The Tradition

NEMESIS
COURT SIMULATIONS

M&A
STUDY GUIDE

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LETTER FROM SECRETARY GENERAL

Dear Participants,

As the secretary general of the conference, it is my pleasure to greet you. We are proud to already feel the excitement of hosting one of Turkey's most sought-after legal conferences. Alongside our experienced team, who have been striving to create privileged events for law students in interactive settings for years, we eagerly await your presence.

The main aim of our conference is to create a shared and broad vision with law students and to provide them with the opportunity to experience professional activities within the context of the legal field during their academic lives. In our courtroom simulation, which is designed to prepare you for the profession by providing educational and instructive experiences in competition with many others interested in the field, you will find a rewarding experience.

Furthermore, I would like to emphasize that both the academic and organisational teams of the conference are working in harmony to provide you with a wonderful experience. On this occasion, I extend my thanks to my esteemed colleague and our esteemed Director General Eylül Çamyurdu, and our Deputy Director Generals Duygu Aka and Elif Atay for their incredible efforts and commitment to perfection with the organization, and I also extend the love and greetings of our valuable Deputy Secretary General Safvet Yusuf Tığlı for his outstanding efforts and work he put into helping me guide and build the academic team.

Finally, on behalf of the conference, I would like to thank you for joining us in Nemesis Court Simulations The Tradition. We are proud to be with curious and distinguished law students who are passionate about their profession.

Best Regards,
DEFNE TANRIVERDİ
Secretary General of Nemesis The Tradition 2026

LETTER FROM UNDER SECRETARY GENERAL

Dear Participants,

As you open this Study Guide, you are holding something that has lived in my mind as a genuine dream for a long time: bringing a true M&A simulation to Nemesis and doing it in the way Nemesis deserves.

This would not have been possible without the people who made the impossible practical. I would like to begin by thanking our Secretary-General, Defne Tanrıverdi, our Deputy Secretary-General, Safvet Yusuf Tığlı, and our Academic Assistant, Metehan Yıldırım, for their trust, discipline and support throughout this process.

Nemesis has always been more than a conference to me. In 2024, the year I had the honour of becoming a co-founder, I served as a Deputy Secretary-General, and I remain deeply grateful to our Secretary-General of that year, Salim Can Eser, for his leadership and for the standards he helped set. In 2025, I reached one of my greatest goals: as a co-founder, I had the privilege of serving as Secretary-General of Nemesis. Today, in 2026, The Tradition edition, I stand as Under Secretary General with a pride that feels different from every role I have carried across countless conferences. Nemesis is my home, my dream and the outward expression of what we have been building. Hosting an M&A simulation here, in the conference of firsts and finest moments, is a responsibility I carry with gratitude and with joy.

Since the summer of 2023, one person has never left me alone on this road. To my dear friend and co-founder, my Director-General, my Vice President, my Co-Under Secretary General and my fellow board member, Irmak Gül: thank you, with all my love, for being the constant that made every ambition survivable.

I believe Nemesis will grow exponentially from here. As I approach the end of my law school journey, I dedicate this edition, and the faith behind it, to my fellow law students: I am certain that the generations after us will continue what we started, and they will carry it further than we ever could.

Welcome to Nemesis. Welcome to The Tradition.

With respect,
Hakkı Atanur Duman
Under Secretary-General, Nemesis The Tradition 2026

LIST OF ABBREVIATIONS

Abbreviation	Full form
APA	Asset Purchase Agreement
CVR	Contingent Value Right(s)
DD	Due Diligence
DCF	Discounted Cash Flow
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
EV	Enterprise Value
FDD	Financial Due Diligence
HOHW	Hell-or-High-Water
IOI	Indication of Interest
IP	Intellectual Property
LOI	Letter of Intent
MAC	Material Adverse Change
M&A	Mergers and Acquisitions
NDA	Non-Disclosure Agreement
NewCo	New Company (acquisition vehicle)
QoE	Quality of Earnings
SEC	U.S. Securities and Exchange Commission
SPA	Share Purchase Agreement

Sub	Subsidiary
TSA	Transition Services Agreement
WBD	Warner Bros. Discovery

1. INTRODUCTION TO THE MERGERS & ACQUISITIONS

1.1. Purpose of the Committee

The global media and entertainment sector is currently experiencing its most aggressive consolidation phase in history, caused by the destructive innovation of the "Streaming Wars". Traditional incomes are collapsing, content production costs are rising rapidly, and technology-focused platforms are capturing audience attention. In this era of new technology, this simulation will take you deep into this industry, ensuring you have an experience that you have never had. The primary purpose of this committee is to simulate a multi-billion-dollar Merger and Acquisition (M&A) negotiation involving three giants of this industry: Warner Bros. Discovery, Netflix and Paramount.

Unlike common mock-trial courts that we are used to in these simulations, where counsellors are required to discuss a certain case in the rules of a court, whether it is a criminal or civil, this simulation places participants directly into the boardrooms of Wall Street. Counsellors will assume the roles of the lawyers of these giant firms in the global media industry, they'll be their strategic and financial consultants. This committee is designed to strip away the ethics and justice of a courtroom and drive the councellors into the ruthless, violent and fast-paced reality of corporate law and brutal market competition.

As corporate lawyers, you are the legal team tasked with executing orders from the "Board of Directors" to oversee the corporate governance and protect the long-term interests of the shareholders. While directors owe fiduciary duties of care and loyalty to the corporation, it is the strict obligation of the legal team to ensure that every negotiation, contract, and strategy defends these duties. To satisfy the duty of care, a lawyer must run due diligence, uncovering all material information, hidden liabilities, and legal loopholes so the board can make fully informed decisions. To uphold the duty of loyalty, lawyers must make agreements that prioritize the financial best interests of the company and its shareholders above all else.

In a sale of control of a company, as the role of the directors changes from defenders of the firm against the acquirers, the legal team of the target company must become the brain of this acquisition, using the corporate assets to extract the highest possible price for the stockholders. Furthermore, lawyers must meticulously document and justify every strategic

move to ensure their clients are fully protected by the business judgment rule, establishing an impenetrable legal defense that actions were taken in good faith. Finally, the goal of the legal councellors in a merger or acquisition is to guarantee the creation of shareholder value, ensuring the transaction is legally protected and optimized for their side.

Lawyers will navigate the phases of a corporate acquisition. Beginning with the letter of intent, which is a document outlining the understanding between two or more parties that they intend to formalize in a legally binding agreement. Parties to an M&A transaction often enter into a non-disclosure agreement to protect confidential information. The Director agrees to hold in confidence and not to directly or indirectly disclose, publish, reveal or transfer any confidential information. Any breach of confidentiality can result in significant legal and financial consequences for the disclosing party. Due diligence is the process of verification, investigation or audit of a potential investment or product to confirm all facts and financial information. The process of due diligence ensures that the buyer is aware of all the risks associated with the transaction. You must prepare a sales agreement to move forward with the sale or merger. This document allows for the purchase of assets or stock of a corporation. Don't leave out any assets and liabilities, or this can create problems even after the sale has been finalized. In this study guide, you will find every detail about the stages of an M&A and examples for all the documents mentioned above, which will be needed during the simulation

Lastly, for a note before we move on from the introduction, companies may use mergers and acquisitions to grow, change the nature of their business or improve their position. A good merger or acquisition is all about synergy, which is the concept that the combined value and performance of two companies will be greater than the total of the separate individual parts. Administrative, financial, and operating synergies are the three main types of synergies that can be realized through a merger or acquisition. However, synergistic gains are often hard to realize. Market power allows the firm to sell its goods or services above competitive levels. Competitive effects may result in a merger being challenged if it creates or improves market power. Section 7 of the Clayton Act is the primary statute used by the federal antitrust agencies to challenge anticompetitive mergers. These agencies seek to identify and challenge only those mergers that are likely to lessen competition substantially or to tend to create a monopoly.

Ultimately, the objective of this committee is to provide a comprehensive experience into the structure of a corporate deal, challenging councellors to create an aggressive financial strategy within the bounds of the law.

1.2. What Makes This Simulation Different

Unlike common mock-trial courts that we are used to in these simulations, where counsellors look back at past events to find justice or assign blame before a judge, this simulation operates in the fast-paced present of corporate warfare. In a standard court simulation, the law is applied to figure out what has already happened. However, in an M&A boardroom, the law is used actively as a weapon to capture market value, eliminate competitors, and shape the future of your company.

This committee introduces a dynamic framework that merges intense legal drafting with a real-time crisis mechanism. You will not only negotiate and draft complex legal contracts in the meeting rooms, but you will also simultaneously navigate unpredictable external economic shocks. What truly sets this simulation apart is the use of real-world corporate tactics. Legal teams are empowered to write directives that function as actual market actions. If negotiations stall, lawyers can authorize hostile takeover maneuvers, leak strategic financial information to the press to manipulate a competitor's stock prices, or start aggressive public relations campaigns to destabilize a rival firm.

On the other hand, when faced with an aggressive threat, a target company's lawyers cannot simply raise an "objection" to a judge. They must rapidly deploy defensive corporate structures to protect their client's assets. The simulation demands that counsellors actively employ these defense mechanisms, transforming theoretical corporate law into a live-action battle for financial survival.

Furthermore, every clause negotiated at the table is immediately tested by the simulated market environment, rather than waiting for a final courtroom verdict. A poorly drafted contract will not just cost a team points on a mock trial scorecard, but it will be mercilessly exploited by the crisis team to trigger massive, real-time financial liabilities. This dynamic

environment forces legal counsel to operate simultaneously as contract draftsmen, financial strategists, and crisis managers.

Ultimately, this committee breaks the mold of traditional legal simulations. It proves that in the realm of mega-mergers, the most successful lawyers are those who can anticipate outside interventions, manage public panic, and execute an aggressive market strategy without crossing the line into unlawful manipulation.

1.3. How to Use This Study Guide

This study guide is not just a collection of historical facts or a simple rulebook, it is your primary legal and strategic tool for the duration of this simulation. In the ruthless and fast-paced environment of corporate mega-deals, coming to the table unprepared will cost your company billions of dollars and destroy your shareholders' value. Every section of this document has been carefully designed to provide you with the financial knowledge, legal frameworks, and aggressive tactics you need to survive the brutal market competition.

To successfully navigate this acquisition and achieve your goals, as the lawyers must use this guide as follows:

Factual Background and Key Actors

Before you draft a single contract, you must deeply understand the companies involved. The first half of this guide details the factual background of the Warner Bros. acquisition, the transformation of the global media market, and the logic of the potential acquirers (Netflix and Paramount). You will find crucial information about debt burdens, strategic asset portfolios, and internal uncertainties. Do not just read these sections, study them to find hidden liabilities and leverage points. As a corporate lawyer, you must know your opponent's financial weaknesses to drive the price down or know your own company's strengths to extract the highest possible price.

Phases of Acquisition and Documents

As mentioned before, you will navigate the actual phases of a corporate acquisition. This guide provides a step-by-step breakdown of how a deal moves from the first friendly

approach to the final transfer of control. More importantly, this guide contains detailed instructions and examples for the legal documents you will need, such as the Letter of Intent (LOI), Non-Disclosure Agreements (NDA), and the final Sales Agreements. You must use these templates to build your contracts carefully. In corporate law, a single missing word or a poorly written clause can create massive legal problems even after the sale is finalized. Use this guide to ensure your agreements prioritize the financial best interests of your company above all else.

The Crisis Committee

The boardroom is deeply connected to the outside world, and this is where the simulation gets aggressive. This guide will teach you how the crisis mechanism works and how to write "directives." You will use these directives to take real-world market actions. If negotiations are failing, you can use the procedures outlined in this guide to authorize hostile takeover maneuvers, leak strategic financial information to the press to manipulate competitor stock prices, or start public relations campaigns to destabilize a rival firm. You must understand these rules to operate simultaneously as contract draftsmen and crisis managers.

Role Papers and Confidential Information

Finally, you will be provided with specific Role Papers that outline your private objectives, non-negotiable red lines, and confidential information. You must combine the legal and market knowledge in this study guide with the secret instructions in your role paper. Your role paper will dictate your ultimate victory conditions, while this study guide gives you the weapons to achieve them.

Ultimately, read this guide to prepare yourself for the boardrooms of Wall Street. Identify your leverage points, learn the structure of the legal documents, and prepare to create an aggressive financial strategy within the bounds of the law.

2. COMMITTEE PURPOSE AND SIMULATION FRAMEWORK

2.1. Committee Type and Crisis Format

This simulation is structured as a highly specialized, corporate adaptation of a Crisis Committee (CC). However, where traditional crisis committees focus on military generals moving troops across a map or politicians debating international borders, this committee places you in the shoes of legal partners fighting over market caps, intellectual property rights, and shareholder value.

To accurately simulate the fast-paced and ruthless environment of Wall Street, the committee is divided into two interconnected layers that operate simultaneously: the Front Room (The Boardroom) and the Back Room (The Crisis Mechanism).

The Front Room

The Front Room represents the physical boardroom where the official, face-to-face negotiations take place. This is your primary arena as a corporate lawyer. In this space, the simulation demands strict professionalism, sharp legal arguments, and meticulous attention to detail. You will sit across the table from your rival firms to review financial disclosures, argue over the exact wording of a Non-Disclosure Agreement (NDA), and fight for every single percentage point in the final Sales Agreement.

In the Front Room, the law is your primary weapon. Every conversation here is about leveraging the information you have gathered. For example, if you are the legal team for the acquiring company, the Front Room is where you will aggressively question the target company about their hidden debts during the "Due Diligence" phase. If you are the target company, this is where you will try to start a bidding war, playing the buyers against each other to drive up your final valuation.

The Front Room is not about grand speeches, it is about the cold, hard math of a contract. You will draft legally binding documents and you must operate with the understanding that a single missing word, a poorly defined clause or a moment of carelessness at this table can create massive legal loopholes. Your success in the Front Room relies entirely on your ability to out-negotiate, out-draft, and out-smart the lawyers sitting across from you.

The Back Room

While the Front Room is where the paperwork is signed, the Back Room is where the real war is fought. The Back Room represents the unpredictable and often violent reality of the outside world. It simulates the global stock market, journalists, public relations, and government regulators like the Federal Trade Commission (FTC).

As corporate counsel, your power extends far beyond the negotiation table. You will interact with this Back Room by writing "directives." These directives are your strategic orders to manipulate the market and crush your rivals. If negotiations stall in the Front Room, you do not just wait; you take action. You can write a directive to authorize a hostile takeover, hire private investigators to uncover a rival firm's hidden financial liabilities or leak a damaging rumor to the press to crash their stock price. Alternatively, if your company is under attack, you can use directives to trigger defensive structures, like deploying a "poison pill" to dilute a hostile buyer's shares.

The Crossing of Contract and Crisis

What truly makes this simulation unique is how these two rooms constantly collide. You must balance both realities simultaneously. You cannot draft a brilliant Sales Agreement in the Front Room if your company is actively burning to the ground in the Back Room due to a massive public relations scandal.

Furthermore, the Back Room will mercilessly test the contracts you write. If you draft a weak "Material Adverse Effect" clause or forget to protect a specific intellectual property asset at the negotiation table, the crisis team will exploit that mistake in the Back Room to trigger massive financial penalties against your company. The environment forces you to operate constantly on edge. You are not just a contract draftsman, you are a financial strategist and a crisis manager fighting for the survival of your firm.

2.2. Core Theme of the Simulation

The core theme of this simulation is not about simple corporate growth into new, friendly markets; it is strictly about survival through aggressive acquisition.

The global media and entertainment industry is currently standing on the edge of a cliff. The golden age of traditional box office dominance and cable television is rapidly collapsing. In its place, we have the "Streaming Wars." This new era is a financial consumer where technology giants and studios are spending billions of dollars annually just to capture a fraction of audience attention.

In this new reality, it is a win-or-lose market. Corporate boards have realized a terrifying truth: no company, no matter how legendary its past or how recognizable its brand, can't survive the next decade alone. To stay alive, these firms must merge their assets, consume their weakened competitors, and create massive entertainment monopolies.

As a corporate lawyer in this committee, the main theme is to move forward intensely, often with dangerous friction between two opposing concepts: Synergy and Monopoly.

The Goal: Synergy

Synergy is your ultimate legal and financial objective. It is the core justification for any M&A transaction. It is the concept that merging two companies creates a combined financial value far greater than the sum of their individual parts. For example, your legal strategy will revolve around merging rival streaming platforms, combining iconic intellectual property to create unstoppable franchises, and ruthlessly cutting excess staff to stop your company's financial bleeding. You are trying to architect a corporate machine that the market cannot kill.

The Barrier: Monopoly

However, Monopoly is the legal wall standing in your way. If you consolidate too much power and eliminate too many competitors, the federal government, specifically antitrust regulators like the Federal Trade Commission (FTC), will step in and block the deal as anti-competitive.

Therefore, your theme throughout this simulation is exploring exactly how far a corporation can legally push the boundaries to eliminate its rivals. How do you weaponize another company's debt to buy them at the lowest price? How do you legally absorb a weakened competitor without triggering a massive government antitrust lawsuit? This simulation is a

deep dive into the absolute limits of corporate law, where your ultimate objective is keeping your company alive in an unforgiving ecosystem, regardless of the cost to your rivals.

2.3. Main Parties to the Transaction

To win a corporate war, you must intimately understand all sides of it. A multi-billion-dollar transaction does not happen spontaneously without a reason, it is driven by corporate ego and absolute financial necessity.

While we will examine the detailed financial data., debt structures, and exact historical timelines of these companies later in Title 6 (Key Actors and Power Centers), you must first understand the psychology and posture of the three giants sitting at the negotiation table. Each of these companies has a massive strength you can weaponize, and a weak spot your opponents will try to exploit. You will be assigned to represent the legal interests of one of the following:

1. Warner Bros. Discovery (The Target)

In this transaction, Warner Bros. Discovery is the diamond of the global entertainment industry. They are the ultimate prize at the negotiation table, holding the keys to the most legendary, profitable, and culturally significant Intellectual Property (IP) in history. From the DC Superhero Universe and the magical realm of Harry Potter to the epic story of The Lord of the Rings and the prestige of HBO, their portfolio is simply unique. This is an empire built on a century of cinematic history. They possess massive physical studio areas, deep relationships with the world's greatest filmmakers, and a global distribution network that reaches every corner of the earth.

In the current situation of the Streaming Wars, content is the only currency that truly matters, and Warner Bros. essentially owns the central bank. Any acquirer who successfully conquers this company will immediately capture the attention of audiences worldwide and hold unmatched power over global culture. This makes Warner Bros. not just a target, but the game changer of the industry. The quality of their assets gives them immense leverage. They

are not walking into this negotiation looking for a life vest; they are walking into the boardroom knowing that whoever buys them will win the streaming wars forever.

2. Netflix Inc. (The Acquirer)

In the brutal ecosystem of global media, Netflix is the undisputed top predator. They do not just participate in the Streaming Wars, they invented the battlefield, set the rules of the game, and have ruthlessly dominated it ever since. Armed with the most advanced algorithmic technology on the planet, an untouchable number of global subscribers, and a massive, terrifying cash flow, Netflix operates with a level of absolute financial supremacy that only Hollywood studios can dream of. They have the money to buy almost anyone in the industry, and their corporate ambitions are an absolute total market monopoly.

For Netflix, this acquisition is not about surviving, it is about executing the final, fatal strike against the rest of the industry. By acquiring Warner Bros. Discovery, Netflix intends to consume the target's legendary, century-old Intellectual Property and merge it with their own unmatched distribution network. This combination would create a corporate monster so powerful that it would permanently crush all remaining opposition, ensuring that no other platform could ever challenge their reign again. They are coming to the negotiation table to buy the diamond of entertainment and end the Streaming Wars once and for all.

3. Paramount Global (The Acquirer)

Paramount is a historic Hollywood giant with incredible assets like Top Gun, Mission: Impossible, and the CBS television network. However, they are fighting a losing battle. They arrived late to the Streaming Wars and are currently struggling to survive against tech giants like Netflix and Apple.

For Paramount, this negotiation table is a matter of life and death. They cannot afford to let Netflix absorb Warner Bros. Discovery; if that happens, the resulting monopoly will wipe Paramount off the map. As Paramount's legal team, you are the "Joker". You must either successfully execute a merger with Warner Bros. to create a combined studio large enough to fight Netflix, or you must act as a corporate saboteur, using the press, antitrust regulators, and hostile market tactics to ensure Netflix's deal fails. You are fighting for your absolute survival.

2.4. Central Questions of the Committee

As you step into the Front Room and draft your first Letter of Intent, you must realize that a multi-billion-dollar acquisition is never a simple transaction. It is a complex structure of legal traps, financial risks, and regulatory threats. Your legal strategies must ultimately answer a series of central questions. These are not academic debates, they are the existential problems of your company. If your legal team cannot solve these problems, your contracts will fail, your stock price will crash, and your shareholders will lose everything.

As you navigate the ruthless environment of this simulation, your every move must be calculated to answer the following questions:

1. The Valuation Question

The most difficult question at the negotiation table is deciding the true, legally binding value of Warner Bros. Discovery. This is not a simple math equation. On one hand, you have a century of cinematic history and the most valuable Intellectual Property (IP) on the planet. How do you put a strict financial price tag on Batman, the Harry Potter universe, and the cultural prestige of HBO?

As the legal counsel for the acquiring companies (Netflix or Paramount), you must use the Due Diligence phase to uncover every hidden liability to aggressively drive the purchase price down, ensuring you do not overpay and bankrupt your own firm. As the legal counsel for the target (Warner Bros.), your question is the exact opposite: How do we hold the price at maximum? You must use your IP as a shield to secure a premium valuation before the market realizes how desperate your financial situation truly is.

2. The Antitrust Barrier

Signing a contract with your rival is only the beginning. The moment a mega-merger is announced, the federal government, specifically the Federal Trade Commission (FTC), Securities and Exchange Commission (SEC) and the Department of Justice, will immediately investigate the deal under Section 7 of the Clayton Act. Their job is to prevent monopolies and protect market competition.

If Netflix successfully buys Warner Bros., they will control a terrifying percentage of the global entertainment market. The central question for your legal team becomes: How do we prepare this Sales Agreement to bypass the government? You must craft legal arguments proving that this acquisition creates "synergy" rather than a monopoly. If you fail to answer this question, the government will block the sale, your stock will fall, and years of negotiation will be destroyed in a single courtroom verdict.

3. The Fiduciary Obligation

When billions of dollars are on the line, shareholders become incredibly dangerous. As corporate counsel, your every move in the Front Room and the Back Room will be heavily examined. If you authorize a hostile market maneuver, or if you deploy a massive "poison pill" that temporarily or permanently tanks your own stock to get rid of a buyer, furious shareholders will immediately sue your Board of Directors for breaching their fiduciary duties.

The central question here is: How do you build a legal defense for aggressive actions? You must carefully document every tactic and crisis response to prove that it was done to maximize shareholder value. You have to legally convince the market that your financial violence was entirely protected by the “business judgment rule”. If you cannot legally justify your aggressive strategies, the executives you represent will face massive personal liability, and your firm will be humiliated.

