on Netflix as a condition to approving the merger (if it is approved at all) and any financial implications that would affect WBD stockholder value in the event of a failure to close the Netflix transaction.

**CAUSE OF ACTION**  
**BREACH OF FIDUCIARY DUTIES FOR FAILURE TO DISCLOSE**  
**(Against the Board)**

131. Paramount repeats and realleges each and every allegation in the preceding paragraphs as if fully set forth herein.

132. The Director Defendants are members of the Board who owe fiduciary duties to WBD and its stockholders.

133. The Board breached its fiduciary duties by failing to make full disclosure of material facts to WBD's stockholders in recommending that stockholders reject the Paramount tender offer and the amended Paramount tender offer. By way of illustration, the following misrepresentations and omissions appear in WBD's Schedule 14D-9 filed with the SEC on December 17, 2025, and its subsequent amendments:

a. Disclosing that Paramount's offer is "inferior to the value offered by the Netflix Merger . . . ***plus the additional value of the shares of [Global Networks] that WBD stockholders will receive,***" but failing to disclose its valuation of the Global Networks entity, the substance of the Board's discussions regarding this valuation, why the Board chose not to disclose this information, or otherwise why the Board failed to obtain such analysis.

b. Disclosing that the Netflix transition carries a dollar-for-dollar cash and stock consideration reduction based on the debt of Global Networks post spin-off, but failing to disclose how much debt Global Networks carries,

to quantify the magnitude of any corresponding reduction to the consideration of Netflix's offer, or even to identify the mechanism for this purchase price reduction, and why the Board chose not to disclose this information.

c. Disclosing that the Board anticipated financing and bank costs should WBD not complete its anticipated spin-off of the Global Networks business, but failing to disclose the basis of this conclusion, costs WBD's stockholders would incur as a result of completion of the spin-off of Global Networks or as a result of the failure of completion of the Netflix transaction, and why the Board chose not to disclose this information.

d. Disclosing that it had received various "opinions" in support of its conclusions relating to the value of the Netflix deal, but failing to disclose a fair summary of the work performed by its advisors in connection with any such opinions rendered or any other opinions regarding the value of the Netflix deal, the Paramount offer, or Global Networks, and why the Board chose not to disclose this information.

e. Disclosing that it had performed various "risk adjustments" to its valuations of Paramount's bids, without disclosing any specifics concerning these "risk adjustments." The Board further failed to disclose whether it applied risk adjustments to Netflix's offer, how any such adjustments impacted the valuation of Netflix's offer, why the Board failed to disclose this analysis if it performed it, or otherwise why the Board failed to perform this analysis.

134. Each misleading statement and omission concerns information that a reasonable stockholder requires to make an informed decision about whether to accept or reject Paramount's tender offer.

135. Plaintiff has no adequate remedy at law.

### **PRAYERS FOR RELIEF**

WHEREFORE, for the foregoing reasons, Plaintiff prays that the Court enter judgment in its favor and against the Defendants, containing the following relief:

A. Ordering Defendants to immediately supplement and correct all misleading and incomplete disclosures in its Schedule 14D-9 filings and amendments thereto, including by disclosing to the WBD stockholders the following information, as well as the reasons the Board failed to consider and/or disclose this information:

1. The value or value range ascribed to the Global Networks business (including the related valuation materials and any underlying projections) by WBD management and/or WBD's financial advisors and provided to the Board in connection with (a) the Board's approval of the Netflix merger agreement on December 4, 2025, (b) the Board's determination to recommend against Paramount's December 8, 2025 tender offer as set forth in WBD's Schedule 14D-9 dated December 17, 2025, and (c) the Board's determination to recommend against Paramount's December 22, 2025 tender offer as set forth in WBD's Amended Schedule 14D-9 dated January 7, 2026;
2. The specific terms of the net debt adjustment in the Netflix merger agreement pursuant to which net debt on the Streaming & Studios Business in excess of an undisclosed target will reduce the consideration payable to WBD stockholders under such merger Agreement, including such net debt target, and the level of such net

debt assumed in the financial analyses provided to the Board by WBD management and/or WBD's financial advisors in connection with (a) the Board's approval of the Netflix merger agreement on December 4, 2025, (b) the Board's determination to recommend against Paramount's December 8, 2025 tender offer as set forth in WBD's Schedule 14D-9 dated December 17, 2025, and (c) the Board's determination to recommend against Paramount's December 22, 2025 tender offer as set forth in WBD's Amended Schedule 14D-9 dated January 7, 2026;

3. All analyses, estimates, or projections provided to the Board in respect of anticipated financing or bank costs should WBD not complete its proposed spin-off of the Global Networks business to form the basis for the conclusion that WBD will face sunk costs by abandoning its planned Separation and Distribution, as set forth in WBD's Schedule 14D-9 and Amended Schedule 14D-9 dated December 17, 2025, and January 7, 2026, respectively, as well as any analyses, estimates or projections provided to the Board in respect of anticipated financing or bank costs upon the completion of the Global Networks spin-off, or upon the failure of completion of the Netflix transaction;

4. A fair summary of the substantive work performed by any financial advisor in connection with any opinion rendered to the Board related to the value of the Paramount offer, the Netflix merger, and/or Global Networks; and
  5. Any qualitative or quantitative “risk adjustment” factors that the Board considered or applied in concluding that the “risk adjusted value of the [Paramount] Offer is not superior to the Netflix Merger,” as set forth in the December 17, 2025 and January 7, 2026 Schedule 14D-9 filings, including the relative probability and magnitude of such risk factors, all quantitative adjustments to any valuation analyses on the basis of such factors, and how such factors were derived or calculated, and including whether and how any such “risk adjustment” factors were applied in valuing the Netflix merger;
- B. Finding and declaring that the Director Defendants breached their fiduciary duties under Delaware law;
- C. Awarding damages, costs, attorneys’ fees, and pre- and post-judgment interest; and
- D. Granting all other or further relief this Court deems just and proper.

OF COUNSEL:

Jonathan E. Pickhardt  
Maaren A. Shah  
Jonathan E. Feder  
QUINN EMANUEL URQUHART  
& SULLIVAN, LLP  
295 Fifth Avenue  
New York, NY 10016  
(212) 849-7000

Kevin J. Orsini  
Justin C. Clarke  
CRAVATH, SWAINE & MOORE LLP  
Two Manhattan West  
375 Ninth Avenue  
New York, NY 10001  
(212) 474-1000

Dated: January 12, 2026

*/s/ Michael A. Barlow*

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Michael A. Barlow (#3928)  
Shannon M. Doughty (#6785)  
QUINN EMANUEL URQUHART  
& SULLIVAN, LLP  
500 Delaware Avenue, Suite 220  
Wilmington, Delaware 19801  
(302) 302-4000  
michaelbarlow@quinnemanuel.com  
shannondoughty@quinnemanuel.com

*Attorneys for Plaintiff Paramount  
Skydance Corp.*