



Leveraged to the Hilt

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If you're just now returning from the Moon, then you might not have heard about the turmoil at CBS, where Stephen Colbert has hosted his last Late Show episode, where 60 Minutes seems to get a new remake every month or so, and CNN anchors worry that their independence—such as it is—are about to go the way of the passenger pigeon.

But people who have been following the various dramas may not know the full story. While the upcoming SpaceX initial public offering has dominated the financial headlines, there's a more interesting business story playing itself out.

CBS is owned by Paramount Skydance Corp., which is owned/led by David Ellison, son of Oracle founder/CEO Larry Ellison—currently number 5 on the Forbes list of the world's richest individuals. The Paramount media conglomerate is pretty large, including Paramount Pictures, Skydance Film, Skydance Animation and Nickelodeon Movies in Hollywood, plus TV assets that include CBS, Paramount Television Studios, MTV Entertainment Studios, Comedy Central, BET, Australia's Network 10, the UK's Channel 5, Argentina's Telefe and PlutoTV.

But, apparently, not large enough, which is why this is an interesting story. In February, Paramount Skydance outbid Netflix, Inc. to acquire Warner Brothers Discovery, Inc. for \$110 billion. That would add Warner Brothers Motion Picture Group, New Line Cinema and DC Studios, Cartoon Network, HBO, Cinemax and CNN. Also TBS, TNT, the Discovery Channel, the Food Network, Animal Planet and a number of gaming assets, including Mortal Kombat and Hogwarts Legacy.

A recent article dug into the numbers, noting that Paramount's current market value is around \$12 billion, while the firm has taken on \$29 billion of debt. It will pay Warner shareholders \$81 billion in cash on a \$31-per-share offer price.

The Ellisons and Gulf State investors have promised to put \$47 billion into the combined company, but to finance the rest, Paramount will have to issue \$49 billion worth of bonds—making the combined company's total debt a whopping \$90 billion, or 6.5 times this year's forecast profit. And most of those profits come from the cable TV holdings, which are being disintermediated by streaming services.

The underlying story, and the eye-watering disparity between market cap and debt, offer a lesson which isn't hard to grasp for lay investors. Sometimes, before you jump into a sexy new deal, it helps to take a peek under the hoo

Sources:

<https://www.advisorperspectives.com/articles/2026/05/28/ellison-familys-49-billion-ask-acid-test-markets>

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:2153251595) or you can [click here to schedule a meeting](#).

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