3. HOW THE CRISIS COMMITTEE WILL WORK

Now we’ll dive deep into the procedure of crisis. Even if you have been in a Crisis Committee before, we kindly request that you scan over the following procedural passages to refresh your memory, or if you haven’t, please try to comprehend the required procedural material prior to the committee so that you can feel at ease and enjoy it once it begins. On paper, it is definitely impossible to understand all the mentioned topics and procedures of the committee; hence, do not hesitate to contact us if you have any questions.

This section will cover and provide all the theoretical information lawyers are going to need for the committee; anything else can only be learned through experience.

3.1. What is a Crisis Committee

Very briefly, a Crisis Committee (CC) is a type of committee in which at least two sides usually battle or have rivalry with each other, and during these battles, updates or crises will arrive based on one's directives. Surely, depending on the committee, there can be more than 2 sides, such as in our case, there are 3 sides, which are Warner Bros. Discovery, Netflix Inc. and Paramount Global. Only one side will come out as the winners. The winning condition will be accomplishing the requests of your firm. To move on, here are the definitions of the terms of a crisis procedure:

3.1.1. Directive

Directives are the main materials of Crisis Committees; they are what makes a CC from a normal committee different, such as the General Assembly. As the name implies, the term "directive" refers to an order or instruction. On the committee, any realistic and applicable action can be taken by writing directives. As a result, it is guaranteed that part of the time spent on the committee will be used for writing directives. There are several types of directives depending on what one wants to do, and they will be detailed in the latter section.

To summarize, directives are written when one wishes to accomplish or do something. Writing a directive allows one to take any realistic action, therefore to execute your ideas and progress in the committee, directives will be written.

3.1.2. Updates

1- Updates are the outcomes of directives, which are either granted or rejected based on how precisely one wrote and phrased the directive. The Crisis Team evaluates whether they are adequate or not; every conference with crisis committees includes a Crisis Team which can also be the Under Secretary General and Academic Assistants who read and inspect directives.

2- Updates can also come as a result of a recent incident on your side. For example, if the other side launches a successful hostile takeover initiative on your firm, an update will come. If the directive only concerns your side, such as a public relations incident, then the update will only come to your side, but if it is an event that both sides participate in, then the update will come to both sides.

3- Not every update is the result of your own directives. For example, while a traditional historical committee might suffer from a sudden plague, in this boardroom, the Crisis Team might hit you with a sudden interest rate hike by the Federal Reserve or a completely unannounced antitrust investigation by the FTC. Henceforth, it can be understood that the update may also be a spontaneous crisis that needs to be solved.

3.1.3. Crisis

Crises emerge when one submits an insufficient directive; there will be a backfire, which probably affects you in a negative way, or temporal crises occur depending on the Crisis Teams' wishes. To clarify:

1- For a sufficient directive to be written, there are a few rules and necessities that must be followed; failing this, an inevitable crisis will occur based on what was intended to be done in the directive.

2- If a side does an act that can also damage themselves, if necessary measures are not taken, the update would be a crisis that must be handled promptly.

3- Finally, depending on how the committee's actions progress, a periodic crisis, like an audit from the government or a media manipulation, may arise and negatively affect the side.

3.2. Directive Types and How to Write Them

In a Crisis Committee, there are six types of papers that can be submitted. Each type has its own purpose, advantages, and disadvantages.

3.2.1. Personal Directive (Action, Information, Press Release)

Personal directives are written when an action is within your character's authority or is possible due to their abilities. Now take a look at how to write a Personal Directive: Firstly, there is a format for writing directives; thus, one has to write who is sending the directive and to whom (from, to). After that, which side is sending the directive, then the real-world time and the current date of the committee. Lastly, the type of your directive and the headline of it. And that's it; this is all the format one needs to know to write a directive. The only thing left is the content of the directive, and the method by which one writes it is fairly straightforward; it is written by addressing the WH questions, which are what, why, when, who, where, and, most importantly, how. Write down the action you want to take by answering the WH questions, then detailing and explaining it as much as possible to ensure that your plan is as comprehensive as possible. Also, the use of the future tense is critical; try to use it whenever possible. Here is how a directive looks on paper:

From: Menelaus | Action Directive | Date: 1192BC May 3

To: My Army & Officers (Spartan Cabinet) | Capturing Tiryns | Time: 12.34

What: I will capture Tiryns with my 5,000 agoge men stationed on the Tiryns frontline. My soldiers will kill and destroy any enemy forces they come across, as well as any enemy military bases. Women and children in the city will not be murdered unless they attack the soldiers.

To reduce noise, the 5,000 agoge soldiers will be divided into 50 groups, with 200 soldiers per group. Each group will have a commander, and the commanders will be the best warriors among their groups. They will be well-armed with their hoplons, xiphos, and dorus (Spartan agoge soldiers' shields, spearheads, and small swords). Each group will apply the doctrine properly to face the fewest casualties. If needed, 3 soldiers from each group will bring supplies to their own group from the frontlines, and these 3 soldiers will be picked randomly

from the commanders. They will take the safest route and avoid the enemy. Our men will take the safe paths suggested by our spies.
Why: Tiryns plays a crucial role in the war, and it must be captured in order to cut the enemy's supply lines.

When: Soldiers will charge at 02.00 a.m. to catch the enemy off guard.

Who: I will be operating this attack, and if I fall during the war, my right-hand man, Analus, will take over. 5,000 agoge soldiers will assault the enemy under his command.

Where: 2,500 of my soldiers will charge from the southeast frontline, and the other 2,500 will charge from the west to capture Tiryns.

How*: Soldiers will check and control their weapons before charging. They will pray, remember how brave they are, and then honour their nation and gods by demolishing the enemy. They will not disobey their commander's orders and apply the doctrine as they say. To avoid being affected by attrition, our soldiers will study their geographical situation as well as the enemy's to use it in their favour. Soldiers will use an offensive phalanx formation when I order them to charge, and they will slaughter each enemy troop they face. They will use the offensive formation until they face a larger enemy force to quickly capture as many critical areas as possible. If they face a larger enemy force, to be exact, 1.5 times larger than them, they will quickly change to a defensive phalanx formation and wait for recruitment while defending themselves. Their priority will be killing the enemy rather than cutting supply lines. In mountain areas, they will use the highlands in their favour and quickly oppress the enemy to finish them. Once they reach the city, their priority will be killing the cabinet members of Tiryns. If possible, they will defenestrate them to entertain themselves. After the military bases and the city are captured, soldiers will go to the possible conflict areas to recruit other soldiers. Even though we sent spies before, our soldiers will be vigilant for any kind of trap. Their main objective is to capture the city, and for that purpose, they will sacrifice themselves without hesitation.

Once one gets used to it, it is quite simple and straightforward to write. While it lacks details and additional information, the directive nicely illustrates its format. As one keeps writing and contributing to their side's goals, in no time, one will witness that the directives one has written have already surpassed those of one's above. In other words, the good of the cabinet should be primary goal for you instead of your good. And to write such a directive, here are a few tips and tricks:

- For every action that is written in the directive, it has to answer all the WH questions.
- The longer and more detailed, the better.
- Drawing and using schemes in your strategy may significantly increase the directive's precision and effectiveness. The success rate of the directive will grow in proportion to how clear your action and directive are.
- Do not use abbreviations such as "etc."; instead, detail the directive explicitly.
- WH questions are not necessarily broken into paragraphs (one can write the directive like a book), but if you're a beginner, doing so will dramatically improve the quality of your directive; hence, we strongly recommend it.
- In CCs, one should not try to impose their ideas or policies on others but rather to achieve a specific goal, such as capturing the other side; therefore, do not be hesitant to ask for help from other team members, you are all in this together.
- Precise information, like money amount, is critical; don't forget to write them down.
- If needed, fake names can be used for a strategic person in the directives, like Mr. Robert, the Marketing Manager of Warner Bros.

3.2.2. Joint Directive (Action, Information, Press Release)

Directives written by more than one individual are considered joint directives. Joint directives are written when one can only achieve the purpose of the directive by utilising the authority of other cabinet members. Consider the scenario where one is a Marketing Manager responsible for the market strategy. For the strategy plan, the needed amount of money should be obtained from the Chief Financial Officer (CFO). In this situation, the writer of the directive will be using the help of the CFO in the directive. In this case, the "from" place of the directive would include the Marketing Manager's name alongside the name of the Chief Financial Officer, and instead of a personal directive, you would write Joint Directive at the top of the directive. Everything else is the same.

3.2.3. Committee Directive (Action, Information, Press Release)

A committee directive is written when one wishes to use everyone's authority or when one is about to deliver their final directive (in most cases). Lawyers frequently ask, "How are we meant to write a committee directive with the other cabinet?" However, this concern stems from a widespread misunderstanding. The committee directive is essentially formulated collaboratively within the confines of your cabinet, with the members of your cabinet. Although it is formally referred to as a "Committee Directive," its essence remains similar to that of a cabinet directive. So, simply writing Committee Directive in the "from:" part will do. In our scenario, when a side's lawyers are going to write a directive together, it becomes a committee directive too.

3.2.4. Intelligence (Information) Directive

Intelligence directives are written when one wants to acquire the necessary information about their firm/cabinet/character. The format is exactly the same, except for the "WH Questions" part. For example:

From: Winston Churchill Intelligence Directive Date: 1942 May 3

To: Minister of War Our Troop Counts Time: 16.21
(The Great Britain Cabinet)

How many troops does our country have? Do we possess any nuclear weapons? How many of our military factories are assigned to manufacture infantry weapons, and what kind of weapons are they producing?

When you want to acquire information about something, such as given above, you need to write "To: …" part the real name of the authority if you now, if not a made-up name or just an authority name that can give you that information and if you are going to take an action, you need to write the one who will take the action too into all of your directives. To sum up, imagine who would receive this order as the related authority and write those names. For

example, if you would like to publish something in the news like The Times, you should write “To: Public Relations” or “To: Publisher of Times” and for the intelligence/information directives, if you ask for your rifle amounts, you should write “To: CFO”.

3.2.5. Top Secret

Top Secret directives are the types of directives written if you want to act on something secretly. They are written precisely the same, but one must fold the paper and write “TOP SECRET” on the back side of it. The major reason for writing a Top Secret Directive is treason, a diabolical strategy to commit unlawful acts. For instance, if you are going to start rumors about other firms, you need to write “Top Secret Directive” but we don't recommend writing Top Secret Directives unless you're planning on writing a brilliant long and detailed directive, because failing to do so will backfire much worse. If one fails to accomplish their nefarious plan and gets busted, the update to that one’s side will be heavily negative effect. Additionally, updates to the Top Secret Directives are only sent to the person who sent them unless they directly affect the other side.

3.2.6. Press Release (Declamation)

Press Releases are written when one wants to make a declaration, a speech, or a notice. When one writes a press release, depending on the era of the committee, the other cabinet members may hear it or not. In our case, with highly developed media firms including TV News, magazines, social media, or newspapers, it will be so much easier to publish a press release and probably almost all of the US will watch, read or hear about your press release. The format is once again exactly the same, except for the "WH Questions" part. For example:

From: Erwin Smith	Press Release	Date: 845 July 23
To: My Soldiers (Wall Maria Cabinet)	Hyping Up the Soldiers	Time: 18.17

Everything that you thought had meaning: every hope, dream, or moment of happiness. None of it matters as you lie bleeding out on the battlefield. None of it changes what a speeding rock does to a body, we all die. But does that mean our lives are meaningless? Does that mean that there was no point in our being born? Would you say that of our slain comrades? What about their lives? Were they meaningless?... They were not! Their memory serves as an example to us all! The courageous fallen! The anguished fallen! Their lives have meaning because we, the living, refuse to forget them! And as we ride to certain death, we trust our successors to do the same for us! Because my soldiers do not buckle or yield when faced with the cruelty of this world! My soldiers push forward! My soldiers scream out! My soldiers RAAAAAGE!

A Press Release like that might be written to your staff at your firm to increase the motivation and morale of workers, or it could be written in any way one wishes, depending on their goal. Since one is addressing your people rather than the Crisis Team, the language can be informal. Plus, press releases can prevent crises, especially those related to the public; they can be used for propaganda, making promises, or spreading misinformation. This is a different form of press release that could be submitted:

From: Rollo | Declamation | Date: 802 August 28

To: My Army | Standing our Ground | Time: 10.27

(Frankish Kingdom Cabinet)

All of my life and all of your lives have come to this point. There is nowhere else to be but here. Nowhere else to live or die but here. To be here now is the *only* thing that matters. So, gather yourselves. Gather all of your strength, all of your sweetness into an iron ball. For we will attack again and again until we reach and overcome their king or die in the attempt! We will attack! Attack! Attack! Blow the horns! Beat the drums! And have courage! For there will be no turning back. Only victory! Or death!

Based on one's creativity, press releases may vary just like directives and can be used for almost any purpose. And for this committee, you can write public announcements, news about anything, interviews and etc.

4. INTRODUCTION TO THE ACQUISITION OF WARNER BROS.

To understand why we are sitting at this negotiation table, first, we need to understand the history of the target company. Everyone in the world knows the name Warner Bros. for almost a century, they have been the kings of Hollywood. They are the creators of cinematic history, the home of Batman, Harry Potter, The Matrix, and the legendary television network, HBO. For decades, their business model was perfect and simple: they spent millions of dollars to make great movies, put them in thousands of movie theaters around the world, sold the DVDs, and made billions of dollars in profit. They were an unstoppable empire. But the world changed, and it changed very fast.

We have entered an era known as the "Streaming Wars". Technology companies, led by Netflix, completely destroyed the old Hollywood business model. Nowadays, people have stopped going to movie theaters as much as they used to. Millions of people canceled their expensive cable television packages. Instead, audiences decided they only wanted to pay a small monthly fee to watch whatever they wanted, whenever they wanted, on the internet.

Suddenly, the 100-year-old Warner Bros. empire was in terrible danger. To survive this new era, they realized they had to create their own streaming platform to compete with Netflix. They built "Max" (formerly HBO Max). However, they quickly learned a very harsh truth about the streaming business: building a platform and constantly making new, high-quality movies and TV shows to keep subscribers happy costs an unbelievable amount of money.

In a desperate attempt to grow large enough to survive the Streaming Wars, Warner Bros. started buying other companies and merging with other television networks. They merged

with Discovery, hoping that combining their powers would make them strong enough to fight tech giants like Netflix and Apple. But this desperate strategy created a massive, deadly problem, a problem that is the main reason this committee exists today.

When Warner Bros. merged with Discovery, they did not just combine their movies and television networks, they combined their corporate capital. By trying to grow fast enough to fight Netflix, Warner Bros. Discovery accidentally trapped themselves under a mountain of corporate debt. We are talking about tens of billions of dollars owed to Wall Street banks.

Suddenly, a terrifying situation emerged. The company realized that almost every dollar of profit they made from a movie ticket or a streaming subscription had to be used just to pay the interest on their massive loans. Because they were spending all their money paying back the banks, they did not have enough cash left over to make the expensive, high-quality movies and TV shows needed to keep their audiences happy.

This created a massive paradox for the Board of Directors. On paper, Warner Bros. Discovery is the most culturally valuable company on earth. They hold the rights to Batman, Superman, Harry Potter, Game of Thrones, and The Lord of the Rings. But in financial reality, their bank accounts are bleeding. They are like a giant trapped in a financial cage, unable to move.

As you step into this simulation, you must remember one critical fact: you are not here to negotiate a peace treaty. You are here to win a financial war. You are stepping into the boardroom at the exact moment the entertainment industry is burning, and your job is to make sure your company is the one that walks out of the fire alive. The stage is set. The giant is bleeding, the sharks are in the water, and the contracts are sitting on the table. The decisions you make in this boardroom will decide the future of global entertainment.

5. FACTUAL BACKGROUND OF THE ACQUISITION

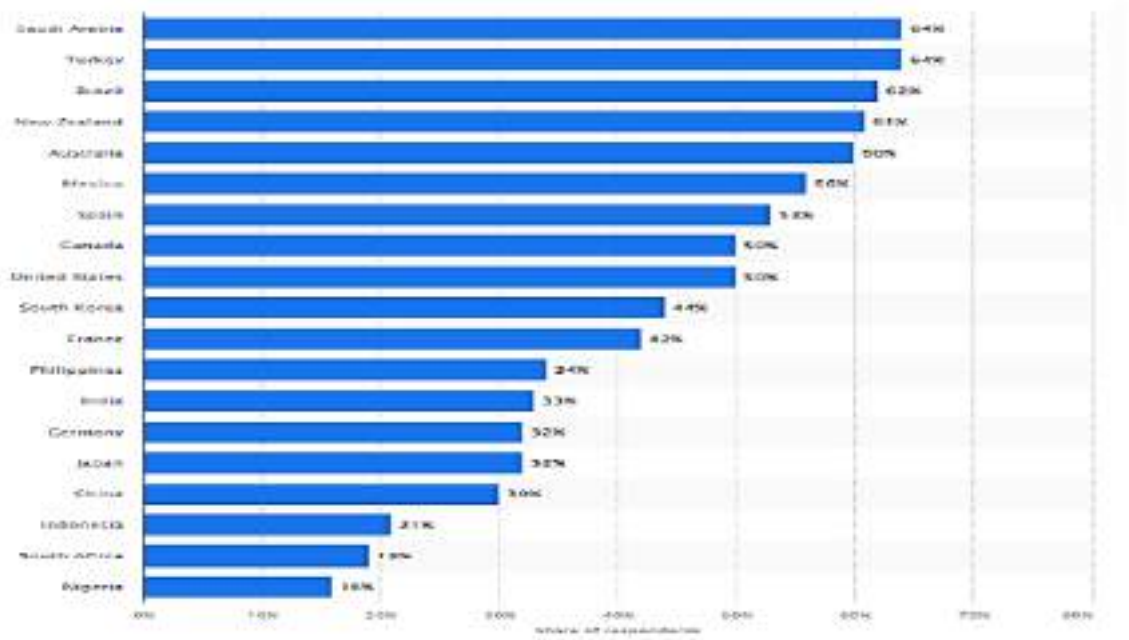
5.1. Transformation of the Global Media and Streaming Market

To understand the sheer financial violence of this acquisition, we must first look at the battlefield itself. The global media landscape has been completely torn apart and rebuilt over the last decade. The old Hollywood system is dead. As noted by the New York Times, the streaming era has finally arrived, and everything is about to change.

In the past, over-the-air television was free, but households had to pay expensive monthly fees to get premium cable TV channels. Cable was the main way to get entertainment. However, people today do not want to wait for a TV schedule; they want instant gratification. Because internet streaming has become so cheap and easy to use, audiences are rapidly abandoning traditional cable television. Subscription video-on-demand (SVOD) services have become the number one choice for entertainment.

This shift is not just a passing trend; it is a total technological interruption. Digitalization describes the last stage of this transition from analog to digital and eventually to completely digital. As more gadgets become internet-connected, the demand for online music and video services increases. World Wide Web, multimedia and streaming, the ones who use the internet and computers, became the absolute centers of the entertainment world.

The proportion of internet users watching online videos during January 2021



Because of this massive digital shift, the increasing prevalence of streaming services in the market has characterized them as “new monsters” due to their reliance on technological advancements. SVOD platforms have revolutionized the entertainment industry by offering various content options and flexible broadcasting schedules. Consumers’ desire for personalized experiences directly drives this shift in viewing habits.

To survive this era, companies must prioritize creating data-driven and information-rich digital goods. Products that can display information and provide services online are increasingly important. By distributing material through over-the-top apps, new program distribution competitors like Netflix, Apple, Amazon Prime Video, Disney+, and Hulu may easily avoid the traditional monthly subscription model of old cable companies. As consumers navigate through a network of independent and linked devices, media companies now battle for control over the content and services they provide.

As viewers continue to run away from traditional television, the subscription video market is expanding into a massive, billion-dollar industry. In 2022, video streaming services were predicted to generate $82.43 billion in revenue. Looking into the near future, this market is expected to reach an incredible $115.90 billion by the year 2026, capturing around 1.5 billion customers paying worldwide.

The Streaming Video on Demand Market Report 2021-2022

The Worldwide Streaming Market		
Point of Comparison	2021	2022
Revenue	2020: USD 59,387bn	2022: USD 82.43bn
	Expected in 2025: USD 108,660bn	Expected 2026: USD 115.90bn
Users	2020: 962.3 m User	N/A
	Expected in 2025: 1,423.0 m User	Expected in 2026: 1,486.8m User
Revenue Comparison *Top 5 (2021) in a million USD (U.S.$)*	United States: US$32,0822m.	United States: US$36,520.00m
	China: US$11,9273m.	N/A
	United Kingdom: U.S.$ 2,8924m.	N/A
	Japan: U.S.$ 2,1585m.	N/A
	Germany: U.S.$ 2,131m	N/A
Growth Rate	(CAGR 2022-2028) of 21.0%	(CAGR 2022-2026) of 8.89% to reach US$115.90bn by 2026
Major Country scope	U.S.; Canada; Mexico; Germany; U.K.; France; China; Japan; India; Brazil	United States, United Kingdom;Canada,Brazil; Germany

This unbelievable amount of money is exactly why the "Streaming Wars" are currently happening. Tech companies like Amazon and Netflix defined the early years of this market and took the lead. Netflix has dominated the global industry for a long time, becoming the most popular service in the world with over 201 million subscribers by late 2020. Amazon Prime Video followed right behind them in second place with 117 million users.

But the traditional legacy studios did not just surrender. Giant content creators like Disney entered the battlefield to fight back. The aggressive entrance of Disney+ completely shook up the entire streaming industry. Because Disney built its own streaming platform, competitors like Netflix immediately lost the legal rights to stream several popular movies and shows that Disney used to supply to them.

Now, the platforms are desperate for content. To survive this war, streaming services like Netflix and Paramount+ have a massive need to create their own original and exclusive programming.

To win this war, these tech companies have realized one truth: content has always reigned supreme, and it is the key reason individuals choose a streaming service. The financial success of massive firms like Netflix is directly tied to the amount and quality of the material they own. In the United States, when people decide to pay for a new streaming service, they do it almost entirely for the specific shows and movies it provides. In fact, 47 percent of users say that getting access to new material is their primary motivation for spending extra money on these platforms.

Because the tech platforms are desperate for shows to keep their subscribers paying every single month, the balance of power in the industry has shifted. This streaming boom has massively increased the financial power of the people who actually create and own the content. Whoever holds the legal rights to the best stories controls the entire market.

But acquiring this content is incredibly expensive and strategically complex. The primary factor that fascinates a customer is the material, but different audiences want different things. If a company wants to capture a local market, the content must be localized to those specific viewers. However, if these tech giants want to win on a global scale, they need massive, blockbuster material that exceeds regional traits and appeals to everyone on earth.

This is exactly why companies like Amazon Prime Video are spending billions of dollars to ensure they have the most available material of any streaming service in the market. It is a brutal race to buy up all the intellectual property before the competition does. In this environment, a legacy studio with a massive, historic library of characters and stories is no longer just a struggling business; it is the ultimate weapon that every tech giant needs to survive.

5.2. Consolidation Pressures in the Entertainment Industry

In today's fiercely competitive markets, customers' desire for instant gratification has shifted towards subscription video-on-demand (SVOD) services. New video-on-demand platforms have appeared on the market since 2005, and since then, television stations, infrastructure providers, and most recently, traditional content creators have entered the market. To acquire a competitive advantage, market players are concentrating on growing their customer base.

