

Netflix revises Warner Bros. bid to an all-cash offer

Netflix has updated the acquisition terms for its Warner Bros. Discovery offer to an all-cash deal, replacing its initial \$82.7 billion cash and stock agreement. The changes are designed to expedite the sale of WBD studios and streaming businesses, following repeated attempts by rival bidder Paramount to pressure shareholders into accepting its own \$108 billion all-cash offer.

“The WBD Board continues to support and unanimously recommend our transaction, and we are confident that it will deliver the best outcome for stockholders, consumers, creators, and the broader entertainment community,” said Ted Sarandos, co-CEO of Netflix. “Our revised all-cash agreement will enable an expedited timeline to a stockholder vote and provide greater financial certainty at \$27.75 per share in cash, plus the value from the planned separation of Discovery Global.”

The amended transaction will be financed through a combination of cash on hand, available credit and other financing, and was unanimously approved by both Netflix’s and WBD’s boards. Closing the overall acquisition deal is still subject to regulatory and WBD shareholder approvals.

Under the terms of the original transaction agreement announced by Netflix on December 5th, each WBD shareholder was set to receive \$23.25 in cash and \$4.50 in shares of Netflix common stock, with conditions in place if Netflix’s share price falls below \$97.91. Netflix shares fell below that threshold by December 8th, with Paramount launching a self-described “superior” all-cash hostile takeover bid that same day, saying the agreement with Netflix leaves WBD shareholders

reliant on “a complex and volatile mix of equity and cash.”

Rumors of the changes were reported by *Bloomberg* on January 13th, citing people familiar with the revision discussions. WBD has already rejected Paramount's takeover efforts and is now being sued by the David Ellison-helmed company to reveal more details about the Netflix merger deal. By revising to an all-cash deal, Netflix is trying to expedite the acquisition and avoid further opposition, be that from rival bidders or regulatory processes it will need to clear to finalize the merger.

<https://www.theverge.com/news/863318/netflix-warner-bros-discovery-merger-revision-cash-deal>