Consequently, a trend toward consolidation can be an important factor in understanding the risks to competition presented by a merger. Agencies sometimes encounter mergers where the merging parties gain bargaining power over other firms they deal with through consolidation. This can encourage other firms to merge in order to gain counter-bargaining power, triggering a chain reaction of further mergers.

This situation can ultimately lead to an industry where a few powerful firms have market power over each other and over potential participants or trading partners at various points in the value chain. For example, distributors might merge to gain leverage against suppliers, who then merge to gain leverage against distributors, encouraging a wave of mergers that lessen competition by increasing the market power of both. If an industry has gone from having many competitors to becoming concentrated, it may suggest a greater risk of harm, because new entry may be less likely to replace the lessening of competition the merger may cause.

In general, boards of directors of target companies face a fundamental challenge between maximizing the sale price and ensuring that the transaction is completed. While this tension is present with any sale of goods, it is particularly heightened in the market for corporate control because the sheer size and complexity of these transactions substantially raise the stakes of failure.

A firm that puts itself up for sale but is unable to obtain a suitor is likely to be viewed as "damaged goods". Consequently, potential buyers will conclude that the parties previously interested in acquiring the firm (who received confidential information regarding its financial and business prospects as a result) must have discovered something unacceptable. Because of

confidentiality agreements, other potential buyers are often unable to identify the cause of failed negotiations and will withdraw from the process out of sheer risk-aversion.

5.3. The Corporate Formation of Warner Bros. Discovery

In 2022, AT&T Inc. and Discovery Inc. announced a definitive agreement to combine WarnerMedia's premium entertainment, sports and news assets with Discovery's leading nonfiction and international entertainment and sports businesses to create a premier, standalone global entertainment company. The transaction will combine WarnerMedia's storied content library of popular and valuable IP with Discovery's global footprint, trove of local-language content and deep regional expertise across more than 200 countries and territories. Ultimately, the "pure play" content company will own one of the deepest libraries in the world with nearly 200,000 hours of iconic programming and will bring together over 100 of the most cherished, popular and trusted brands in the world under one global portfolio.

To execute this, under the terms of the agreement, which is structured as an all-stock, Reverse Morris Trust transaction, AT&T would receive $43 billion (subject to adjustment) in a combination of cash, debt securities, and WarnerMedia's retention of certain debt. Consequently, AT&T's shareholders would receive stock representing 71% of the new company; Discovery shareholders would own 29% of the new company.

When available, such a transaction can be a tax-efficient method to potentially preserve and create value for both companies' stockholders in a manner relatively unique among structuring choices. In its most common form, a Reverse Morris Trust transaction involves a publicly traded company, referred to as Parent, and another publicly traded company, referred to as RMT Partner, entering into a series of agreements related to each other whereby Parent contributes the business to be divested into a new or existing holding company, referred to as Spinco, with Parent distributing all of the equity of Spinco to stockholders of Parent. Immediately after the distribution of the Spinco equity, Spinco combines with RMT Partner, typically through a reverse subsidiary merger, with Parent stockholders receiving shares of RMT Partner stock in exchange for their shares of Spinco equity cancelled in the merger.

Regarding the leadership, governance, and structure of this new leviathan, the companies announced that Discovery President and CEO David Zaslav will lead the proposed new company with a best-in-class management team and top operational and creative leadership from both companies. Furthermore, to maintain control, the new company's Board of Directors will consist of 13 members, 7 initially appointed by AT&T, including the chairman of the board; Discovery will initially appoint 6 members, including CEO David Zaslav.

To justify this massive combination to the market, they projected forming a new company that will have significant scale and investment resources with projected 2023 Revenue of approximately $52 billion, adjusted EBITDA of approximately $14 billion, and an industry leading Free Cash Flow conversion rate of approximately 60%. The brutal financial logic of this merger relied entirely on creating at least $3 billion in expected cost synergies annually for the new company to increase its investment in content and digital innovation, and to scale its global DTC business.

However, looking closely at the financial profile and the debt that is currently crushing the company, the new company expects to maintain an investment-grade rating and utilize the significant cash flow of the combined company to rapidly leverage to approximately 3.0x within 24 months, and to target a new, longer term gross leverage target of 2.5x-3.0x. To ensure this execution, Warner Media has secured fully committed financing from JPMorgan Chase Bank, N.A. and affiliates of Goldman Sachs & Co. LLC for the purposes of funding the distribution.

5.4. Post-Merger Integration Challenges

Discovery Chief Executive David Zaslav, the architect of his company's brave $45-billion takeover of WarnerMedia, sought during a Tuesday town hall meeting to reassure battle-weary troops. However, when the two companies come together, it will also be burdened with an estimated $58 billion in debt. The bulk of that debt will come from the $43 billion payment that will go to AT&T as part of the deal.

Consequently, Zaslav has said that he sees $3 billion in cost savings by 2024, which typically means more job losses, causing more anxiety for a workforce that has endured substantial layoffs under AT&T. Since AT&T absorbed Time Warner for $85 billion in June 2018, there have been multiple management shake-ups, more than 2,000 layoffs and controversial moves that have tested the faith of Hollywood. Because of this, morale decreased.

Furthermore, the company also has been grappling with the fallout from its much-criticized decision to release all of Warner Bros.' 2021 films on HBO Max the same day they arrive in theaters, which infuriated powerful producers and directors. Should regulators approve the deal, Zaslav will become the company's fourth CEO in less than five years.

And Discovery must sit on the sidelines in a fast-changing media environment as the merger moves through the government's review, which could take more than a year. Consequently, the regulatory delay will give competitors Netflix, Amazon, Disney, Comcast and ViacomCBS more time to get traction for their streaming services, which could leave WarnerMedia's HBO Max and Discovery+ at a disadvantage. Both of these companies are at critical junctures in building their streaming products, and now they are going to be focused on other things. The major challenge is going to be having a comprehensive offering, bringing together a platform that's going to be competitive in streaming, and they do not necessarily have a lot of time to do that. To be successful in this race, you have to have a very credible global strategy.

Furthermore, analysts also expect some inevitable cultural clashes between two very different companies. Discovery is a giant in unscripted television, while the strength of Warner Bros. and HBO has been providing premium scripted TV shows and movies. When it comes to the cost of producing Warner Bros. movies and HBO shows, there might be some sticker shock, media veterans said. Because David Zaslav is a content guy, but he's not a Hollywood guy, a lot of Discovery's success has been running unscripted TV production very efficiently. However, scripted content is, by nature, less efficient and more expensive. It's not, "Hey, we need another show about buying and selling houses, let's flip the cookie-cutter out".

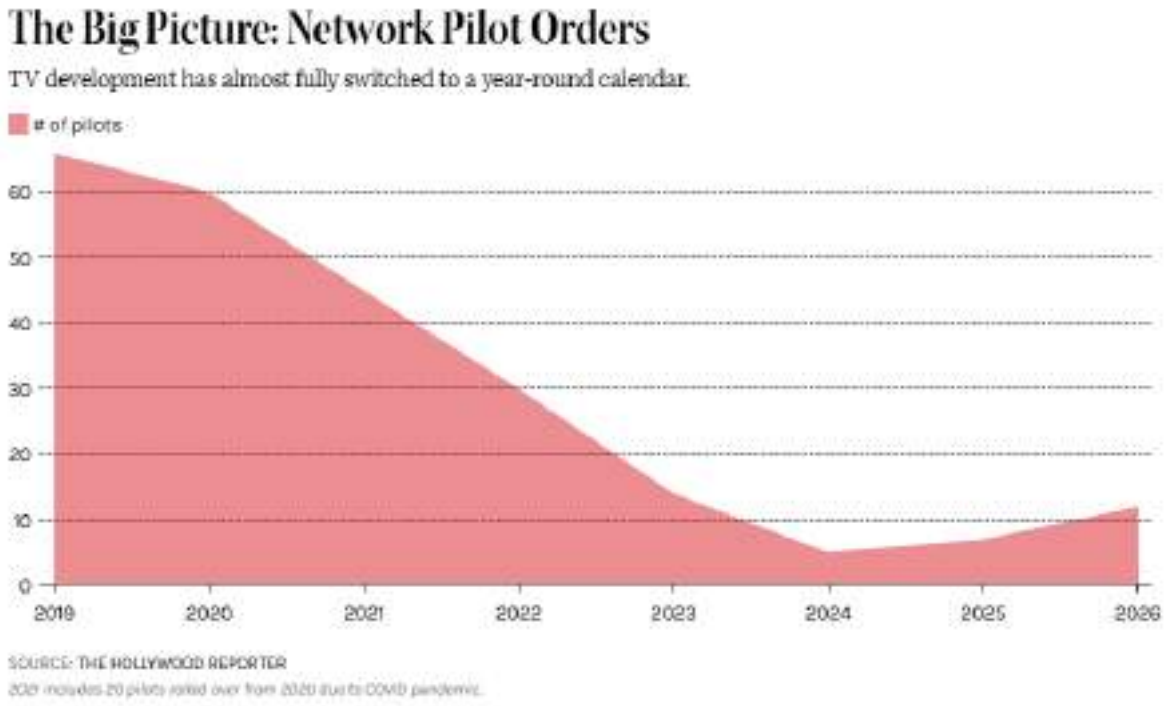
5.5. Internal Strategic Uncertainty at Warner Bros. Discovery

Last October, Warner Bros. Discovery, itself the product of a merger, started exploring merger and sale options, setting the stage for a seismic shift in the media and entertainment landscape. The transformation that's happening in our business today is massive. We live in a world where Silicon Valley is coming, and there's a virtue to consolidation and scale. The result for many of the companies left out is smaller ambitions and in some cases, a sales process.

In a desperate bid to stabilize the empire, Warner Bros. Discovery announced a radical plan on June 9, 2025, to separate the company into two distinct public entities: "Streaming & Studios" and "Global Networks". The decision was made to provide both entities with stronger focus and strategic flexibility to better compete in the "evolving media landscape". David Zaslav would serve as CEO of Streaming & Studios, overseeing the "crown jewel" assets like HBO and DC Studios, while CFO Gunnar Wiedenfels would lead Global Networks, which includes the legacy cable cash cows currently facing steep declines due to cord-cutting. This structural pivot was a clear admission that the original 2022 merger had failed to produce the desired synergies while leaving the company with two vastly different corporate cultures while servicing $55 billion in inherited debt.

The internal chaos was punctuated by a "crisis of abundance" where most streamers were not profitable, forcing a reevaluation of content strategies. Between 2022 and 2024, the company underwent aggressive "right-sizing" which included the bombshell cancellation of the $90 million Batgirl film and the quiet removal of original titles from HBO Max in search of tax write-offs. These moves fueled a culture of fear, where creative decisions were entirely subordinated to immediate financial survival. By early 2025, while the company attempted to stabilize, the relentless pressure of the streaming-first economy made further consolidation inevitable.

The Hollywood Reporter - "David Zaslav Gets the Last Laugh"



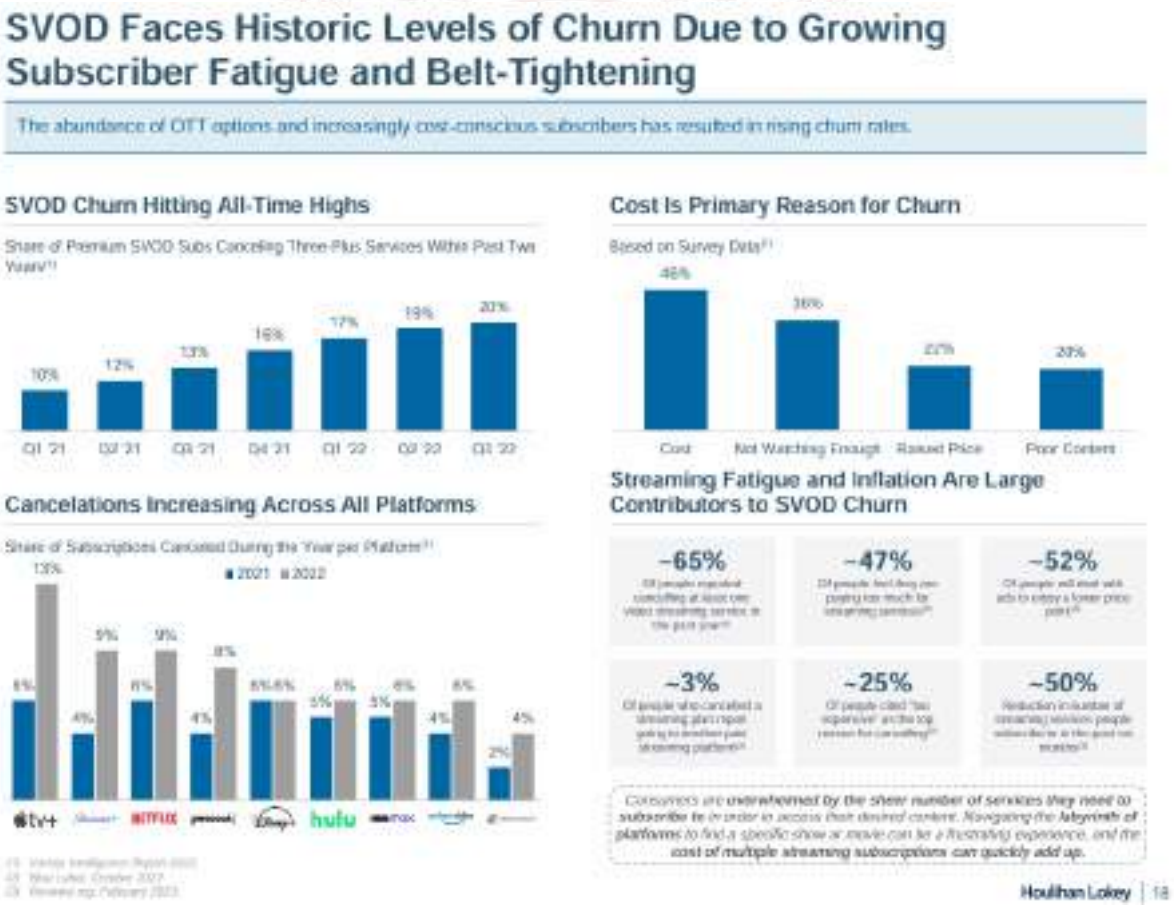
The final stage of this uncertainty arrived in early 2026. Following months of high-stakes negotiations, a months-long corporate battle broke out between Netflix and Paramount Skydance for control of the studio. While Netflix initially made an offer for only certain properties, Paramount Skydance moved for the entire company. On February 26, 2026, Netflix officially walked away, stating the deal was "no longer financially attractive" effectively leaving David Zaslav's empire in the hands of Paramount Skydance's superior $111 billion bid.

Ultimately, the WBD Board unanimously recommended the Paramount merger, which represents a 147% premium to the company's unaffected stock price. However, the legacy segment, comprising CNN, TNT, and TBS, remains trapped, managing the decline of a heavily impaired television portfolio as the industry heads toward a final consolidation where only three or four titans will remain.

5.6. Market Perception and Investor Expectations

Following years of extraordinary growth and spending, and adulation from Wall Street, leading streaming platforms have come under intense pressure. The initial euphoria over subscription video-on-demand (SVOD) fueled an increase in new streaming services, which drove massive content spend as platforms competed for subscriber leadership. However, this "growth at all costs" mentality eventually hit a wall. Wall Street's impatient stance forced a focus on profitability as streamers were compelled to re-evaluate their business models. Most streamers aren't profitable, and that's a problem for Wall Street in the short term and for the companies themselves in the long term. SVOD now faces historic levels of churn due to growing consumer fatigue and belt-tightening.

Houlihan Lokey - "Digital Video / OTT Update"



For Warner Bros. Discovery, this correction was particularly brutal, as investors began to see it as a heavily burdened legacy entity struggling to navigate a "disaster of abundance". Shares

fell approximately 70% from the merger's close in 2022 through late 2024, reflecting a fundamental shift in sentiment where subscriber numbers alone no longer satisfied the street. The market's skepticism was cemented by massive impairment charges in 2024, signaling a permanent loss of value in the company's linear cable networks due to structural softness in the U.S. advertising market and looming uncertainty over high-stakes sports rights renewals.

This chart serves as visual proof of the "market reckoning" showing the -79.7% decline for pure-play over-the-top platforms compared to the S&P 500, illustrating why Warner Bros Discovery Inc.'s valuation was trapped in a downward spiral even as it pursued market leadership. Furthermore, the industry faced historic levels of churn as cost-conscious consumers became fatigued with the growing number of streaming options. As consumers accelerated their cord-cutting and abandoned traditional television, Warner Bros Discovery Inc. faced the rapid decay of its most profitable legacy assets. The strategic dilemma for leadership became paralyzing: extracting cash from dying cable channels to fund streaming debt, while the market capitalization of the entire company hovered around a mere $17 billion.

Despite these risks, the market began to flag Warner Bros Discovery Inc. as an "M&A Floor Setup" as technical support for the share price grew in the middle of the high-stakes bidding war between Netflix and Paramount Skydance. While the "unaffected" share price languished at $12.54, the competitive auction process proved that the market valued Warner Bros Discovery Inc.'s "crown jewel" intellectual property, including HBO and DC Studios, far higher than its consolidated balance sheet suggested. Netflix's willingness to bid as high as 25 times the estimated 2026 EBITDA for the streaming segment highlighted the immense scarcity value of these assets in a consolidating world.

Ultimately, investor expectations shifted from a focus on standalone survival to the realization that global scale had become the only critical factor for survival. This forced a realignment where the board unanimously recommended the Paramount merger to finally maximize shareholder value and exit the "valuation trap" that had plagued the company since its formation.

5.7. Why Warner Bros. Discovery Became a Plausible Target

Even though the video streaming marketplace is relatively new, it is widely understood that some market consolidation is inevitable and necessary. In the current market, consumers are frustrated and Wall Street is impatient. The result is a "crisis of abundance" for consumers.

The Hollywood Reporter - "David Zaslav Gets the Last Laugh"

Many services remain unprofitable, and for them, a merger may be the only option to continue operating. The vertical is ripe for additional consolidation as leading streaming platforms look to augment IP rights/content offerings, production capabilities, and monetization capabilities. As media and tech giants gear up for the next phase of the streaming wars, we expect further consolidation across the over-the-top landscape as size and scale matter more than ever.

Warner Bros.' vast content library, sizeable production capabilities, and the third-largest streaming platform (HBO Max), combined with Netflix's scale, could easily preclude competition in this quickly evolving sector. A smaller streaming service's acquisition of Warner Bros. could create greater competition, establishing a company with the content library and user base to be closer to Netflix.

To understand why a company of this magnitude became a target, one must look at the brutal economics of its competition. Netflix is far and away the dominant competitor in terms of paid subscribers, dwarfing all other standalone video streaming providers. Netflix has more than double the number of subscribers as content powerhouse Disney+. Furthermore, Netflix is in the strongest profit position, which allows it to self-fund content projects and command a premium for its subscription service.

Conversely, most other streamers remain unprofitable or are subsidizing their video streaming services from other revenue sources. Because of this relentless pressure, there has been a continued evolution away from pure-play SVOD to free and hybrid models as the industry strives for profitable growth. Platforms must look for ways to differentiate and engage users to mitigate churn. Sports will become an important new battleground.

As the U.S. market matures, the large U.S. platforms will increasingly look for growth in international and emerging markets. Ultimately, the rebundling of streaming services is necessary (whether via M&A or partnership) as consumers have grown fatigued with the number of streaming services (and the "tyranny of choice"). Warner Bros. Discovery simply did not have the standalone capital to win this attrition war.

As the realization set in that Warner Bros. Discovery could not survive isolated, the logic of who could legally acquire them became the defining factor. If Netflix's acquisition of Warner Bros. is approved, it would push its share of the U.S. SVOD market to 33 percent, 12 points higher than Prime Video, the next closest platform in terms of size. By all available evidence, Netflix's acquisition of Warner Bros. would run afoul of the United States v. Philadelphia National Bank market share threshold.

However, a merger between Warner Bros. and Paramount, or another smaller streaming service, may not unseat Netflix from atop the "streaming wars" but it could establish the resulting company as a close contender. Such an outcome certainly would not harm consumers, since it would force Netflix (and other providers) to continue to innovate and offer competitive prices.

The question for policymakers is whether a video streaming market dominated by a single, Tier 1 provider is best for consumers, for competition, for choice and for innovation, or whether a transaction that creates a stronger Tier 2 competitor for Netflix would be better. This exact regulatory logic made Warner Bros. Discovery the ultimate, highly contested prize for any Tier 2 or Tier 3 competitor looking to survive.

5.8. Emergence of Industry Interest in a Potential Transaction

Last October, Warner Bros. Discovery, the product of a merger, started exploring merger and sale options, setting the stage for a seismic shift in the media and entertainment landscape. Due to this exploration for sale options, Warner Bros. Discovery has modified Chief Executive David Zaslav's contract for a second time this year to prepare for the company's proposed breakup. The month's alterations occurred a week before initial bids are due in the Warner Bros. Discovery auction.

Industry watchers expect Paramount, Comcast and Netflix to make offers for the embattled entertainment company that owns HBO, CNN, Food Network and the storied Warner Bros. movie and television studios. When David Ellison decided that he wanted to level up his entertainment ambitions, Paramount was his first target. If David Ellison has his way, Warner Bros. Discovery will be his next prize.

Paramount Skydance's pursuit of Warner Bros. Discovery will create a trio (alongside Netflix and Disney) of global entertainment giants, while the tech giants Amazon, YouTube and Meta are encroaching further on territory that was once the realm of legacy media. New kings of Hollywood, from Ellison and Sarandos to YouTube's Neal Mohan and Disney's Josh D'Amaro, will benefit, while others figure out how to proceed without their scale.

While many potential suitors seemed interested, Paramount Skydance made an offer for the entire company. In reaction, Netflix made an offer for only certain Warner Bros. properties. Weeks later, Warner Bros. accepted Netflix's offer. The announcement immediately drew scrutiny from policymakers in Washington, as Netflix is already the largest subscription video on demand (SVOD) provider in the world.

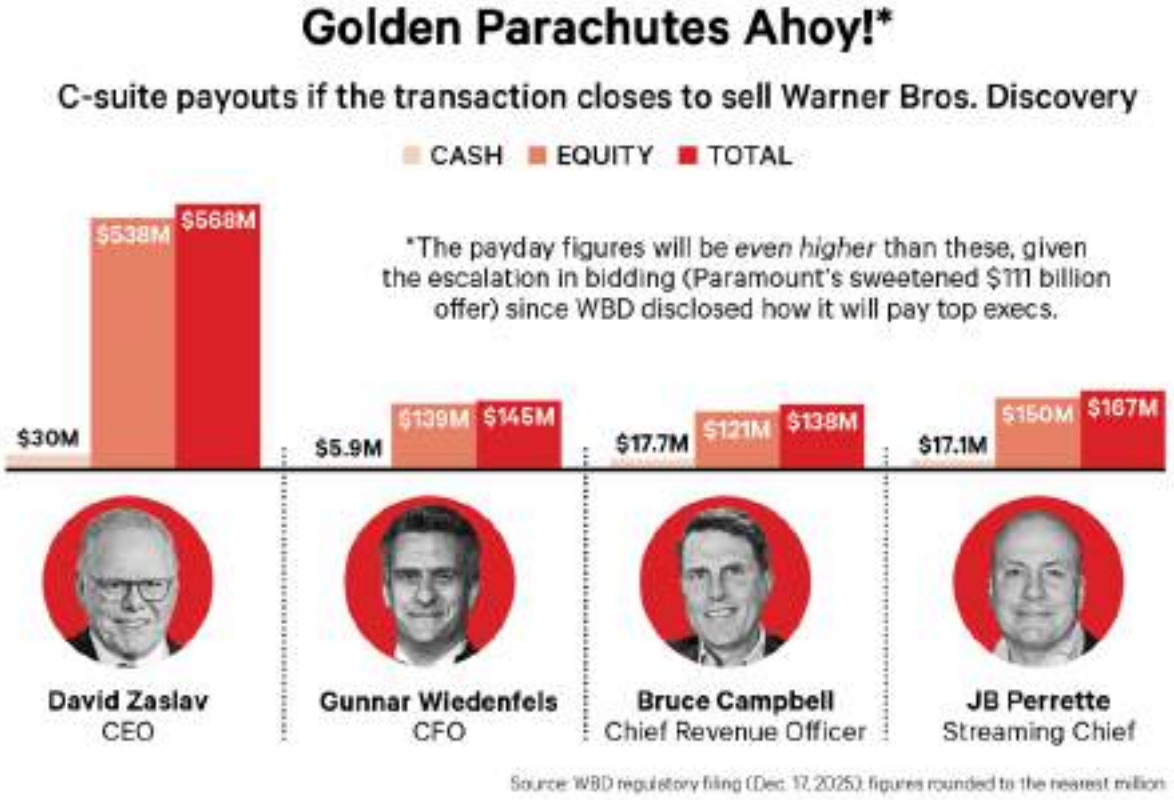
Unlike December's visit from Netflix co-CEOs Ted Sarandos and Greg Peters to the Warner Bros. Discovery lot, no glamour photos were taken, but the public appearance of Ellison on his property-to-be underscores the new world order that is about to swallow the industry. But Paramount Skydance hasn't thrown in the towel and is attempting to persuade Warner Bros. Discovery shareholders that theirs is the superior offer. It would not be unusual for both suitors to continue to modify and enhance their bids as the process unfolds. At the time of this writing, both Netflix and Paramount Skydance are vying to acquire Warner Bros. Discovery.

"Give Zaslav credit, he's my hero" investment manager Mario Gabelli, who is also a large Warner Bros. Discovery shareholder, told The Hollywood Reporter when Paramount and Netflix were still engaged in a battle for the prize. Ultimately, Netflix shockingly bows out, leaving Paramount as the apparent Warner Bros. winner. A "superior offer".

The Warner Bros. Discovery's $111 billion deal with David Ellison reveals the next stage of the business: The rich get richer, the big get bigger and everybody else is left in the dust. On March 5, a week after inking a $111 billion deal, Paramount CEO David Ellison and Warner Bros. Discovery CEO David Zaslav conspicuously lunched in the executive dining room on the Warner Bros. Studio lot, breaking bread over their mega-merger that will reshape Hollywood. A year ago, Ellison was the CEO of Skydance, a studio with a valuation of $4.75 billion. When this deal closes, he will control two of Hollywood's legacy studios, an empire valued at north of $120 billion.

Zaslav is running a company that had a share price of $10 a year ago. Now he is the toast of Wall Street, more than tripling the company's value as Paramount, Netflix and NBCUniversal circled the prize. The executive, of course, now oversees a studio set to dominate the Oscars and a resurgent HBO. Zaslav himself is poised to exit with shares worth just shy of $800 million, according to Equilar, including the $114 million or so in stock he sold March 3, just days after the Paramount deal was announced.

The Hollywood Reporter - "David Zaslav Gets the Last Laugh"



5.9. The Logic of Potential Acquirers

There's a virtue to consolidation and scale. It's true in any industry that is being technologically unmediated. David Zaslav lays out his vision for Warner Bros. Discovery: "One platform that we take everywhere in the world in every language. We have the goods. We have the chance to be a great global media company." Also, continued with Warner Bros. Discovery has "what I think is going to be the most compelling menu of IP in the world," Zaslav said.

Paramount Skydance, with 79.1 million subscribers, would combine with 138 million subscribers, likely resulting in a net subscribership of about 200 million. This would still be significantly smaller than Netflix's current subscribership. Ellison has used his post-deal comments to emphasize that the company only wants to expand production, citing a promise to release 30 theatrical films a year and to continue as a buyer and seller of TV shows.

If Ellison’s deal comes to fruition, the combined Warner Bros. and Paramount would be a sports behemoth, rivaling only ESPN for its reach and scale. Except for Netflix, most major streaming platforms have been adding live sports content to drive subscriber growth and retention. Why live news and sports will be a priority. A deal between the companies would create the largest TV news operation in the world, combining CBS News, which produces the most-watched news program in America, 60 Minutes, as well as CNN, which has a global brand and reach that is unmatched. Combining the CBS Evening News and CBS Mornings with CNN’s 24/7 programming would be a giant undertaking.

Netflix, with 302 million subscribers, would combine with 138 million subscribers, likely pushing its subscriber base to over 400 million, more than twice as many as the next closest competitor, Amazon Prime Video, which has about 200 million subscribers. A merger with Warner Bros. would position Netflix with more than three times as many subscribers as Disney+. Netflix is already the leading streaming service, both by subscriber volume and viewership. It's also the obvious leader by market cap, with an equity value of almost $40 billion more than all the other major entertainment producers and theatrical exhibitors combined.

By this market analysis, Netflix already is above the 30 percent market share threshold, even before any further acquisitions. Netflix's price increases, which have occurred on average every 18 months, are indicative of a market-dominant player leveraging its market power. Since 2014, Netflix has increased the cost of its “standard plan” by more than 225 percent and its “premium plan” by over 200 percent, setting the pace for an industry now plagued by rapidly rising prices. Netflix’s price increases are notable for two reasons. First, Netflix is one of the few profitable streaming platforms. In the third quarter of 2025, it posted a $2.5 billion net profit, more than twice the next three profitable streaming services combined. The company has been consistently profitable since 2010. And second, as the largest SVOD provider, Netflix is the industry trend setter. When it raises its prices, it creates a benchmark for other services, driving what commentators have dubbed “streamflation”.

Due to its sheer superiority in viewership and content, its actions suggest it can hike rates knowing that users will pay up, because there are few other services that offer the same breadth of material. Netflix’s record profits are not a disqualifier but its continual rate

increases indicate that it is already leveraging its market dominance, which hardly relieves concerns that with a bigger market share, it won't raise prices faster. And, with fewer competitors, it is reasonable to assume it could manipulate rates across the entire sector. Aren't we again in situation where if Netflix post-acquisition controls a massive library to the exclusion of others, we have the same situation, where everyone must have access to Netflix in order to have access to not just new production, but a vast library that, in fact, by definition every child grows up watching?

But the deal, backed by $46 billion from his father Larry Ellison, also underscores the vast empire that the Ellison family owns. It spans technology and entertainment, real estate and sports, and includes sizable stakes in companies of enormous consequence. The Ellison family's wealth is derived primary from Oracle, the database infrastructure and cloud services company that propelled Larry Ellison to become one of the richest people on planet earth. Oracle's business isn't consumer-facing, but as the tech industry rushes toward investments in artificial intelligence, Oracle finds itself at the center of that race.

With Oracle shares backstopping David Ellison's entertainment rollup, the tech giant's success or failure is now interconnected with the date of Hollywood. From tech giants and entertainment giants to sports and one of the Hawaiian islands, the Ellison family's assets span industries and touch every part of the media and technology sector. And if the Warners deal goes through, that influence and reach will only get bigger. If David Ellison closes his company's $111 billion takeover of Warner bros. Discovery, it will propel the entertainment executive into true mogul status.

5.10. The Moment Before the Sale Was Considered

The strategic dilemma for the company's leadership is paralyzing: they must continue to extract cash from dying cable channels to fund their massive streaming debts, even as the value of those cable networks plummets. Legacy cable networks like TNT and TBS were once the undisputed cash cows of the Time Warner empire, generating billions in reliable affiliate fees and advertising revenue. Today, the future of these traditional linear channels is entirely uncertain. As consumers accelerate their cord-cutting and abandon traditional

television for streaming platforms, Warner Bros. Discovery is facing the rapid decay of its most profitable legacy assets.

Since taking the helm of Warner Bros. Discovery, CEO David Zaslav has been ruthlessly focused on stripping costs and tearing down the previous regime's business models. Executives inside the company complain of a chaotic transition period marked by abrupt strategy shifts and a lack of clear long-term direction. Zaslav has ordered his leadership team to find profitability at any cost, resulting in a whiplash of canceled projects and reversed decisions that have left Wall Street questioning whether there is an actual cohesive vision for the future of the studio. The constant restructuring has created a culture of fear, where creative decisions are entirely subordinated to immediate financial survival.

In a desperate bid to match the multi-billion-dollar success of Disney's Marvel Cinematic Universe, Warner Bros. Discovery initiated a massive overhaul of its most valuable intellectual property. The studio hired James Gunn and Peter Safran to lead the newly formed DC Studios, replacing the former DC Films division. The new co-CEOs inherited a deeply fractious environment, forcing them to scrap existing movies and completely reboot the franchise to tell a cohesive story across film, television, and gaming. However, this unavoidable transitional period has sparked intense backlash from existing fans and industry insiders.

The abrupt cancellation of established franchises and the shelving of completed projects has generated immense strategic instability within the company's highest-grossing division. Gunn and Safran are now tasked with building a ten-year plan from scratch while operating under the crushing pressure of Zaslav's mandate for immediate financial returns. The K-shaped economy still appears to be careening toward the business, with a new generation of moguls and media giants at the top, the last generation cashing out or selling off, and the next generation still in a development phase. Call it a Hollywood of haves and have-nots. Wall Street and the mogul class are winning, even as the working class in the business are holding their breath. Paramount, after all, shed 10 percent of its workforce after the Skydance takeover, and with $6 billion in synergies targeted after it eats Warners, significant cuts totaling thousands of employees are once again in the cards for both companies as they merge.

And after years of production pullbacks, there are signals that it's going to get worse before it gets better. The overlap of a cost-of-living crisis with a downturn in UK film and TV production has created a particularly harsh environment for those working behind the scenes in the industry, many of whom have had little or no work in recent times. Approaching half (45%) of respondents were finding it difficult to manage financially. The severity of the contraction and the increase in writers using Extended Coverage points mean that the current contribution rate is not enough to keep up with costs.

Meanwhile, crews and creatives are bracing for what is already a production drought to get even worse, thanks in no small part to arguably the richest and most powerful entity in media today: the National Football League.

During the next few months, the NFL, led by Roger Goodell, is expected to open discussions about renegotiating its $10 billion per year rights deals that it inked with NBCUniversal, Paramount, Fox, Disney and Amazon only five years ago.

The NBA's 2024 media deals set a benchmark, and the NFL, which controls the most popular programming on TV, wants its piece. The result will be billions more dollars flowing annually from the entertainment giants to the NFL. It does not appear that anyone will emerge from the process unscathed. The impact will be felt across Hollywood. A senior agency source says that they are preparing for "significant" pullback in entertainment content spend. Stars "will get paid," but the fear is that it will be harder for anyone not already established to break in, and middle-class talent could be hit hardest of all.

Compounding the crisis is the escalating cost of live sports rights, which are essential to keeping TNT and TBS relevant to cable providers. Premium sports become a larger cost, while the legacy monetization base continues to structurally weaken and streaming has yet to prove that it can fill the gap of lost linear economics. At least you know your economics with sports, you can make a decision as to whether they're good economics, but you know what you're getting, says a veteran media executive. Do I have to do Game of Thrones? Do I have to do The Crown? The answer is, "Yeah, I may do a Crown, but I may not do something else". The aggregate will be less scripted and I think fewer high-end series made.

6. KEY ACTORS AND POWER CENTERS

6.1. Netflix, Inc.

Netflix, Inc. is an American media company founded on August 29, 1997, by Reed Hastings and Marc Randolph in Scotts Valley, California, and currently based in Los Gatos, California. Hastings and Randolph came up with the idea for Netflix while carpooling between their homes in Santa Cruz, California, and Pure Atria's headquarters in Sunnyvale. Hastings invested $2.5 million into Netflix from the sale of Pure Atria. Netflix launched as the first DVD rental and sales website with 30 employees and 925 titles available, nearly all DVDs published. Randolph and Hastings met with Jeff Bezos, whose Amazon offered to acquire Netflix for between $14 and $16 million

The per-rental model was dropped by early 2000, allowing the company to focus on the business model of flat-fee unlimited rentals without due dates, late fees, shipping and handling fees, or per-title rental fees. In 2003, Netflix was issued a patent by the US Patent and Trademark Office to cover its subscription rental service and several extensions. Netflix initiates an initial public offering (IPO) on the NASDAQ National Market, selling 5.5 million shares of common stock at the price of US$15.00 per share.

Launched in 2007, nearly a decade after Netflix, Inc. began its pioneering DVD-by-mail movie rental service, Netflix is the most-subscribed video-on-demand streaming media service, with 325 million paid memberships in more than 190 countries as of 2026. In 2010, Netflix entered the international market by expanding into Canada. At the Consumer Electronics Show, Netflix announces a major international expansion into 130 new territories; with this expansion, the company promoted that its service would now be available nearly “worldwide”.

Bringing people back to Netflix after this came in two forms. First, it began work on producing its own original content – announcing its adaptation of House of Cards in 2011 for a 2013 air date and its revival of Arrested Development in 2012 for a 2013 air date. By 2022,

"Netflix Original" productions accounted for half of its library in the United States and the namesake company had ventured into other categories, such as video game publishing of mobile games through its flagship service.

In January 2024, Netflix announced a ten-year agreement with professional wrestling promotion WWE beginning in January 2025, under which its weekly show WWE Raw would move exclusively to Netflix worldwide. Netflix announces the acquisition of Warner Bros. Discovery's studio and streaming assets for $72 billion, with a total asset value of $82.7 billion. It is the second largest entertainment/media company by market capitalization as of February 2022. It operates an eponymous over-the-top subscription video on-demand service, which showcases acquired and original programming as well as third-party content licensed from other production companies and distributors.

6.2. Paramount Skydance

Paramount Skydance Corporation (doing business as Paramount) is an American multinational mass media and entertainment conglomerate. Paramount Skydance was formed on August 7, 2025, by David Ellison, through the merger of Paramount Global, National Amusements, and Skydance Media. Skydance Media, LLC (formerly known as Skydance Productions) was an American media production and financing company founded by David Ellison and based in Santa Monica, California. Skydance Productions was formed in 2006 by David Ellison, son of Larry Ellison, co-founder and then-CEO of the Oracle Corporation. Ellison, a pilot, had an interest in aviation and took inspiration for the company name from flying aerobatics known as “skydancing”. In the fall of 2009, Skydance and Paramount Pictures signed a five-year co-financing, production and distribution agreement, with Paramount holding an additional option of distribution.

Paramount Global, also known by its trade name as simply Paramount and formerly ViacomCBS, was an American multinational mass media and entertainment conglomerate controlled by National Amusements. Established through the merger of the second incarnations of Viacom and CBS Corporation, which were split from the original Viacom on December 31, 2005, it took its latest name on February 16, 2022. Paramount Pictures, CBS and Viacom each had a history of being associated with one another through a series of

various corporate mergers and splits. Paramount Pictures was founded in 1912 as the Famous Players Film Company. Paramount Pictures Corporation was founded by a Utah theatre owner, W. W. Hodkinson, who had bought and merged five smaller firms. CBS was founded in 1927, which Paramount Pictures held a 49% ownership stake in from 1929 to 1932.

In 1952, CBS formed CBS Television Film Sales, a division which handled broadcast syndication rights for CBS's library of network-owned television series. It was renamed Viacom (an acronym of Video and Audio Communications) in 1970. Meanwhile, Paramount Pictures was acquired by Gulf and Western Industries in 1966, which then re-branded itself as Paramount Communications in 1989. Viacom then purchased Paramount Communications in 1994. In 2023, after grappling with debt and striving to remain competitive in the entertainment industry, Paramount's parent company, National Amusements, explored potential merger and acquisition opportunities for Paramount Global. Paramount Global had faced significant financial challenges, worsened by losses in its streaming services, declining viewership across cable networks, and substantial debt management issues.

National Amusements president Shari Redstone had expressed interest in selling her controlling stake in Paramount Global in December 2023 to Skydance. Following a break in the talks, Skydance reached a preliminary agreement on July 2, 2024 to perform a three-way merger between it, National Amusements, and Paramount to establish what was then known as “New Paramount”. On July 24, 2025, the Federal Communications Commission approved the merger between Paramount Global and Skydance Media, and the merger was closed on August 7, 2025, forming Paramount Skydance. After the merger closed, Skydance Media CEO David Ellison became the chairman and CEO of the combined company and Jeff Shell became the president. It was also announced the same day that the company would comprise 3 major units: studios, direct-to-consumer, and television media.

6.3. Warner Bros. Discovery Inc.

Warner Bros. Discovery, Inc. (WBD) is an American multinational mass media and entertainment conglomerate headquartered in New York City. It was formed from WarnerMedia’s spin-off by AT&T and merger with Discovery, Inc. on April 8, 2022. Warner Bros. was founded on April 4, 1923, by four brothers, Harry, Albert, Sam, and Jack Warner in

Hollywood. Warner Bros. established itself as a leader in the American film industry before diversifying into animation, television, and video games. It is one of the “Big Five” American film studios, as well as a member of the Motion Picture Association (MPA). In 1965, Turner Broadcasting System was founded by Ted Turner in Atlanta, Georgia. A year later, Kinney National Company came into existence. It was reincorporated as Warner Communications in 1972. Warner Communications merged with Time Inc. in 1990 to become Time Warner.

In 1982, Cable Education Network was founded, launching The Discovery Channel three years later. It was named Discovery Communications in 1994. Time Warner acquired Turner Broadcasting System in 1996, allowing it to reenter the cable industry. In 2001, it merged with America Online (AOL) to form AOL Time Warner, but the merger proved disastrous, and the company reverted to its former name, Time Warner, in 2003. Former NBCUniversal executive David Zaslav was named president and CEO of Discovery Communications on November 16, 2006. Zaslav placed a major focus on bolstering Discovery's core networks, programming, and expanding the company's reach into digital media, describing these goals as reflecting an expansion into becoming a “content company” rather than just a “cable company”.

On May 17, 2021, AT&T and Discovery announced that AT&T would spin off WarnerMedia to its shareholders, which in turn would be merged with Discovery Inc. to form Warner Bros. Discovery. The merger was structured as a Reverse Morris Trust, with AT&T shareholders holding a 71% interest in the new company's stock and Discovery shareholders holding a 29% interest. AT&T received US$43 billion in cash and debt. The company aimed to expand their streaming services, which included WarnerMedia's HBO Max, to reach 400 million global subscribers. The merger was officially completed on April 8, 2022, and trading began on Nasdaq on April 11. Warner Bros. Discovery operates via two divisions: Streaming & Studios and Global Linear Networks. Streaming & Studios includes the flagship Warner Bros. studios, HBO, DC Entertainment, and the Warner Bros. Discovery's streaming services.

On June 9, 2025, WBD announced it was moving towards separating into two separate companies by mid-2026. In February 2026, the company agreed to be acquired by Paramount Skydance, pending regulatory approval. Paramount Skydance initiated a definitive agreement with Warner Bros. Discovery (WBD) on February 27, 2026, to acquire the company for

$110.9 billion, at $31 per share in cash. On February 26, 2026, WBD's board determined that Paramount's revised offer constituted a superior proposal to an existing Netflix agreement. As of 2026, Warner Bros. Discovery owns the motion picture and television assets derived from the original Warner Bros. studio. Subsidiaries include HBO, CNN, Warner Bros. Pictures, and Discovery Channel.

7. ROUTE BASED M&A THEORY MODULE

7.1.1. ROUTE A – FRIENDLY TAKEOVER

7.1.1.1. Chronological Infographic Route A

7.1.1.2. Phase A 0 – Conceptual Foundations

7.1.1.2.1. A 0.1 Control Transactions and Board-Supported Processes

A control transaction is an M&A deal in which the acquirer seeks to obtain decisive governance power over the target, typically through majority ownership and, where feasible, a pathway to full ownership. In a board supported process, the target's board engages with the bidder, grants controlled access to information and ultimately recommends a transaction because it views the offer as the best achievable combination of value, certainty and governance outcome. Board support matters because it increases execution probability by enabling orderly diligence, disciplined disclosure and a negotiated risk allocation package, rather than forcing the bidder to rely on incomplete information and shareholder pressure. In practice, the "friendly" label does not mean the board is soft. It means the board uses its gatekeeping power to extract a premium and protect process integrity.

7.1.1.2.2. A 0.2 Stakeholders and the Board's Decision Frame (value, certainty, control)

In a public company takeover, the board must evaluate the offer through a structured decision frame that balances three elements. Value concerns the economic outcome for shareholders, including headline price, consideration mix and the risk of downward re trading after diligence. Certainty concerns closability, meaning financing credibility, regulatory survivability, timetable realism and the absence of broad conditionality that would allow the buyer to walk away. Control concerns the governance end state, including who will control the combined business, whether minority holders will remain and whether post closing governance commitments are credible. Stakeholders shape each element: shareholders pressure for price, lenders constrain certainty, regulators constrain structure and control, employees and talent shape political and reputational risk, and the market penalises failed processes. The board's job is to select the best offer, not necessarily the highest number.

7.1.1.2.3. A 0.3 Core Documents and the Logic of a Recommended Deal

A recommended deal is built through a document sequence that progressively converts intention into enforceable execution. The initial approach document (often a confidential letter) sets the strategic thesis, an indicative structure and an initial view on value without binding the parties to close. The NDA and information protocol establish the rules of engagement, including confidentiality, trading restrictions, clean team access and data room discipline. A term sheet or LOI then frames the commercial architecture, including consideration, conditions, risk allocation and timetable, while remaining largely non binding except for agreed protective provisions. The definitive agreement (merger agreement, share purchase agreement or asset purchase agreement) then hard codes the allocation of risk through representations, covenants, closing conditions and termination rights, supported by commitment papers and a funds flow plan. The logic is simple: each document reduces uncertainty and increases accountability.

7.1.1.3. Phase A I – Origination and Controlled Engagement

7.1.1.3.1. A 1.1 The Approach and the Non-Binding Proposal

The friendly process typically begins with a confidential approach to the target's board or its advisers, accompanied by a non binding proposal that signals seriousness without prematurely locking the bidder into terms it cannot deliver. A well drafted proposal states the contemplated structure, the form of consideration, the expected timetable and the bidder's preliminary financing and regulatory posture, while framing price as indicative and subject to confirmatory work. The proposal should also communicate the bidder's ask, such as an NDA, a short exclusivity window or a defined process timetable, and it should identify any issues that must be resolved early, such as antitrust sensitivities or carve out possibilities. Legally, the point is to create a credible opening position while preserving flexibility, with binding effect limited to carefully selected process protections.

7.1.1.3.2. A 1.2 Confidentiality Architecture (NDA, clean team concepts, information control)

Confidentiality architecture is the legal infrastructure that allows diligence and negotiation to occur without destabilising the market, breaching disclosure rules or creating competitive harm. The NDA sets the baseline duties of confidentiality, purpose limitation and permitted recipients, while also addressing compelled disclosure, return or destruction of materials and restrictions on public statements. Clean team concepts are used where competitively sensitive information must be reviewed without enabling improper coordination, typically by restricting access to named individuals and imposing use limitations and monitoring. Information control also includes data room governance, Q&A discipline, watermarking, download limits and strict need to know principles, all of which reduce leak risk and protect business operations. In a public company context, the architecture must also account for insider trading constraints and the practical risk that any disclosure becomes market moving.

7.1.1.3.3. A 1.3 Standstill, Exclusivity and Process Design

Standstill and exclusivity are process tools that shape bargaining power and control the pace of the transaction. A standstill restricts the bidder from taking unsolicited actions such as accumulating shares, launching a hostile offer or publicly pressuring shareholders, thereby protecting the target while it evaluates the proposal. Exclusivity limits the target's ability to engage competing bidders for a defined period, which can encourage the bidder to invest in diligence and documentation, but it reduces competitive tension and can be controversial if the board cannot justify it. Process design then ties these tools into a timetable with milestones, access rules and decision points, so that both sides know when offers must be improved and when the board will decide whether to proceed, open an auction or terminate talks. The legal team's role is to ensure these tools increase certainty without undermining fiduciary defensibility.

7.1.1.3.4. A 1.4 Due Diligence Access and Its Limits in a Public Company Context

Due diligence in a public company takeover is typically confirmatory and tightly managed because the target must balance deal execution against leakage, disruption and regulatory constraints. The board controls scope and timing, often limiting access to sensitive commercial information, requiring clean team review and using staged disclosure that expands only as the bidder demonstrates seriousness and compliance. Access is structured through the data room, management sessions and a controlled Q&A log, with clear rules on copying, onward disclosure and use. The practical consequence is that bidders must design terms to handle residual uncertainty through contract protections, conditions and risk allocation, rather than assuming they can "learn everything" before signing. The board, in turn, uses diligence access as leverage to extract stronger certainty, tighter conditionality and more disciplined documentation.

7.1.1.4. Phase A II – Structuring the Friendly Deal

7.1.1.4.1. A 2.1 What Is Being Acquired

7.1.1.4.1.1. Share Deal (Tender Offer / Share Purchase)

A **share deal** is used when the acquirer's primary objective is to obtain **control of the target company** by purchasing its equity, either through a negotiated share purchase (often in private companies) or, for listed targets, through a **tender offer** addressed to all shareholders. It is favoured because it provides a comparatively direct route to control while preserving the continuity of the target's legal entity, contracts and operating platform. Its main advantages are structural simplicity, speed relative to complex asset transfers, and the ability to price and allocate risk through standard M&A mechanisms such as conditions, covenants and closing deliverables, with the tender offer format additionally supporting equal treatment and transparency in public markets. The disadvantages are that the buyer typically inherits the target's liabilities as a going concern, may face acceptance threshold risk in public offers, and can be exposed to heightened regulatory and disclosure constraints, including competing bids and market volatility. In practice, the structure is implemented by defining the stake sought, the consideration (cash, stock, or a mix), the conditions and timetable, and the risk allocation

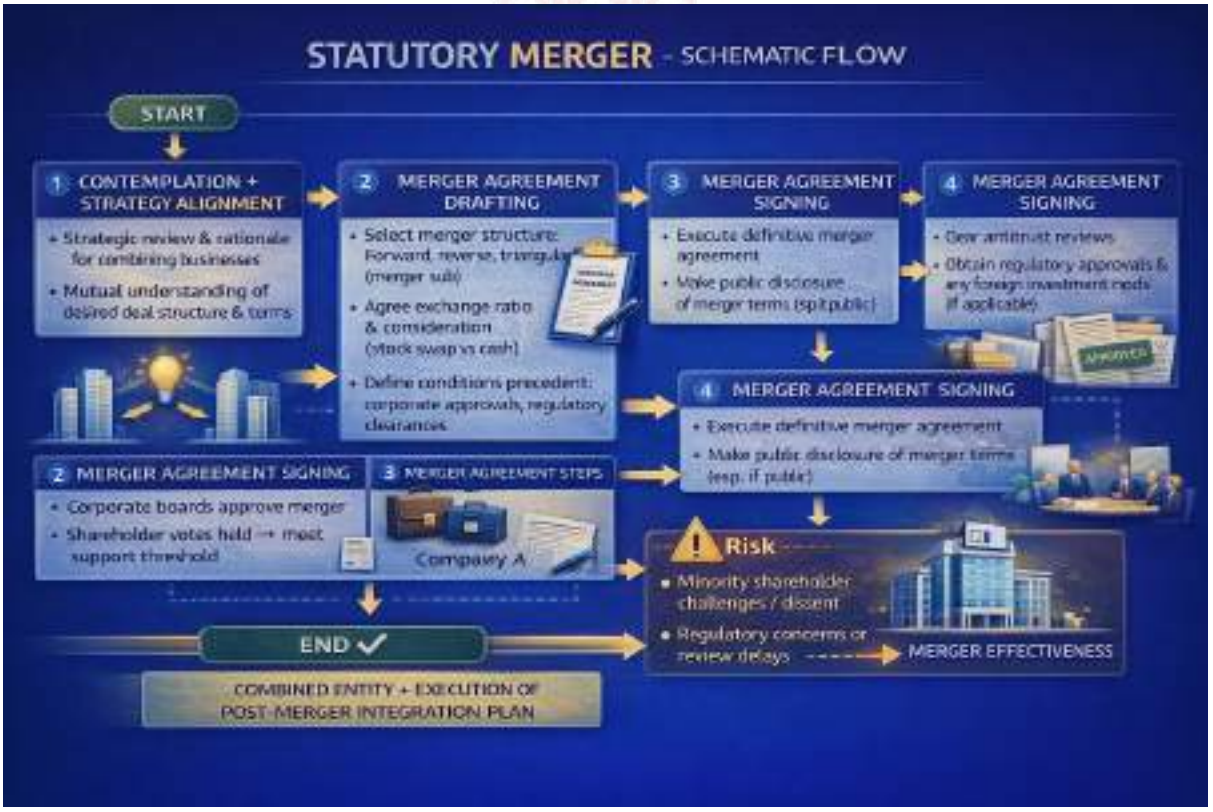
terms, then making the offer either via a privately negotiated share purchase agreement with key holders or via a formal tender offer document that sets out price, acceptance conditions, settlement mechanics and any second step route to full ownership (such as a squeeze out or

back end structure).

7.1.1.4.1.2. Statutory Merger

A **statutory merger** is used when the parties want to combine their businesses through a **formal, law-driven corporate fusion** in which one entity survives (or a new entity is formed) and the target's assets, liabilities, rights and obligations transfer by operation of law. It is often chosen where control is not pursued merely by buying shares but by creating a single integrated corporate platform with an agreed governance and ownership allocation. Its advantages include legal continuity, automatic succession to contracts and assets in many jurisdictions, and a clear framework for approvals and implementation that can be paired with stock-for-stock consideration to reduce cash funding needs. The disadvantages are that it can

be procedurally heavier than a simple share purchase, typically requires multiple corporate approvals (board and often shareholder votes), can trigger higher regulatory and disclosure intensity, and may face greater execution risk if minority shareholders challenge fairness or process integrity. In practice, a statutory merger is implemented by negotiating a merger agreement that sets the merger structure (forward, reverse, or triangular variants), exchange ratio or consideration mechanics, governance and board composition, conditions precedent and risk allocation, then obtaining the required corporate approvals and regulatory clearances before the legal merger takes effect and the combined entity begins post-merger integration.



7.1.1.4.1.3. Asset Deal

An **asset deal** is used when the acquirer seeks to purchase a **defined perimeter of assets and, optionally, selected liabilities**, rather than acquiring the target's shares and inheriting the entire corporate history. It is commonly chosen to isolate risk, ring-fence unwanted liabilities, or acquire only the strategic business units that matter to the buyer, which can also

make the transaction more defensible from a regulatory or political standpoint. Its advantages include greater flexibility in defining what is included in the acquisition, the ability to exclude legacy liabilities and non-core operations, and a clearer linkage between the purchase price and the specific assets that generate value. Its disadvantages are higher execution complexity, because individual contracts, licences, permits, intellectual property rights, employees and key relationships may require consent or formal assignment, and the seller often must provide transitional support to keep the business running, which introduces separation risk and added cost. In practice, an asset deal is implemented by precisely defining the asset and liability perimeter in the purchase agreement, mapping required consents and transfer mechanics, agreeing price allocation and any working capital style adjustments, and offering the transaction as a perimeter acquisition proposal supported by a detailed separation plan, a transitional services agreement (TSA) and a closing timetable that demonstrates operational continuity.

7.1.1.4.1.4. Carve-Out Deal (Perimeter Acquisition)

A **carve-out deal (perimeter acquisition)** is used when the buyer seeks to acquire a **specific business unit, division, territory, or asset set** within a larger corporate group, rather than purchasing the entire company, often to target the strategic "core" while avoiding non-core operations, legacy liabilities, or regulatory sensitivities. Its advantages are that it allows tailored scope and pricing, can reduce antitrust or political risk by excluding sensitive assets, and may improve financing feasibility by shrinking the size of the transaction, while still delivering the buyer the assets that drive the strategic thesis. Its disadvantages are execution complexity and separation risk, because the carved-out business is usually operationally intertwined with the broader group (shared IT, finance, HR, studios, licences, distribution, or talent contracts), requiring a robust separation plan, careful allocation of assets and liabilities, extensive consents, and transitional support arrangements that can be costly and contentious. In practice, the structure is implemented by defining the perimeter with precision (assets, contracts, employees, IP, customer relationships, licences and assumed liabilities), establishing a stand-alone operating model, negotiating an asset purchase agreement or a share sale of a newly created entity (NewCo) that holds the carved-out perimeter, and offering the proposal alongside a detailed separation timeline, a Transitional Services Agreement (TSA), and clear closing conditions demonstrating how continuity of the business will be maintained from signing through post-closing operations.

7.1.1.4.2. A 2.2 Consideration Structures

7.1.1.4.2.1. All-Cash

An **all-cash deal** is used when the buyer wants to offer maximum simplicity and certainty by paying the entire purchase price in cash, which often makes the proposal attractive to shareholders because it delivers immediate liquidity and eliminates exposure to the buyer's share price volatility. Its advantages include a clear headline value, straightforward comparability against competing bids, and, in many situations, stronger perceived deal certainty, particularly if the buyer can demonstrate committed financing or readily available cash resources. Its disadvantages are that it is capital intensive and can strain the buyer's balance sheet, increase leverage and financing risk, and, depending on the funding mix, introduce closing uncertainty if lenders impose conditions or if market circumstances change. In practice, an all-cash deal is implemented by securing financing (cash on hand, committed debt facilities, or sponsor equity), documenting funds certainty through commitment letters, and offering the transaction as a fixed cash price per share (or a fixed cash purchase price in a private sale) subject to customary regulatory approvals and other conditions, with settlement mechanics and any reverse break fee or financing risk allocation clearly specified to demonstrate that the cash consideration is fully deliverable at closing.

7.1.1.4.2.2. All-Stock (Share-for-Share)

An **all-stock (share-for-share) transaction** is used when the buyer wishes to acquire control while preserving cash and aligning both shareholder groups around the future performance of the combined business, which is particularly attractive when funding capacity is constrained or when the parties want to frame the deal as a strategic combination rather than a cash exit. Its principal advantages are that it reduces or eliminates cash financing needs, can improve balance sheet resilience, and allows target shareholders to participate in post-closing upside, which may ease negotiations when the seller values long-term participation. Its disadvantages are that the offer becomes sensitive to the buyer's share price volatility, the negotiation shifts from an absolute price to an exchange ratio debate that can be contentious, and the transaction typically requires heightened disclosure, valuation support and governance design to manage dilution and shareholder approval risk. In practice, the structure is implemented by agreeing an **exchange ratio** (fixed or with collars to manage volatility), defining the form of consideration (newly issued buyer shares), negotiating governance and control arrangements for the combined entity, and offering the deal either through a merger agreement or a stock-for-stock offer document that sets out the exchange mechanics, shareholder approval steps, conditions and timetable, with clear communication of strategic rationale and expected synergies to support acceptance.

7.1.1.4.2.3. Hybrid (Cash + Stock)

A **hybrid (cash plus stock) transaction** is used to balance competing priorities by combining immediate liquidity for target shareholders with continued participation in the combined entity's upside, while also allowing the buyer to conserve cash and manage leverage. It is particularly attractive when the buyer cannot credibly fund an all-cash offer, when the target demands a meaningful cash component to de-risk the outcome, or when both sides want to signal commitment without over-diluting the buyer's existing shareholders. Its advantages include greater financing flexibility, improved bid competitiveness in an auction because the cash component can be used as a certainty signal, and the ability to tailor consideration to different shareholder preferences, potentially increasing acceptance. Its disadvantages are structural and communications complexity, because the parties must negotiate both a cash amount and an exchange component, manage volatility and dilution concerns, and satisfy heightened disclosure and approval requirements, especially if the stock element is material or triggers additional shareholder votes. In practice, the structure is implemented by fixing the cash portion and the share component (often through an exchange ratio with collars to mitigate price swings), documenting funding certainty for the cash leg, aligning governance and post-closing control mechanics, and offering the deal through a merger agreement or offer document that clearly explains the consideration mix, settlement mechanics, conditions and the rationale for combining cash certainty with equity participation.

7.1.1.4.2.4. Contingent Consideration (CVR / Earn-out style)

Contingent consideration (often implemented through **contingent value rights (CVRs)** in public-company contexts or **earn-outs** in private deals) is used when the parties cannot agree on value today because they differ on future performance, regulatory outcomes, or the monetisation of specific assets, and therefore choose to split the price into a fixed base amount plus an additional payment that becomes payable only if defined triggers occur. Its key advantages are that it can bridge valuation gaps without requiring the buyer to overpay upfront, allocate risk more efficiently by tying part of the consideration to objectively measurable outcomes, and preserve deal momentum in competitive situations where a clean price is hard to justify. Its disadvantages are significant complexity and dispute risk, because triggers must be precisely defined, monitored, and enforced, performance can be influenced by the buyer's post-closing decisions (creating incentives and governance tension), and contingent structures may be less attractive to shareholders who prefer immediate certainty, especially if the contingent component is perceived as speculative. In practice, the structure is implemented by specifying the contingent instrument (a CVR issued to target shareholders or an earn-out payable to sellers), defining clear milestones (for example revenue thresholds, subscriber metrics, asset-sale proceeds, or regulatory approval outcomes), setting measurement periods and reporting obligations, providing covenants to prevent deliberate value suppression, and presenting the offer as a base price plus a contingent upside package, often accompanied by an explanatory schedule showing scenarios under which the contingent payments would or would not be triggered.

7.1.1.4.3. A 2.3 Bidder Structures

7.1.1.4.3.1. Single Bidder

A **single-bidder** acquisition structure is used when one acquirer intends to execute the transaction alone, controlling the financing package, regulatory strategy, governance design, and post-closing integration without sharing ownership or decision rights with other buyers. It is often preferred where speed, clarity of accountability, and strategic coherence are critical, because the target board can evaluate one integrated proposal rather than negotiating alignment among multiple bidders. Its advantages include simpler process management, clearer allocation of risk and responsibility, fewer coordination and governance frictions, and a more straightforward diligence and documentation pathway, which can increase perceived deal certainty if the bidder's funding and regulatory plan are credible. Its disadvantages are concentrated execution risk, because financing, regulatory exposure, and integration complexity are borne by a single party, and the bidder's capital constraints may limit pricing flexibility relative to consortium-backed offers. In practice, a single-bidder proposal is offered as a fully integrated package comprising (i) a defined acquisition structure and consideration mix, (ii) documented funds certainty through committed financing and internal approvals, (iii) a clear timetable and closing conditions, and (iv) a post-closing governance and integration plan demonstrating that one accountable buyer can deliver closing and operational continuity.

7.1.1.4.3.2. Consortium Bid

A **consortium bid** is used when two or more buyers join forces to acquire a target through a coordinated offer, typically because the transaction is too large, too risky, or too complex for a single bidder to pursue efficiently, or because the consortium combines complementary capabilities such as strategic operating expertise and financial firepower. Its advantages include greater funding capacity and perceived financial credibility, the ability to share regulatory and execution risk, and flexibility to propose creative outcomes such as post-closing asset splits, carve-outs, or staged exits that may increase closability. Its disadvantages are coordination and governance complexity, because consortium members must align on pricing, control rights, decision-making, confidentiality, information sharing,

and post-closing strategy, and any misalignment can undermine process certainty in the eyes of the target board and regulators. In practice, a consortium bid is implemented by forming a joint bidding vehicle (or agreeing parallel acquisition and co-investment documents), allocating equity contributions and control rights among members, securing a unified financing package, and presenting a single coherent offer to the target that clearly identifies the lead sponsor, decision governance, liability allocation, and the intended post-closing structure so that the proposal is evaluated as one integrated, executable transaction rather than a fragile partnership.

7.1.1.4.3.3. Strategic + Financial Sponsor (Co-invest / Joint Bid Vehicle)

A **strategic buyer plus financial sponsor co-investment** structure is used when an operating company pursues an acquisition alongside a private equity firm or other financial sponsor, typically to expand funding capacity, improve bid competitiveness, or share risk while keeping the strategic buyer's operational control and integration thesis at the centre of the transaction. Its advantages include enhanced financing credibility (because the sponsor provides additional equity and capital markets expertise), the ability to pursue larger targets without over-stretching the strategic buyer's balance sheet, and greater structural flexibility through bespoke governance arrangements, staged exits, or partial asset ownership that can support regulatory remedies and closability. Its disadvantages are potential misalignment of incentives, as sponsors prioritise return and exit timing while strategic buyers prioritise long-term integration, plus added complexity in governance design, information rights, transfer restrictions, and conflict management, which can raise execution friction if not carefully documented. In practice, the structure is implemented by forming a joint bid vehicle (NewCo) or a co-investment agreement under which the parties define equity contributions, control and veto rights, board composition, exit mechanisms (including IPO, secondary sale, or buyout options), and allocation of risks and returns, then offering the target a single unified proposal that presents one acquisition structure and timetable, backed by committed equity and debt financing, while transparently explaining how control will be exercised and how the sponsor's involvement strengthens certainty rather than complicating it.

7.1.1.4.4. A 2.4 Financing and Deal Certainty (certain funds logic, commitment papers)

7.1.1.4.4.1. Deal Certainty as a Board-Level Criterion

In public-company M&A, "deal certainty" refers to the probability that a signed transaction will actually close within the contemplated timetable. For a target board, certainty is not a secondary commercial preference but a core fiduciary concern, because a failed process can depress the share price, trigger activism, destabilise stakeholders, and expose the company to litigation and reputational harm. Accordingly, the board's assessment should distinguish between headline price and executable value, treating financing robustness and closing risk as integral elements of the offer's overall attractiveness.

7.1.1.4.4.2. Concept and purpose of the financing stack

In M&A, the financing stack is the layered composition of funds used to pay consideration and fund transaction costs. It is not merely a finance concept; it is a legal and execution concept because the credibility of each layer determines whether the bid is *closable*. For a target board, the stack is a proxy for deal certainty: the more conditional, market-dependent or internally constrained the stack is, the higher the risk of delay, repricing or failure.

7.1.1.4.4.2.1. Cash on hand (balance sheet cash)

Cash on hand is the cleanest funding source because it is immediately available and typically carries minimal external conditionality. However, boards and lenders scrutinise whether the buyer can deploy cash without breaching liquidity buffers, investment needs, or internal treasury policies. In practice, "cash" must be evidenced through funds confirmation, board approvals, and, where relevant, disclosure of restricted cash or trapped cash at subsidiaries.

7.1.1.4.4.2.2. Committed debt financing (term loan, bridge, bonds)

Debt is often the largest funding layer and is commonly provided through committed facilities arranged by banks. Legally, the key issue is conditionality: debt commitments can include conditions precedent, representations, covenant compliance, and sometimes syndication or market flex terms. A “bridge” facility may be used to ensure funds are available even if bond issuance is delayed. In the acquisition agreement, the buyer’s obligations and remedies (including reverse break fees) are calibrated to the strength of the debt commitments.

7.1.1.4.4.2.3. Equity financing (share issuance)

Equity financing can be raised by issuing new shares to the market or offering stock as consideration to target shareholders. Its advantage is reducing leverage and preserving cash, but its execution can be sensitive to share price volatility, timing, disclosure requirements, and shareholder approvals. In stock-based consideration, the financing stack is partly “embedded” in the exchange ratio mechanics, which may require collars or other stabilisers to maintain commercial certainty.

7.1.1.4.4.2.4. Financial sponsor capital (PE or anchor investor equity)

A sponsor can contribute equity to increase capacity and signal seriousness. The legal focus is on enforceability: equity commitment letters, limited conditions, and clear funding mechanics. Sponsors often seek governance rights, exit provisions, and transfer restrictions, which must be aligned with the strategic buyer’s integration plan and the target board’s preference for a coherent controlling party.

7.1.1.4.4.2.5. Consortium or co-investment structures

Where multiple buyers share the bid, the stack combines several equity contributors and may include shared debt. The benefit is increased funding capacity and risk-sharing; the downside is coordination risk. The offer must clearly identify the lead bidder, decision-making rules, and how funding shortfalls by one member are addressed. Without a robust internal governance framework, a consortium can look less closable than a single-bidder offer despite higher headline resources.

7.1.1.4.4.2.6. Alternative and contingent funding tools

Depending on the transaction, the stack may incorporate vendor financing, deferred consideration, earn-outs/CVRs, or asset sale proceeds. These tools can bridge valuation gaps or reduce upfront cash needs but increase complexity and dispute risk. A target board will typically require that such components be tightly defined and objectively measurable.

7.1.1.4.4.2.7. How the stack is presented in an offer

A credible bid summarises the stack in plain terms, provides evidence (commitment papers or clear references to them), and explains conditionality and timeline. The goal is to demonstrate that the consideration is not only attractive, but deliverable on a legally and operationally realistic path to closing.

7.1.1.4.4.3. "Certain Funds" Logic (Core Concept)

The "**certain funds**" concept is, in essence, a question of **deliverability at closing**: will the buyer have the cash (or immediately drawable committed facilities) available on the settlement date. A certain funds approach seeks to minimise exposure to capital markets volatility by ensuring that financing is supported by **binding commitments** and by limiting

lender and buyer discretion to walk away once the transaction is signed. From a target board's perspective, the principal concern is any form of **financing condition** or broadly drafted, non-evidenced funding language, because such conditionality materially reduces deal certainty, increases timetable risk, and heightens the probability of a failed process.

7.1.1.4.4.4. Commitment Papers (Which Documents Create Financing Credibility?)

In board-level deal assessment, "commitment papers" are the evidentiary core of deal certainty. They demonstrate that the buyer has progressed beyond intention and into executable financing, allowing the target to evaluate whether the consideration is actually deliverable on the closing date. In a simulation setting, the board should treat an offer as materially incomplete unless the bidder can at least credibly reference these documents, and, at later stages, produce them in substance.

7.1.1.4.4.4.1. Debt Commitment Letter (Bank Debt Commitment)

A debt commitment letter is a binding undertaking by lenders (or an arranging bank) to provide specified debt financing on defined terms, subject to stated conditions precedent. It evidences that the buyer has secured a committed debt package in principle and that the lenders have completed sufficient underwriting to stand behind funding, rather than merely expressing interest. For the board, the key credibility indicators are the identity and credit quality of the lenders, the size and structure of the facility, and the scope of "outs" or conditions that could allow lenders to refuse funding.

7.1.1.4.4.4.2. Equity Commitment Letter (Sponsor or Co-Investor Equity Commitment)

An equity commitment letter is a binding promise by a sponsor, consortium partner, or parent entity to contribute equity to the acquisition vehicle in the amount required to fund the transaction. It evidences that the equity portion is not aspirational and that the buyer has locked in the capital needed to support the bid's consideration mix. Boards focus on

enforceability (clear funding obligations, limited conditions, and remedies), as well as alignment risk where multiple equity providers must coordinate and deliver on the same timetable.

7.1.1.4.4.4.3. Fee Letter (Debt Economics and Conditionality Map)

A fee letter typically sets out the economics of the debt financing, including arrangement fees, commitment fees, market flex provisions, pricing mechanics, and certain operational conditions that may not be fully visible in the headline commitment letter. It evidences the real commercial cost and fragility of the debt package, revealing whether pricing can be increased, allocations can shift, or syndication terms can materially change. For board counsel, the fee letter is often where hidden execution risk appears, particularly if it permits broad repricing or introduces discretion that undermines "certain funds" expectations.

7.1.1.4.4.4.4. Term Sheet (Financing and Deal Architecture Summary)

A term sheet summarises the key commercial and structural terms of the transaction or the financing, including principal amounts, maturity, covenants, security, conditions, and key timetable items. It evidences that the parties have converged on an executable architecture and that the bid is not merely a high-level concept. In board evaluation, the term sheet is useful for comparability across competing offers because it makes conditionality, timing, and structure legible at a glance.

7.1.1.4.4.4.5. Funds Flow Memo (Closing Day Mechanics)

A funds flow memorandum is the practical closing blueprint showing how money moves on the settlement date, including sources of funds, uses of funds, payoffs of existing debt, transaction costs, escrow arrangements, and payments to shareholders or selling entities. It evidences operational readiness and reduces closing-day failure risk by allocating responsibilities, timing, and sequencing. For the board, a well-prepared funds flow memo

signals that the buyer's team is not only financed but also prepared to execute the closing process without last-minute friction.

7.1.1.4.4.4.6. Simulation Rule of Thumb (Board Practice Standard)

As a practical standard, the board should not treat a bid as fully credible unless the bidder can substantiate financing through commitment papers. In early rounds, a bidder may reference commitments at a high level, but as the process advances, the board should require production of these documents (or verified summaries) to assess conditionality, enforceability, and the true likelihood of closing.

7.1.1.4.4.5. Financing Conditionality: Which Conditions Are High-Risk?

Financing conditionality is often the decisive factor separating a bid that is attractive on paper from a bid that is realistically closable, because broad or discretionary "outs" can allow lenders or the buyer to withdraw precisely when market conditions deteriorate or execution becomes difficult. Particular red flags include **market MAC** provisions or **syndication outs**, which effectively make funding dependent on capital markets appetite and thereby reintroduce volatility into what should be a committed financing package; **due diligence outs**, which permit lenders to refuse funding by asserting that diligence has not been satisfactory, creating a subjective escape route that is difficult for a target board to police; and **rating triggers** or broadly drafted **material adverse change** conditions that can be activated by external shocks or adverse publicity, even if the target's fundamentals remain intact. These risks are amplified where the transaction includes an excessively long **long-stop date** or an indeterminate closing timetable, as the extended time horizon increases exposure to shifting market conditions, regulatory delay, and stakeholder disruption, thereby widening the window in which financing can unravel. The core lesson is that a high headline price does not equate to executable value if conditionality undermines certainty of funds: the economic offer may exist in form, but the transaction can still fail in substance because the financing can legally and practically fall away before closing.

7.1.1.4.4.6. Risk Allocation: Who Bears Which Closing Risks?

Risk allocation is the contractual architecture through which the parties decide whether the buyer or the seller will bear the principal sources of closing uncertainty, and it is often the mechanism that converts a headline price into an executable transaction. A central tool is the **reverse break fee**, which requires the buyer to pay a pre-agreed amount if the deal fails to close due to specified buyer-side failures (most commonly financing failure or inability to satisfy agreed regulatory obligations). By attaching real economic consequences to non-closing, a reverse break fee functions as a credibility signal and a discipline device: it reduces the seller's exposure to a failed process and forces the buyer to internalise part of the execution risk. Closely related is **regulatory risk allocation**, which determines who bears the burden of obtaining merger control clearance and, crucially, who must offer remedies and how far that obligation extends. At one end, the buyer may commit to "reasonable best efforts"; at the other, it may accept a **hell-or-high-water** obligation, effectively undertaking to take whatever steps are necessary to secure clearance, including significant divestitures, subject only to narrowly defined limits. This spectrum matters because remedies can destroy synergies and alter the economic rationale of the deal, so boards will evaluate whether the buyer's promises are enforceable and whether the remedy perimeter is sufficiently defined to avoid opportunistic renegotiation later. In parallel, **financing risk allocation** determines whether the buyer can lawfully refuse to close because financing is unavailable; a transaction that includes a broad **financing condition** shifts risk back to the seller and materially weakens deal certainty, whereas excluding financing as a closing condition, combined with committed financing and an enforceable reverse break fee, shifts risk to the buyer and strengthens closability. In competitive processes, these mechanisms allow bidders to compete not only on price but on certainty: a bidder may win with a lower headline offer if it offers tighter conditionality, stronger reverse break fee protection, clearer remedy commitments, and a more buyer-burdened risk allocation package that makes closing materially more likely.

7.1.1.4.4.7. How to Draft a "Credible Bid" (Practical Checklist)

A bid is "credible" when it evidences an executable path to closing, not merely attractive economics. In practice, a target WBD board will look for the following elements.

Financing Mix

- ☐ Clearly state the consideration structure (cash, stock, hybrid, contingent).
- ☐ Identify each funding source (cash on hand, committed debt, equity issuance, sponsor/co-invest capital).
- ☐ Explain why the mix is resilient under foreseeable market stress (liquidity, leverage, covenant headroom).

Commitment Papers

- ☐ Reference the existence of debt and equity commitments at the outset.
- ☐ Provide commitment papers (or verified summaries) at the appropriate stage.
- ☐ Disclose key features: provider identity, size, maturity, key conditions and timing of drawdown.

Limited Conditionality

- ☐ Avoid broad financing conditions or discretionary lender "outs."
- ☐ Align financing conditions with the acquisition agreement conditions.
- ☐ Define a realistic but disciplined long-stop date and do not rely on open-ended extensions.

Reverse Break Fee and Timetable

- ☐ Offer a reverse break fee calibrated to execution risk (financing and regulatory).
- ☐ Provide a clear timetable with milestones (signing, filings, approvals, settlement).
- ☐ Specify what happens if milestones slip (extensions, fee adjustments, termination rights).

Regulatory Plan and Remedies

- ☐ Identify the key regulatory approvals required (competition, sectoral, public interest).
- ☐ Present a preliminary theory of clearance (why the deal should be approved).
- ☐ Propose an initial remedies posture (divestiture/carve-out options or behavioural commitments), including limits and governance.

Funds Flow Clarity

- ☐ Provide a high-level funds flow outline (sources and uses).
- ☐ Explain closing-day mechanics (who pays whom, debt payoffs, escrow if any).
- ☐ Confirm operational readiness for settlement (agents, timing, sequencing).

7.1.1.4.4.8. Why This Topic Is Critical for the Committee Dynamics

This section is pivotal to the simulation because it shifts the contest from headline price to **execution credibility**, forcing delegations to compete on structure, certainty, and risk allocation rather than on numbers alone. It enables a capital-constrained bidder to remain competitive by proposing a more sophisticated package, such as a hybrid consideration mix supplemented by co-investment or consortium funding, and by demonstrating discipline through strong commitment papers and limited conditionality. At the same time, it exposes financially fragile proposals: bids that rely on broad financing conditions or discretionary lender outs will be discounted by the board as materially less closable and may be pushed either to revise their structure or to escalate tactically in order to regain leverage. Finally, it enhances the seller-side governance role by giving the board a concrete framework to demand improvements on conditionality, reverse break fees, timetables, and regulatory readiness, thereby turning “closability” into a source of bargaining power that can decisively shape the outcome of negotiations.

7.1.1.5. Phase A III – Contracting and Risk Allocation

7.1.1.5.1. A 3.1 Core Economic Terms and Price Mechanics

This section should explain how the parties convert a strategic narrative into a defensible economic package. “Price” is not only a number; it is a set of mechanics covering consideration form (cash, stock, hybrid), valuation basis, and the way that value is preserved between signing and closing. In a public-company friendly deal, the bidder must justify the premium and demonstrate funding credibility, while the target board must show that the economics are fair and comparable to available alternatives. Price mechanics also include how the parties handle common adjustments and protections such as cash and debt treatment, working capital concepts where relevant, and any contingent elements that bridge valuation gaps. The practical takeaway for delegates is that economic terms should be drafted to be executable and resilient to market volatility, not merely attractive on the headline.

7.1.1.5.2. A 3.2 Closing Conditions and MAC Clauses

Closing conditions define what must be satisfied before the parties are obliged to close, and therefore directly shape deal certainty. In a friendly transaction, conditions should be limited to genuine gatekeepers such as regulatory approvals, shareholder approvals where required, and other essential deliverables, because excessive conditionality weakens the recommendation logic and invites re-trading. A MAC clause allocates the risk of adverse developments between signing and closing, but it is typically drafted narrowly in public deals to avoid creating a discretionary exit. Delegates should understand that the board evaluates conditions and MAC language as a credibility test: a bidder seeking broad outs is implicitly signalling that the offer may not be durable.

7.1.1.5.3. A 3.3 Break Fees, Reverse Break Fees and Risk Allocation

Break fees and reverse break fees are the contractual price of deal failure and a central mechanism for allocating execution risk. A break fee is usually payable by the target if it terminates to accept a superior proposal, and it protects the bidder’s investment in the process

while discouraging opportunistic switching. A reverse break fee is typically payable by the bidder if closing fails due to bidder-side causes such as financing failure or inability to obtain approvals under the agreed efforts standard. In a friendly context, these provisions should be calibrated to maintain process integrity without undermining fiduciary defensibility. The key point for the committee is that these fees allow bidders to compete on certainty: a bidder can strengthen its position by offering tighter risk acceptance and credible consequences for non-closing.

7.1.1.5.4. A 3.4 Non-Financial Covenants and Stakeholder Commitments

Non-financial covenants are commitments that address political, labour, cultural and reputational concerns rather than pure economics. They may cover employment stability, governance safeguards, headquarters or identity matters, creative independence, and operational continuity, and they are often used to secure board support and reduce stakeholder resistance. Their value is that they can increase closability by preventing disruption, but the trade-off is that they can reduce synergies and create compliance and enforcement complexity. Delegates should frame these covenants as targeted, measurable and time-bound, avoiding vague promises that are either meaningless or commercially destructive.

7.1.1.6. Phase A IV – Announcement to Closing

7.1.1.6.1. A 4.1 Board Recommendation Mechanics and Communication Discipline

Once the board supports the transaction, recommendation mechanics become a governance and disclosure exercise. The board must articulate why the deal is the best available outcome under its value, certainty and control frame, and it must maintain credibility by showing disciplined process conduct. Communication discipline is critical: premature or inconsistent messaging can trigger market volatility, invite competing bids, and undermine regulatory posture. For the committee, the lesson is that recommendation is not a press statement; it is a

structured justification supported by process integrity, financing credibility and risk allocation logic.

7.1.1.6.2. A 4.2 Regulatory Strategy and Remedy Planning in a Friendly Context

In a friendly deal, regulatory risk should be managed early and cooperatively rather than treated as a later obstacle. The bidder must present a credible clearance narrative, map expected timelines, and propose an initial remedy posture where competition or public-interest issues are foreseeable. Remedy planning can be structural (divestitures, carve-outs) or behavioural (access, non-discrimination, licensing commitments), and its design should be integrated into the commercial bargain because remedies can change the economics of the deal. The key takeaway is that a friendly process increases certainty only if regulatory planning is proactive and enforceable, not aspirational.

7.1.1.6.3. A 4.3 Acceptance Strategy and Pathways to Full Ownership (squeeze-out vs back-end)

A friendly tender offer or public acquisition may deliver control without immediately delivering full ownership, so bidders must plan the endgame. Acceptance strategy concerns the bidder's threshold targets and the steps required to reach a clean ownership outcome. If the bidder reaches the relevant high threshold, a squeeze-out mechanism can eliminate the remaining minority, but this may be slow and may invite fairness challenges. If the bidder reaches a lower but sufficient control threshold, a pre-wired back-end structure can be used to achieve full ownership more quickly through a second-step transaction. The committee should treat this as deal design, not an afterthought: the board will prefer an offer with a clear, legally coherent path to 100 percent.

7.1.1.6.4. A 4.4 Closing and Settlement Mechanics

Closing is the operational translation of the contract into reality, and settlement failure is a real risk if planning is weak. This section should describe how funds move, how shares or assets transfer, how debt is repaid, and how public communications align with legal completion. The central instruments are the closing checklist, funds flow memo, and settlement timetable, all of which coordinate the actions of counsel, banks, paying agents and corporate secretaries. For delegates, the practical point is that closability is proven at closing, not at signing.

7.1.2. ROUTE B – HOSTILE TAKEOVER

7.1.2.1. Chronological Infographic Route B

7.1.2.2. Phase B 0 – Conceptual Foundations

7.1.2.2.1. B 0.1 What Makes a Takeover Hostile (process, not structure)

A takeover is “hostile” because the target board does not support or recommend the bid, not because the bidder chooses a particular legal structure. The same structures used in friendly deals can appear in a hostile setting, but the defining feature is the absence of cooperative governance and controlled information access.

7.1.2.2.2. B 0.2 Information Asymmetry and the No-Diligence Problem

Hostile bidders typically face limited or no due diligence, which increases valuation error, hidden liability risk and integration uncertainty. The bidder must therefore design the offer to withstand residual unknowns through disciplined pricing, narrower assumptions and contract architecture that balances credibility with risk protection.

7.1.2.2.3. B 0.3 The Target’s Defensive Logic and the Bidder’s Pressure Logic

The target’s logic is to preserve bargaining power, delay, raise the cost of the attack and create time to seek alternatives, including a superior friendly transaction. The bidder’s logic is to bypass board resistance by persuading shareholders and shaping market expectations through price, certainty signalling and narrative control.

7.1.2.3. Phase B I – Unsolicited Approach and Initial Resistance

7.1.2.3.1. B 1.1 Unsolicited Proposal and Target Board Response

The bidder opens with an unsolicited proposal that frames price, structure and timetable as credible even without cooperation. The board responds by rejecting, delaying, opening a controlled evaluation process or using the approach to invite competing interest while maintaining fiduciary defensibility.

7.1.2.3.2. B 1.2 Bid Without Cooperation: Designing Terms Under Uncertainty

Because information is incomplete, the bidder must choose terms that are both resilient and believable, avoiding an offer that looks speculative or overly conditional. The board will treat broad outs as proof the bid is non executable, so the bidder must manage uncertainty without signalling weakness.

7.1.2.3.3. B 1.3 Early Shareholder Contact and Market Sounding

Hostile strategy relies on early investor engagement to test acceptance, build support and identify key holders. This must be framed as compliant market communication, as any perception of manipulation, selective disclosure or coercion can trigger legal and reputational blowback.

7.1.2.3.4. B 1.4 Narrative Formation and Signalling (pricing, intent, credibility)

In a hostile context, price is a message as much as a number, signalling seriousness, urgency and willingness to bear risk. Intent is demonstrated through financing evidence, a realistic

timetable and a coherent endgame plan, while credibility is protected by disciplined conditionality and consistent public positioning.

7.1.2.4. Phase B II – Structuring Under Hostility

7.1.2.4.1. B 2.1 Selecting the Structure (share offer vs merger vs asset perimeter vs carve-out)

The bidder selects the structure that best converts shareholder support into control under resistance, often favouring routes that can proceed without board cooperation. Perimeter solutions such as carve-outs can reduce political or regulatory exposure, but they increase separation complexity and may weaken the control narrative.

7.1.2.4.2. B 2.2 Consideration Choices as a Pressure Tool (cash-heavy signalling, revision strategy)

Consideration design becomes a pressure instrument: higher cash content can accelerate shareholder acceptance and reduce uncertainty, while stock heavy offers can be attacked as volatile and dilutive. Revision strategy must be planned ex ante, including how and when to improve price or terms without appearing desperate.

7.1.2.4.3. B 2.3 Bidder Structures (consortium and credibility in hostile settings)

A consortium can increase headline capacity and improve certainty signalling, particularly where the deal is too large for one buyer. The trade-off is governance complexity, so the bid must present a single coherent controlling logic and a clear decision structure to avoid appearing fragile.

7.1.2.4.4. B 2.4 Financing Certainty Under Hostility (funding credibility and conditions)

Hostility increases financing stress because lenders also face uncertainty and a longer, more contested timeline. The bidder must therefore emphasise certain funds style credibility, tightly managed conditionality and a risk allocation package that convinces the market the bid will not fail on funding.

7.1.2.5. Phase B III – Escalation and Defensive Measures

7.1.2.5.1. B 3.1 Escalation Toolkit (going public, price increases, conditionality changes)

Escalation includes public announcements, revised terms and tactical shifts that intensify shareholder pressure and narrow the board's room to manoeuvre. Every escalation should be treated as a legal record, because aggressive conduct is later judged through fiduciary and market integrity lenses.

7.1.2.5.2. B 3.2 Target Defences (delay tactics, stakeholder mobilisation, white knight search)

Defences aim to slow the bidder, raise uncertainty and rally stakeholders to make the bid politically and operationally costly. The white knight strategy uses time to produce a superior alternative, converting a hostile contest into an auction dynamic that may push price up or change structure.

7.1.2.5.3. B 3.3 Litigation and Regulatory Complaints as Tactical Instruments

Litigation and regulatory engagement can be used to delay, reframe the narrative and impose compliance burdens. The risk is that overuse can backfire by signalling weakness or

provoking enforcement scrutiny, so tactical lawfare must remain defensible and proportionate.

7.1.2.5.4. B 3.4 Competing Bid Dynamics Triggered by Hostility

Hostility often invites interlopers, turning the contest into a competing bid environment. This can benefit the target through improved terms but can also destabilise closability, forcing bidders to compete on certainty, remedies and risk allocation rather than price alone.

7.1.2.6. Phase B IV – Endgame to Control

7.1.2.6.1. B 4.1 Winning the Threshold: Control Acquisition Strategy

The bidder must define the control threshold that makes the bid succeed and plan how to reach it under resistance. Threshold strategy is inseparable from the endgame plan, because the path to full ownership depends on the level of acceptance achieved.

7.1.2.6.2. B 4.2 Regulatory Review Under Pressure and Remedy Offers

Regulatory scrutiny can intensify in hostile settings due to publicity, political salience and stakeholder mobilisation. Remedy offers must therefore be prepared as part of the bid's credibility package, not as an afterthought, and must be aligned with the economic thesis.

7.1.2.6.3. B 4.3 Moving to Full Ownership (squeeze-out vs back-end route)

Once control is achieved, full ownership requires either a squeeze-out threshold or a second-step back-end structure. The bidder's credibility increases materially if the offer is "pre-wired" with a legally coherent path from control to 100 percent.

7.1.2.6.4. B 4.4 Closing or Collapse: Failure Modes in Hostile Bids

Hostile bids fail through a small number of predictable paths: insufficient acceptance, financing erosion, regulatory blockage, or a superior competing proposal. A well designed hostile strategy anticipates these failure modes and includes off ramps that preserve leverage and reputation.

7.1.3. MODE A – Competing Bids and Auction Dynamics

7.1.3.1. Concept and Scope

This mode describes competitive takeover environments where more than one bidder pursues the target, turning bilateral negotiation into comparative evaluation. It is not a structure, it is a process overlay that changes bargaining leverage, disclosure discipline and term design.

7.1.3.2. How the Auction Mode Sits on Top of Routes

Auction dynamics can arise on top of friendly discussions or be triggered by a hostile bid that invites a white knight. In both cases, the board's role shifts toward process governance and comparability, forcing bidders to compete on price, certainty and remedies.

7.1.3.3. Auction Phases (Chronological)

7.1.3.4. Board and Process Governance

The board must run a defensible process with consistent rules on access, timing and communications. Governance here means controlling information flow, avoiding selective disclosure and documenting why the chosen offer is superior on the board's decision frame.

7.1.3.5. Key Deal Tools in an Auction

Matching rights and superior offer mechanics, no shop and fiduciary out concepts, break fees and reverse break fees, standstill discipline and targeted exclusivity windows. These tools

structure competitive tension while preserving the board's ability to choose the best executable outcome.

7.1.3.6. Strategy Guide for Bidders

Bidders win auctions by combining credible economics with executable certainty, not by price alone. A strong bidder uses structure as a competitive instrument, tight conditionality, financing proof and a regulator-ready posture to outperform rivals on closability.

7.1.3.7. Switching Points and Failure Modes

Auctions trigger switches when one bidder escalates publicly, when the board moves from multi-track to exclusivity, or when regulatory risk forces restructuring. Failure modes include overbidding, weak financing, incoherent remedy strategy and loss of narrative control.

7.1.3.8. Summary Checklist

Use: Board and bidders can use this as a "ready-to-compare" list.
Scoring option: ☐ Met / ☐ Partially met / ☐ Not met

A) Process Discipline and Auction Governance (Board-facing)

- ☐ Clear auction timetable (rounds, deadlines, best-and-final date)
- ☐ Consistent access rules (NDA, data room, Q&A protocol)
- ☐ Equal treatment safeguards (no selective disclosure without justification)
- ☐ Defined shortlisting criteria (price, certainty, regulatory, stakeholder)
- ☐ Documented decision record (why the selected offer is superior)

B) Headline Economics and Offer Comparability (Bidder-facing)

- ☐ Clear headline price / consideration package (cash, stock, hybrid, contingent)
- ☐ Transparent value logic (what drives the premium, why it is sustainable)
- ☐ Clear treatment of debt and any price mechanics that affect net proceeds
- ☐ A stated "best-and-final" position (or a credible revision pathway)

C) Financing Credibility and Certain Funds Indicators

- ☐ Clear sources of funds (cash on hand, committed debt, equity issuance, co-invest)
- ☐ Commitment papers referenced and available (debt and equity commitments)
- ☐ Limited financing conditionality (no broad "outs")
- ☐ Defined reverse break fee proposal (amount and triggers)
- ☐ Realistic long-stop date and milestone plan

D) Conditionality and Risk Allocation

- ☐ Closing conditions limited to genuine gatekeepers
- ☐ MAC language disciplined (no discretionary escape)
- ☐ Regulatory risk allocation stated (efforts standard and remedy burden)
- ☐ Break fee / matching rights logic (if applicable) explained and defensible

E) Regulatory Strategy and Remedy Readiness

- ☐ Clear clearance narrative (key overlaps addressed)
- ☐ Remedy posture stated (structural vs behavioural)
- ☐ Remedy feasibility shown (timing, perimeter, execution plan)
- ☐ Monitoring and compliance approach outlined (if remedies required)

F) Control Pathway and Endgame Clarity

- ☐ Control threshold target identified (what "success" means)
- ☐ Full ownership plan stated (squeeze-out vs back-end route)
- ☐ Delisting and governance transition plan outlined
- ☐ Integration and stakeholder stabilisation plan (Day-1 readiness)

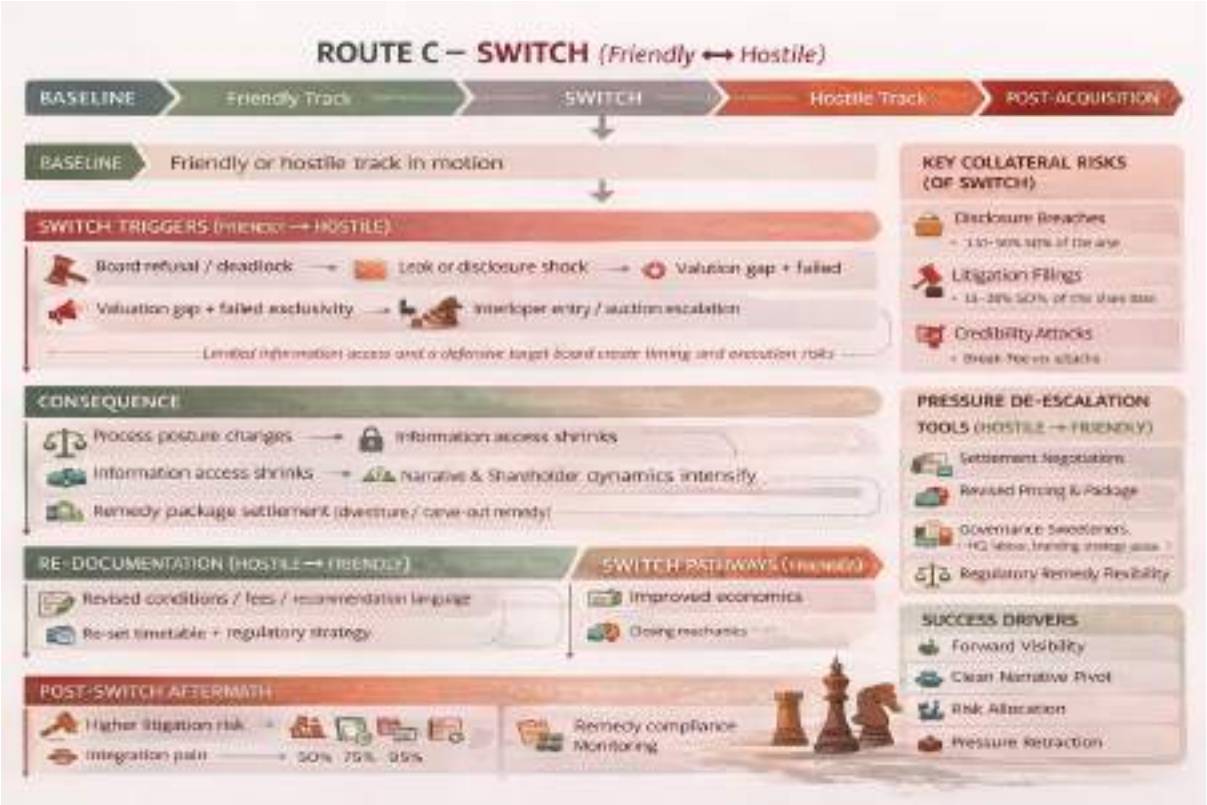
G) Communications and Stability Management

- ☐ Public narrative strategy (what is said, when, by whom)

- ☐ Leak and volatility response plan
- ☐ Stakeholder commitments defined (limited, measurable, time-bound)
- ☐ Litigation and activism risk anticipation

7.1.4. ROUTE C – SWITCH (Friendly → Hostile / Hostile → Friendly)

7.1.4.1. Chronological Infographic Route C



7.1.4.2. Phase C 0 – Switching Logic (Why Tracks Convert)

7.1.4.2.1. C 0.1 Process vs Structure: What Changes When a Track Switches

A switch primarily changes the **process environment**, not the legal structure. The same structure (share offer, merger, asset or carve-out) can exist in both tracks, but switching alters who controls timing, how information is shared, and whether the board's recommendation and diligence access remain available. In practical terms, a switch compresses decision time, increases public signalling, raises litigation and disclosure sensitivity and often reduces the bidder's ability to rely on confirmatory diligence.

7.1.4.2.2. C 0.2 Switching as Risk Re-Allocation (value vs certainty vs control)

Switching reallocates risk among the parties. In a friendly track, risk is commonly traded through negotiated covenants, limited conditions and board-managed access. In a hostile track, risk migrates toward market acceptance, higher volatility and longer regulatory exposure. Switches therefore force a rebalancing of the board's decision frame: bidders may offer more value to compensate for reduced certainty, or offer stronger certainty (fees, commitments, remedies) to compensate for reduced board trust and process control.

7.1.4.3. Phase C I – Friendly → Hostile Triggers

7.1.4.3.1. C 1.1 Board Refusal, Deadlock or Loss of Trust

A friendly process turns hostile when the board refuses engagement, negotiations stall on core terms, or trust collapses due to perceived opportunism. Common fault lines include price discipline, conditionality, regulatory burden and governance control. Once trust breaks, the bidder may move from board persuasion to shareholder persuasion, and the board may shift from negotiation to defence and alternative-bid search.

7.1.4.3.2. C 1.2 Leak Events and Disclosure Shocks

Leaks collapse the privacy premium of a friendly process. Once information enters the market, the transaction becomes a public event with immediate impacts on share price, employee stability and regulator attention. Disclosure shocks force parties to take positions quickly, reduce room for quiet bargaining, and often provoke tactical escalation because narrative control becomes as important as economics.

7.1.4.3.3. C 1.3 Valuation Gap and Failed Exclusivity

Switching is likely when the parties cannot bridge a valuation gap and exclusivity fails to produce convergence. If the board believes the bidder is using exclusivity to pressure terms downward, or if the bidder believes the board is using exclusivity to extract optionality without commitment, the cooperative equilibrium collapses. The natural consequence is either an auction opening or a hostile posture designed to reset leverage.

7.1.4.3.4. C 1.4 Interloper Entry and Auction Escalation

The entry of an interloper transforms bilateral bargaining into competitive dynamics. A friendly track can become hostile if the initial bidder responds aggressively to protect deal position, or if the board uses competition to maximise value in a way the initial bidder views as destabilising. Once auction escalation begins, bidders are pressured to revise not only price but also certainty, conditions and remedies.

7.1.4.4. Phase C II – Hostile → Friendly Pathways

7.1.4.4.1. C 2.1 Settlement Through Improved Economics (price, certainty, timing)

The most common path back to friendly is a settlement that improves the offer package across one or more axes: higher price, higher cash certainty, shorter timetable, tighter conditions or stronger reverse break fee protection. The logic is to give the board a defensible basis to recommend the deal without appearing to capitulate. In effect, settlement converts shareholder pressure into a negotiated contract.

7.1.4.4.2. C 2.2 Governance Concessions and Non-Financial Commitments

Hostile conflict can be resolved by governance design rather than pure price. Bidders may offer board seats, governance safeguards for sensitive assets, time-bound employment commitments or operational continuity covenants that reduce stakeholder resistance and

political risk. These commitments are effective only when drafted as measurable and enforceable, not as aspirational public relations statements.

7.1.4.4.3. C 2.3 Remedy Packages as a Settlement Tool (structural divestiture, carve-out remedies)

Regulatory uncertainty is a frequent barrier to board recommendation in contested deals. A bidder can convert hostility into cooperation by presenting a credible remedy package that reduces the board's fear of delay or prohibition. Structural remedies such as divestitures or carve-outs can also be framed as value-preserving perimeter solutions, aligning closability with the transaction's strategic thesis.

7.1.4.4.4. C 2.4 Converting a Public Battle into a Signed Agreement

A track conversion is finalised when the parties move from public positioning to enforceable documentation. This requires a controlled process reset: NDA and access rules, a short and disciplined timetable, agreement on conditions and termination rights, and board-facing communication that explains why the settlement is superior to continued conflict. The signature moment is not symbolic; it is the legal mechanism that reallocates risk back into contract.

7.1.4.5. Phase C III – Structural Consequences of Switching

7.1.4.5.1. C 3.1 How Deal Structure Changes After a Switch (carve-outs, consortiums, back-end planning)

Switches often force structural adaptation. A bidder may shift from full acquisition to carve-out to reduce regulatory or political exposure, bring in a consortium partner to strengthen funding credibility, or pre-wire a back-end route to full ownership to reduce dependence on high acceptance thresholds. These structural changes are not cosmetic; they are the bidder's primary tools for restoring credibility under contested conditions.

7.1.4.5.2. C 3.2 How Documentation Changes (revised conditions, break fees, recommendation language)

Switching reshapes the contract package. Conditions may be tightened or narrowed, reverse break fees may increase, termination rights and matching rights may be rebalanced, and recommendation language may be revised to preserve fiduciary defensibility. Documentation becomes more explicit about process discipline and risk allocation because trust-based assumptions are no longer sustainable.

7.1.4.5.3. C 3.3 How Regulatory Strategy Changes (risk allocation, commitments, timing)

Regulatory posture typically hardens after a switch. Parties must decide whether the bidder will accept a stronger efforts standard, define remedy boundaries, and accelerate filings. Timing becomes more sensitive because contested deals draw more scrutiny and stakeholder noise. A credible post-switch regulatory strategy is one that translates commitment into an executable plan with clear limits and governance.

8. EXAMPLE DOCUMENTS

8.1. IOI (Love Letter)

[BUYER LETTERHEAD]

[Date]

PRIVATE & CONFIDENTIAL

[Name]

Chair of the Board / Chair of the Special Committee

[Target Legal Name]

[Address]

Re: Non-Binding Indication of Interest for a Potential Transaction with [Target Legal Name]

Dear [Name],

We write on behalf of [Buyer Legal Name] ("[Buyer]") to express our interest in pursuing a potential transaction with [Target Legal Name] (the "Company"). This letter sets out a non-binding indication of interest ("IOI") regarding a possible [acquisition / merger / business combination] (the "Transaction"). We believe the Transaction could deliver compelling value for the Company's shareholders while providing a credible, executable path to closing.

1. Strategic Rationale

We view the Company as a uniquely attractive platform given its [content library / distribution capabilities / brands / technology / market position]. We believe a combination with [Buyer] would create value through: (i) [● key synergy 1], (ii) [● key synergy 2], and (iii) [● key synergy 3]. We also recognise the importance of stakeholder stability and intend to approach the Transaction with a focus on operational continuity.

2. Proposed Transaction Structure (Indicative)

Subject to confirmatory diligence and negotiation of definitive documentation, our current preference is a [friendly recommended transaction / negotiated transaction] implemented as a:

- [Share deal / tender offer], or alternatively

- [Statutory merger],

with flexibility to discuss alternative structures that may enhance certainty and regulatory outcomes.

3. Indicative Consideration and Valuation Approach

We are prepared to offer consideration consisting of [cash / stock / a mix of cash and stock]. Our valuation work indicates an enterprise value range of approximately [●] to [●], implying an equity value range of approximately [●] to [●], subject to adjustments and confirmatory diligence. We are willing to discuss the most appropriate consideration mix to maximise shareholder value and closing certainty.

4. Financing and Deal Certainty

[Buyer] intends to finance the Transaction through a combination of [cash on hand], [committed debt financing], and [equity issuance / co-investment], as applicable. We are prepared to provide evidence of financing credibility (including commitment papers) at the appropriate stage of the process. Our objective is to minimise conditionality and deliver a high-certainty path to closing.

5. Regulatory and Approvals

We recognise that regulatory clearance will be a critical workstream. Based on our preliminary assessment, we believe the Transaction is capable of obtaining the necessary approvals within a realistic timeframe. We are prepared to engage constructively on potential remedies or commitments, where appropriate, to support regulatory clearance while preserving the economic rationale of the Transaction.

6. Due Diligence and Process Request

To evaluate the Transaction efficiently, we propose the following initial steps:

- execution of a mutually acceptable non-disclosure agreement (NDA),

- provision of access to a virtual data room and management sessions on a staged basis,

- an agreed process timetable with key milestones toward a definitive agreement.

We are open to discussing a short exclusivity period to support efficient diligence and documentation, subject to the Board's fiduciary duties and applicable law.

7. Confidentiality and Public Communications

We request that the existence of this IOI, the fact of discussions, and any related information be treated as strictly confidential. Any public statement regarding the Transaction should be coordinated in advance and made only as required by law or regulation.

8. Non-Binding Nature

This IOI is non-binding and does not constitute a commitment by [Buyer] to proceed with any Transaction. Any obligation will arise only upon execution of definitive agreements, which will be subject to customary conditions, approvals, and final internal authorisations. Sections relating to confidentiality, exclusivity (if agreed), expenses, and governing law may be made binding by separate written agreement.

9. Next Steps

We would welcome the opportunity to meet with the Board / Special Committee and its advisers promptly to discuss the Transaction and agree a process. Please contact [Name, Title] at [email] or [phone] to coordinate next steps.

We appreciate your consideration and look forward to engaging constructively.

Yours sincerely,

[Signature]

[Name]

[Title]

[Buyer Legal Name]

cc: [Buyer counsel / financial adviser]

8.2. Template of Non-Disclosure Agreement

NON-DISCLOSURE AGREEMENT

(Friendly M&A Process NDA Template)

This Non-Disclosure Agreement (this **Agreement**) is entered into as of **[● Date]** (the **Effective Date**) by and between:

1. **[● Disclosing Party Legal Name]**, a **[● jurisdiction] [● entity type]** with its registered office at **[●]** (**Disclosing Party**), and
2. **[● Receiving Party Legal Name]**, a **[● jurisdiction] [● entity type]** with its registered office at **[●]** (**Receiving Party**).

Disclosing Party and Receiving Party are each a **Party** and together the **Parties**.

1. Purpose

The Parties wish to exchange certain information solely for the purpose of evaluating a potential transaction involving **[● Target / Seller / Business]**, including a potential acquisition, merger, asset purchase, investment or other business combination (the **Permitted Purpose**).

2. Definitions

Confidential Information means any information disclosed by or on behalf of the Disclosing Party or its Affiliates to the Receiving Party or its Representatives (as defined below), in any form (written, oral, visual, electronic or otherwise), that relates to the Disclosing Party, the Target, their businesses, operations, financial condition, customers, suppliers, employees, technology, intellectual property, contracts, strategy or the potential transaction, including the existence of discussions, the fact that information has been made available, and the terms, status or structure of the Permitted Purpose. Confidential Information includes any notes, analyses, compilations, studies, forecasts or other materials prepared by the Receiving Party or its Representatives that contain or reflect such information (**Evaluation Material**).

Affiliate means any entity that directly or indirectly controls, is controlled by or is under common control with a Party.

Representatives means a Party's directors, officers, employees, agents, advisors and professional representatives, including attorneys, accountants, consultants, financing sources and potential co-investors, in each case who have a need to know for the Permitted Purpose.

3. Exclusions

Confidential Information does not include information that the Receiving Party can demonstrate with contemporaneous written evidence:

a) is or becomes publicly available other than through a breach of this Agreement by the Receiving Party or its Representatives,
b) was lawfully known to the Receiving Party prior to disclosure by the Disclosing Party,
c) is received from a third party who is not, to the Receiving Party's knowledge, under a confidentiality obligation to the Disclosing Party, or
d) is independently developed by the Receiving Party without use of or reference to the Disclosing Party's Confidential Information.

4. Confidentiality and Use Obligations

The Receiving Party shall:

a) keep Confidential Information strictly confidential and apply at least the same degree of care it uses to protect its own confidential information of similar sensitivity, but no less than reasonable care,
b) use Confidential Information solely for the Permitted Purpose, and
c) not disclose Confidential Information to any person except as permitted under Section 5.

5. Permitted Disclosures

The Receiving Party may disclose Confidential Information only to its Representatives who:

a) have a need to know for the Permitted Purpose, and
b) are bound by confidentiality obligations no less protective than those in this Agreement (whether by professional duty or written agreement).

The Receiving Party is responsible for any breach of this Agreement by its Representatives.

6. Compelled Disclosure

If the Receiving Party or any of its Representatives is required by law, regulation, court order or a competent governmental authority to disclose any Confidential Information, the Receiving Party shall, to the extent permitted by law:

a) promptly notify the Disclosing Party,
b) cooperate (at the Disclosing Party's expense) with the Disclosing Party's efforts to seek a protective order or other appropriate remedy, and
c) disclose only the portion of Confidential Information that is legally required to be disclosed.

7. Data Room and Access Protocols

The Disclosing Party may provide Confidential Information through a virtual data room and may impose access controls, watermarking, download restrictions and Q&A protocols. The Receiving Party shall comply with all reasonable data room rules communicated in writing.

8. No Representation, No Reliance

The Disclosing Party makes no representation or warranty, express or implied, as to the accuracy, completeness or fitness for purpose of the Confidential Information. The Receiving Party agrees that it will rely solely on representations and warranties expressly set out in any definitive agreement, if executed.

9. No Obligation to Proceed

Nothing in this Agreement obligates either Party to enter into any transaction. Either Party may terminate discussions at any time for any reason, subject to the confidentiality obligations in this Agreement.

10. Return or Destruction

Upon the earlier of (i) the Disclosing Party's written request or (ii) termination of discussions, the Receiving Party shall promptly return or destroy all Confidential Information and Evaluation Material, including copies, extracts and summaries, except that:

a) one archival copy may be retained by outside legal counsel solely for compliance and recordkeeping, and
b) electronically stored information retained in routine backups may remain until overwritten in the ordinary course, provided it remains subject to this Agreement.

11. No License

No license or other rights are granted to the Receiving Party by implication or otherwise under any patent, copyright, trade secret, trademark or other intellectual property right, except the limited right to use the Confidential Information for the Permitted Purpose.

12. Publicity

Neither Party shall make any public announcement or statement regarding the Permitted Purpose or this Agreement without the other Party's prior written consent, except as required under Section 6.

13. Securities and Insider Trading

If any Confidential Information constitutes material non-public information, the Receiving Party shall comply with applicable securities laws and shall not trade in securities of the Disclosing Party, the Target or any relevant Affiliate while in possession of such information.

14. Term

This Agreement begins on the Effective Date. The Receiving Party's obligations under Sections 4, 5, 6, 10, 12 and 13 shall continue for **[● 2]** years from the Effective Date, provided that obligations relating to trade secrets remain in effect for so long as such information remains a trade secret under applicable law.

15. Remedies

The Receiving Party acknowledges that a breach of this Agreement may cause irreparable harm for which monetary damages may be an inadequate remedy. The Disclosing Party is entitled to seek injunctive relief and specific performance, in addition to any other remedies available at law or in equity.

16. Assignment

Neither Party may assign this Agreement without the other Party's prior written consent, except to an Affiliate in connection with an internal reorganisation, provided that the assigning Party remains liable for performance.

17. Governing Law and Jurisdiction

This Agreement is governed by the laws of **[●]**. The courts of **[●]** shall have exclusive jurisdiction, and each Party irrevocably submits to such jurisdiction.

18. Notices

All notices under this Agreement must be in writing and delivered by hand, courier or email to the contacts below (or such other contact notified in writing):

Disclosing Party:
Name: **[●]**
Email: **[●]**
Address: **[●]**

Receiving Party:
Name: **[●]**
Email: **[●]**
Address: **[●]**

19. Entire Agreement, Amendments, Waivers

This Agreement constitutes the entire agreement between the Parties with respect to its subject matter and supersedes all prior discussions. Any amendment must be in writing and signed by both Parties. No waiver is effective unless in writing and signed by the waiving Party.

20. Counterparts and Electronic Signature

This Agreement may be executed in counterparts, each of which is deemed an original and all of which together form one instrument. Signatures exchanged electronically are binding.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

[● DISCLOSING PARTY LEGAL NAME]
By: _____
Name: **[●]**
Title: **[●]**

[● RECEIVING PARTY LEGAL NAME]
By: _____
Name: **[●]**
Title: **[●]**

Optional Clauses (Add only if you want)

Optional A: Standstill

For a period of **[●]** months from the Effective Date, the Receiving Party shall not, directly or indirectly, acquire any voting securities of **[● Target]**, make any public proposal regarding a transaction, solicit proxies, seek board representation or otherwise take actions commonly associated with an unsolicited takeover, in each case without the prior written consent of the Disclosing Party.

Optional B: Non-Solicitation of Employees

For **[●]** months from the Effective Date, the Receiving Party shall not solicit for employment **[● Target]** employees with whom the Receiving Party has had contact through the Permitted Purpose, except through general solicitations not targeted at such employees.

Optional C: Exclusivity

For **[●]** weeks following the Effective Date, the Disclosing Party will negotiate exclusively with the Receiving Party regarding the Permitted Purpose, subject to fiduciary obligations and applicable law.

8.3. Letter of Intent

[LETTER OF INTENT / TERM SHEET]

[NON-BINDING, EXCEPT AS EXPRESSLY STATED]

Date: [●]

Parties:

(1) [Buyer Legal Name], a [●] ("Buyer")

(2) [Target Legal Name], a [●] ("Target")

Transaction: Proposed change-of-control transaction for Target, a public company (the "Transaction").

This Letter of Intent / Term Sheet (this "LOI") sets forth the principal terms on which Buyer and Target would be prepared to negotiate definitive agreements. Except for the Binding Provisions identified in Section 14, this LOI is non-binding and intended solely as a basis for further discussion.

1. Transaction Structure (Non-Binding)

1.1 Two-step public company structure:

(a) Step 1 – Tender Offer: Buyer will launch a recommended public tender offer to acquire [●]% of Target's outstanding voting shares at the Offer Price (as defined below), subject to the conditions in Section 5.

(b) Step 2 – Pre-Wired Back-End: Following completion of the tender offer and upon reaching the agreed acceptance threshold, Buyer and Target will implement a pre-arranged second-step transaction to achieve full ownership (100%) and delisting, as described in Section 2.

1.2 Alternative structures (to be considered only if required):

If the parties agree that regulatory, tax, or execution considerations require an alternative, the parties may evaluate (i) a statutory merger as the primary structure; or (ii) a carve-out/perimeter proposal, in each case subject to Board duties and applicable law.

2. Pre-Wired Back-End Structure (Non-Binding)

2.1 Objective: To provide a clear, executable path from control acquisition to 100% ownership without dependence on reaching the squeeze-out threshold.

2.2 Form: The second step will be implemented as one of the following, to be determined based on legal and regulatory feasibility:

(a) Triangular merger back-end (merger of Target with a Buyer-controlled merger subsidiary), or

(b) Back-end restructuring or equivalent second-step mechanism permitted under applicable law.

2.3 Consideration in the back-end:

Minority shareholders remaining after the tender offer will receive consideration economically equivalent to the Offer Price, subject to customary rounding and mechanics.

2.4 Timetable:

The parties intend to implement the back-end promptly following settlement of the tender offer, subject to applicable legal requirements.

3. Consideration (Non-Binding)

3.1 Offer Price:

Offer price per share: [●] in [cash / Buyer shares / a mix of cash and Buyer shares].

3.2 Consideration mix:

(a) Cash portion: [●]% (or [●] per share)

(b) Stock portion: [●]% (or exchange ratio mechanics below)

3.3 Exchange ratio mechanics (if stock):

(a) Fixed ratio / floating ratio / collar: [●]

(b) Treatment of fractional shares: [●]

3.4 Contingent consideration (optional):

If used, contingent value rights (CVR) or earn-out style payments may be included with triggers and measurement periods to be defined.

4. Financing and Sources of Funds (Non-Binding)

4.1 Sources:

Buyer intends to finance the Transaction through a combination of [cash on hand], [committed debt financing], [equity issuance], and/or [co-investment], as applicable.

4.2 Financing deliverables:

Buyer will provide, at agreed milestones, (i) a debt commitment letter, (ii) any equity commitment letter, and (iii) a high-level funds flow outline.

4.3 Certain funds expectation:

Buyer intends to minimise financing conditionality and align financing conditions with deal conditions to support closing certainty.

5. Key Conditions to Closing (Non-Binding)

5.1 Regulatory approvals:

Merger control and other required approvals (as applicable).

5.2 Board recommendation:

Target board recommendation at launch, subject to fiduciary duties.

5.3 Minimum acceptance threshold:

The tender offer will be conditional upon achieving at least [●]% acceptance (the “Minimum Acceptance Condition”).

5.4 Other conditions:

No injunction prohibiting completion; compliance with interim covenants; customary accuracy standards for any definitive agreement representations.

5.5 MAC:

To be included in definitive documentation, narrowly drafted and consistent with market practice for public company transactions.

6. Interim Covenants and Conduct of Business (Non-Binding)

6.1 Ordinary course operation; restrictions on extraordinary actions.

6.2 Restrictions on dividends, asset sales, debt incurrence, and material contract amendments.

6.3 Cooperation in regulatory filings and information requests.

7. Due Diligence and Information Access (Non-Binding)

7.1 Data room access subject to NDA and data room rules.

7.2 Management sessions and Q&A protocols.

7.3 Clean team protocol for competitively sensitive information (if required).

8. Transaction Documentation (Non-Binding)

8.1 Definitive agreements:

(a) Tender offer documentation (offer memorandum and related materials),

(b) Transaction agreement supporting the recommended offer and pre-wired back-end (the "Transaction Agreement"),

(c) Back-end implementation documents (merger plan or equivalent).

8.2 Ancillary documents may include:

Transition services agreement (if needed), IP licensing, employment and retention arrangements, and remedy undertakings (if required).

9. Fees, Risk Allocation and Remedies (Non-Binding)

9.1 Break fee:

Payable by Target upon termination to accept a superior proposal, subject to fiduciary out.

Amount: [●]

9.2 Reverse break fee:

Payable by Buyer upon failure to close due to agreed Buyer-side triggers (e.g., financing failure or regulatory failure under agreed standard).

Amount: [●]

9.3 Regulatory risk allocation:

Buyer to use [reasonable best efforts / best efforts / hell-or-high-water subject to cap] to obtain approvals; remedy limits to be defined.

9.4 Matching rights:

Buyer may match a superior proposal within [●] business days.

10. Board Recommendation, Fiduciary Out and Superior Offer (Non-Binding)

10.1 Recommendation expected at launch, subject to fiduciary duties and applicable law.

10.2 Fiduciary out:

Target may change recommendation in response to a superior proposal, subject to notice and matching rights.

10.3 Superior offer process:

Defined process to be set out in definitive documents.

11. Timetable and Process (Non-Binding)

11.1 Target dates:

NDA: [●]

Access: [●]

Signing: [●]

Offer launch: [●]

Settlement: [●]

Back-end completion: [●]

11.2 Long-stop date:

[●]

11.3 Governance:

Weekly steering calls; single points of contact; escalation protocol.

12. Publicity and Communications (Binding if selected)

No public announcement regarding the Transaction or this LOI shall be made without the prior written consent of the other party, except as required by law or regulation, in which case parties will coordinate in good faith.

13. No Obligation to Proceed (Non-Binding)

Except for the Binding Provisions, neither party shall have any obligation to consummate the Transaction unless and until definitive agreements are executed, and closing conditions are satisfied or waived.

14. Binding Provisions

The following sections are intended to be legally binding:

14.1 Confidentiality: [refer to NDA dated ●] and continued confidentiality of this LOI and discussions.

14.2 Exclusivity: Target agrees to negotiate exclusively with Buyer for [●] weeks, subject to fiduciary duties and applicable law.

14.3 Expenses: Each party bears its own costs except as agreed.

14.4 Governing law and jurisdiction: [●]

14.5 Remedies: Injunctive relief and specific performance available for breach of Binding Provisions.

14.6 Publicity: Section 12 is binding if selected.

15. Signatures

[BUYER LEGAL NAME] [TARGET LEGAL NAME]

By: _____ By: _____

Name: [●] Name: [●]

Title: [●] Title: [●]

Date: [●] Date: [●]

8.4. Merger Agreement

AGREEMENT AND PLAN OF MERGER

(Recommended Tender Offer + Second-Step Merger)

This AGREEMENT AND PLAN OF MERGER (this "Agreement") is made and entered into as of [●] (the "Signing Date"), by and among:

(1) [BUYER LEGAL NAME], a [●] ("Parent");

(2) [MERGER SUB LEGAL NAME], a [●] and a wholly owned subsidiary of Parent ("Purchaser" or "Merger Sub"); and

(3) [TARGET LEGAL NAME], a [●] ("Company").

Parent, Purchaser and Company are each a "Party" and together the "Parties".

RECITALS

A. Parent desires to acquire the Company through (i) a recommended tender offer by Purchaser for all outstanding shares of Company common stock and (ii) a subsequent second-step merger to acquire any remaining shares, in each case on the terms set forth in this Agreement.

B. The board of directors of the Company (or a special committee) has determined that the transactions contemplated hereby are advisable and in the best interests of the Company and its shareholders, subject to the terms of this Agreement.

ARTICLE I

DEFINITIONS; INTERPRETATION

1.1 Definitions. Capitalized terms used herein have the meanings set forth in this Agreement or, if not defined, their commonly understood meaning in public M&A practice.

1.2 Interpretation. References to Articles and Sections are to those of this Agreement. Headings are for convenience only.

ARTICLE II

THE TRANSACTION STRUCTURE

2.1 The Offer (Step 1).

(a) Offer. As promptly as practicable after the Signing Date, Purchaser shall commence a tender offer (the "Offer") to purchase all outstanding shares of Company common stock, par value [●] per share (the "Shares"), at a price of [●] per Share in [cash / Parent stock / a mix of cash and Parent stock] (the "Offer Price"), on the terms and subject to the conditions set forth in this Agreement and the Offer documents.

(b) Offer Documents. Purchaser shall prepare and file (as applicable) an offer to purchase, letter of transmittal and related materials (collectively, the "Offer Documents"). The Offer Documents shall be consistent with this Agreement and shall not contain any statement that is false or misleading or omit any material information required to make the statements therein not misleading.

(c) Offer Conditions. The obligation of Purchaser to accept for payment and pay for Shares tendered pursuant to the Offer shall be subject to the satisfaction or waiver (to the extent permitted) of the conditions set forth on Schedule 2.1(c) (the "Offer Conditions"), including:

(i) Minimum Acceptance Condition: at least [●]% of the outstanding Shares shall have been validly tendered and not withdrawn;

(ii) Regulatory approvals as set forth in Section 6.3;

(iii) No injunction or legal restraint prohibiting consummation.

(d) Offer Period; Extensions. Purchaser shall keep the Offer open for at least the minimum period required by applicable law. Purchaser may extend the Offer to the extent required by law, to satisfy Offer Conditions or as mutually agreed.

2.2 Second-Step Merger (Step 2) and Pre-Wired Back-End.

(a) Merger. Following the consummation of the Offer and subject to the terms hereof, Purchaser (as Merger Sub) shall merge with and into the Company (the "Merger") with the Company surviving as a wholly owned subsidiary of Parent (the "Surviving Corporation").

(b) Purpose. The Merger is intended to acquire any Shares not tendered in the Offer and to facilitate the acquisition of 100% ownership and delisting, as applicable.

(c) Timing. The Merger shall be effected as promptly as practicable following the satisfaction of the conditions to the Merger set forth in Article VII.

2.3 Effective Time. The Merger shall become effective at such time as the certificate of merger is duly filed with the [●] Secretary of State (the "Effective Time").

2.4 Effects of the Merger. At the Effective Time, the separate corporate existence of Purchaser shall cease and the Company shall continue as the Surviving Corporation, and all property, rights, privileges, powers and franchises of the Company and Purchaser shall vest in the Surviving Corporation by operation of law.

2.5 Consideration in the Merger.

(a) Shares. At the Effective Time, each Share outstanding immediately prior to the Effective Time (other than (i) Shares owned by Parent, Purchaser or the Company, (ii) Shares held by shareholders who have properly exercised appraisal rights, if applicable) shall be cancelled and converted into the right to receive consideration equal to the Offer Price (the "Merger Consideration"), payable in the same form as the Offer Price, subject to customary mechanics.

(b) Appraisal Rights. If appraisal rights apply under applicable law, the Company shall provide required notices and Parent shall comply with the statutory process. Schedule 2.5(b) describes the intended treatment.

2.6 Paying Agent; Funds Flow.

(a) Paying Agent. Parent shall appoint a paying agent for the Offer and the Merger.

(b) Funds Flow. Prior to the Effective Time, the Parties shall agree a funds flow memorandum in substantially the form attached as Exhibit [●].

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Parent and Purchaser as of the Signing Date and as of the consummation of the Offer and the Merger (subject to agreed materiality and knowledge qualifiers) that:

3.1 Organization; Authority.

3.2 Capitalization.

3.3 SEC Filings; Disclosure Controls; No Misstatements.

3.4 Absence of Certain Changes.

3.5 Compliance with Laws.

3.6 Litigation.

3.7 Material Contracts.

3.8 Intellectual Property.

3.9 Employees and Benefits.

3.10 Taxes.

3.11 Brokers and Fees.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT AND PURCHASER

Parent and Purchaser represent and warrant to the Company as of the Signing Date and as of the consummation of the Offer and the Merger that:

4.1 Organization; Authority.

4.2 Financing; Funds Availability.

(a) Funds. Parent has, or at the Effective Time will have, sufficient funds to pay the Offer Price and Merger Consideration and related costs, subject to the terms of this Agreement.

(b) Commitment Papers. If applicable, Parent has delivered true and complete copies of its debt commitment letter and equity commitment letter, if any, to the Company (collectively, the "Financing Commitments").

4.3 Regulatory Matters.

4.4 Brokers and Fees.

ARTICLE V

COVENANTS

5.1 Conduct of Business. From the Signing Date until the earlier of termination or the Effective Time, the Company shall operate in the ordinary course of business consistent with past practice, and shall not take certain actions without Parent's consent as set forth on Schedule

5.2 Access and Cooperation. The Company shall provide Parent reasonable access for confirmatory diligence, integration planning and regulatory filings, subject to confidentiality and clean team protocols.

5.3 Regulatory Filings. Each Party shall use [reasonable best efforts / best efforts] to obtain the required approvals and shall cooperate in responding to regulatory requests.

5.4 Board Recommendation; Company Disclosure.

(a) Recommendation. The Company board shall recommend the Offer and the Merger, subject to fiduciary duties and Section 8.2.

(b) Disclosure. Public announcements shall be coordinated and consistent with Section 10.6.

5.5 Non-Financial Commitments. The Parties agree to the stakeholder commitments set forth on Schedule 5.5, if any.

5.6 Financing Cooperation. The Company shall provide customary cooperation in connection with financing, subject to limitations and expense reimbursement.

ARTICLE VI

REGULATORY MATTERS; REMEDIES

6.1 Required Approvals. The Parties shall identify the required approvals on Schedule 6.1.

6.2 Efforts Standard. Parent and Purchaser shall use [reasonable best efforts / best efforts] to obtain approvals.

6.3 Remedies. If required to obtain approvals, Parent shall offer remedies consistent with the parameters on Schedule 6.3. Parent shall not be required to agree to any remedy that would reasonably be expected to have a material adverse effect on Parent and its affiliates taken as a whole, unless otherwise agreed.

6.4 Timing and Cooperation. The Parties shall coordinate filing strategy, timing and messaging.

ARTICLE VII

CONDITIONS

7.1 Conditions to the Offer. See Schedule 2.1(c).

7.2 Conditions to the Merger. The obligation of each Party to consummate the Merger is subject to:

(a) consummation of the Offer or satisfaction of the agreed threshold;

(b) receipt of required approvals;

(c) no injunction or prohibition;

(d) Company shareholder approval if required under applicable law.

ARTICLE VIII

TERMINATION; FEES; FIDUCIARY OUT

8.1 Termination Rights. This Agreement may be terminated:

(a) by mutual written consent;

(b) by either Party if the Offer has not been consummated by the Long-Stop Date [●], subject to certain exceptions;

(c) by Parent if the Company board withdraws or adversely modifies its recommendation, subject to Section 8.3;

(d) by the Company if required to accept a Superior Proposal in compliance with Section 8.2.

8.2 Fiduciary Out; Superior Proposal.

(a) Fiduciary Out. The Company board may change its recommendation if it determines in good faith, after consultation with counsel, that failure to do so would be inconsistent with its fiduciary duties, and a Superior Proposal exists.

(b) Notice and Matching. Prior to changing its recommendation or terminating, the Company shall provide Parent notice and a match period of [●] business days.

8.3 Break Fee. If this Agreement is terminated under circumstances specified on Schedule 8.3, the Company shall pay Parent a termination fee of [●].

8.4 Reverse Break Fee. If the Agreement is terminated under circumstances specified on Schedule 8.4, Parent shall pay the Company a reverse termination fee of [●], including for specified financing failure or regulatory failure triggers.

ARTICLE IX

MISCELLANEOUS

9.1 Confidentiality. The NDA dated [●] remains in effect.

9.2 Publicity. No public announcements except as coordinated or required by law.

9.3 Notices.

9.4 Assignment.

9.5 Governing Law; Jurisdiction. [●]

9.6 Specific Performance. Each Party acknowledges irreparable harm and the availability of equitable relief.

9.7 Entire Agreement; Amendments; Waivers.

9.8 Counterparts; Electronic Signatures.

SIGNATURES

[BUYER LEGAL NAME] [TARGET LEGAL NAME]

By: _____ By: _____

Name: [●] Name: [●]

Title: [●] Title: [●]

[MERGER SUB LEGAL NAME]

By: _____

Name: [●]

Title: [●]

SCHEDULES AND EXHIBITS (placeholders)

Schedule 2.1(c) Offer Conditions

Schedule 5.1 Conduct of Business Covenants

Schedule 5.5 Non-Financial Commitments

Schedule 6.1 Regulatory Approvals

Schedule 6.3 Remedy Parameters

Schedule 8.3 Break Fee Triggers

Schedule 8.4 Reverse Break Fee Triggers

Exhibit [●] Form of Offer Documents Outline

Exhibit [●] Funds Flow Memorandum (outline)

Exhibit [●] Form of Press Release (optional)

8.5. Share Purchase Agreement

SHARE PURCHASE AGREEMENT

(Simulation Template)

This SHARE PURCHASE AGREEMENT (this "Agreement") is made on [● Date] by and among:

(1) [BUYER LEGAL NAME], a [●] ("Buyer");

(2) [SELLER 1 LEGAL NAME], a [●] ("Seller 1");

(3) [SELLER 2 LEGAL NAME], a [●] ("Seller 2");

[Add additional Sellers as needed]

(each a "Seller" and together the "Sellers").

Buyer and Sellers are each a "Party" and together the "Parties".

RECITALS

A. The Sellers own in aggregate [●] shares (the "Sale Shares") of [TARGET LEGAL NAME], a [●] (the "Company").

B. Buyer desires to purchase, and the Sellers desire to sell, the Sale Shares on the terms set forth herein.

ARTICLE I

DEFINITIONS; INTERPRETATION

1.1 Definitions. Capitalised terms have the meanings set out in this Agreement.

1.2 Interpretation. Headings are for convenience only.

ARTICLE II

SALE AND PURCHASE

2.1 Sale and Purchase of Shares.

Subject to the terms and conditions of this Agreement, at Closing each Seller shall sell and transfer to Buyer, and Buyer shall purchase from each Seller, the number of shares set opposite that Seller's name in Schedule 2.1 (together, the "Sale Shares"), free and clear of all liens, pledges, security interests and encumbrances.

2.2 Purchase Price.

(a) Total Purchase Price: USD [●] (the "Purchase Price").

(b) Purchase Price Allocation: The Purchase Price shall be allocated among Sellers in accordance with Schedule 2.2.

(c) Price Per Share (optional): USD [●] per Sale Share.

2.3 Consideration Form.

The Purchase Price shall be paid in [cash / Buyer shares / hybrid cash + shares], as specified in Schedule 2.3.

If Buyer shares are issued, the parties shall apply the issuance mechanics in Schedule 2.3 (exchange ratio / collar / fractional shares).

2.4 Payment Mechanics.

At Closing, Buyer shall pay the Purchase Price to the Sellers by [wire transfer to designated accounts / delivery of share certificates / escrow], as set forth in the Funds Flow Memo in Exhibit A.

2.5 Deliverables.

At Closing:

(a) Each Seller shall deliver executed share transfer forms and evidence of title.

(b) Buyer shall deliver payment and any Buyer share issuance deliverables.

(c) The Company (if a party for limited purposes) shall update the share register and issue new share certificates (if applicable).

ARTICLE III

CONDITIONS

3.1 Conditions Precedent to Buyer's Obligations.

Buyer's obligation to close is subject to satisfaction or waiver of:

(a) Title: Sellers have good title to the Sale Shares.

(b) Consents: Any required consents for transfer of the Sale Shares have been obtained.

(c) Regulatory approvals: [merger control / sector approvals], if applicable.

(d) No injunction: No court order restraining the Transaction.

(e) Accuracy: Sellers' representations remain true in all material respects at Closing.

3.2 Conditions Precedent to Sellers' Obligations.

Sellers' obligation to close is subject to:

(a) Buyer payment ability: Buyer has delivered the Purchase Price at Closing.

(b) No injunction: No restraint prohibiting the Transaction.

(c) Buyer reps accuracy.

3.3 Long-Stop Date.

If Closing has not occurred by [●], either Party may terminate, subject to Section 9.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF SELLERS

Each Seller represents and warrants to Buyer as of the Signing Date and Closing:

4.1 Authority; Capacity.

4.2 Title to Sale Shares (free and clear).

4.3 No Conflicts; No Breach of Laws.

4.4 No Brokers (or disclosure of brokers).

4.5 (Optional) Limited Company Warranties:

Where agreed, Sellers provide limited warranties regarding:

- capitalization;

- authority of the Company;

- ownership of subsidiaries;

- material litigation.

(See Schedule 4.5 for scope and limitations.)

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers as of the Signing Date and Closing:

5.1 Authority; Capacity.

5.2 Financing / Funds Availability (if relevant).

5.3 No Conflicts; Compliance with Laws.

5.4 No Brokers (or disclosure of brokers).

ARTICLE VI

COVENANTS

6.1 Interim Period Covenants (Signing to Closing).

(a) Sellers shall not transfer, pledge or otherwise encumber the Sale Shares.

(b) Sellers shall exercise voting rights consistent with [●] (optional: support covenants).

(c) Cooperation: Parties shall cooperate in obtaining approvals and consents.

6.2 Confidentiality and Publicity.

Confidentiality governed by NDA dated [●]. No public statements without mutual consent, except as required by law.

6.3 Further Assurances.

Each Party shall execute documents reasonably required to effect the transfers contemplated herein.

ARTICLE VII

INDEMNIFICATION (Optional for Simulation)

7.1 Indemnity by Sellers.

Sellers shall indemnify Buyer for losses arising out of breach of Sellers' representations or covenants, subject to:

(a) time limits: [● months];

(b) basket: USD [●];

(c) cap: [●]% of Purchase Price;

(d) exclusions: consequential damages, etc., unless specified.

7.2 Indemnity by Buyer.

Buyer shall indemnify Sellers for losses arising out of breach of Buyer's representations or covenants, subject to similar limitations.

7.3 Procedures.

Notice, defence of claims, mitigation, and settlement controls as set forth in Schedule 7.3.

ARTICLE VIII

TERMINATION

8.1 Termination Events.

This Agreement may be terminated:

(a) by mutual written consent;

(b) by either Party if Closing has not occurred by the Long-Stop Date, subject to fault carve-outs;

(c) by Buyer for material breach by Sellers;

(d) by Sellers for material breach by Buyer.

8.2 Effect of Termination.

Upon termination, obligations cease except confidentiality, expenses, and governing law clauses.

ARTICLE IX

MISCELLANEOUS

9.1 Expenses. Each Party bears its own costs, unless agreed otherwise.

9.2 Notices. [●]

9.3 Assignment. No assignment without consent.

9.4 Governing Law; Jurisdiction. [●]

9.5 Specific Performance. Parties acknowledge irreparable harm and agree to equitable relief.

9.6 Entire Agreement; Amendments; Waivers.

9.7 Counterparts; Electronic Signatures.

SIGNATURES

[BUYER LEGAL NAME] [SELLER 1 LEGAL NAME]

By: _____ By: _____

Name: [●] Name: [●]

Title: [●] Title: [●]

[SELLER 2 LEGAL NAME]

By: _____

Name: [●]

Title: [●]

SCHEDULES / EXHIBITS

Schedule 2.1 Allocation of Sale Shares by Seller

Schedule 2.2 Purchase Price Allocation

Schedule 2.3 Consideration Mechanics (cash/stock/hybrid)

Schedule 3.1 Buyer Conditions

Schedule 3.2 Seller Conditions

Schedule 4.5 Limited Company Warranties (if any)

Schedule 7.3 Indemnification Procedure (optional)

Exhibit A Funds Flow Memo (outline)

9. FURTHER INFORMATIONS

Youtube Videos

- Mergers & Acquisitions (M&A), i.e., buying and selling businesses

10. BIBLIOGRAPHIE

- Utrecht Summer School 2025 - Discussion Materials.pdfa_set_of_three_flowcharts_is_presented_side_by_sid.pnga_flat_infographic_poster_flowchart_on_a_pale_ba.png
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