



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

SCOTT BAKER, on behalf of himself  
and all others similarly situated,

C.A. No. \_\_\_\_\_

Plaintiff,

v.

SHARI REDSTONE, NATIONAL  
AMUSEMENTS, INC., BARBARA  
BYRNE, LINDA M. GRIEGO,  
JUDITH McHALE, CHARLES E.  
PHILLIPS, JR., SUSAN SCHUMAN,  
SKYDANCE MEDIA, LLC, and  
DAVID ELLISON,

Defendants.

**VERIFIED CLASS ACTION COMPLAINT**

Plaintiff Scott Baker, by and through his undersigned counsel, submits this Verified Class Action Complaint (the “Complaint”), upon knowledge as to himself and his own actions and, as to all other matters, upon information and belief derived from the investigation of counsel, which included review of filings with the United States Securities and Exchange Commission (“SEC”) and other publicly available documents concerning Paramount Global (“Paramount”).

**NATURE OF THE ACTION**

1. This stockholder class action challenges an unfair merger (the “Merger”) orchestrated by a relentless controlling stockholder, defendant Shari

Redstone (“Redstone”), who was intent on selling her interest in Paramount<sup>1</sup> to defendant Skydance Media, LLC (“Skydance”) regardless of its impact on other Paramount shareholders.

2. The Merger was not subject to a majority of the minority vote condition, or any vote of the minority stockholders; rather, Redstone and NAI executed an agreement committing to use their 77% voting control over Paramount to act by written consent and unilaterally approve the Merger they orchestrated. With consummation a *fait accompli*, the Merger is set to close in 2025.

3. The principal reason for the Merger is to cash out Redstone’s floundering Paramount investment—and at a substantial premium to what will be received by other stockholders. Additionally, the Merger will allow Redstone to pay down NAI’s fast-maturing debt.

4. Redstone’s and NAI’s conduct, in conjunction with that of the Director Defendants (as defined herein), harmed and will harm Paramount’s Class B stockholders, who will not receive a fair share of benefits in the Merger as opposed to Redstone and NAI. Even Paramount’s non-NAI Class A shareholders, whose shares lack any true voting power, will inequitably receive an 88% premium over Class B shareholders in the Merger.

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<sup>1</sup> Shari Redstone controls Paramount through defendant National Amusements, Inc. (“NAI”), a private company that she also controls, and its related entities NAI Entertainment Holdings LLC and SPV-NAIEH LLC.

5. The market's reaction to the Merger underscores the Merger's financial unfairness to Class B stockholders. In late 2023, Paramount's widely-held and publicly traded Class B common stock traded above \$15 per share. However, as news about Skydance's proposal to buy NAI and merge with Paramount emerged in the beginning of 2024, Paramount's stock price began trending downward continuously. Significantly, between April 3, 2024 (the day Paramount announced that an exclusivity deal was signed with Skydance) and April 10, 2024 (the day on which four key Directors of the Paramount Board (the "Board") decided to leave the Board), Paramount's Class B stock dropped approximately 22% from a high of \$13.80 per share on April 3, 2024 to a high of \$10.98 per share on April 10, 2024. The stock finally closed at \$11.18 per share on July 8, 2024, the first trading day after the Paramount-Skydance deal was announced on July 7, 2024.

6. While Defendants present that the Merger will pay Class B shareholders \$15 per share, there is not enough cash in the deal to buy out all of the non-NAI Class B shares. Instead, these shareholders will get a mix of cash and Class B stock in the merged entity, "New Paramount." That payout is only worth \$12.23 per Paramount Class B share. Thus, when the Merger closes, the non-NAI Class B shareholders will suffer \$1.645 billion in damages, as explained herein.

## THE PARTIES

7. Plaintiff Scott Baker was, at all relevant times, a beneficial owner of Paramount Class B common stock, holding over 40,000 shares.

### *Paramount and the Redstone Defendants*

8. Non-Party Paramount Global is a publicly traded Delaware corporation with its principal place of business in New York, New York. In the Merger, Skydance Media, LLC will merge with and into Paramount with New Paramount as the surviving entity.

9. Defendant Shari Redstone is a Director and Chair of Paramount. Redstone is the President and a director of defendant NAI. Redstone controls Paramount through stock ownership of NAI.

10. Defendant National Amusements, Inc. (NAI) is a closely held Maryland corporation headquartered in Massachusetts. NAI owns 77% of Paramount's one-vote Class A common stock. NAI's Paramount stock is held and beneficially owned through NAI and its related entities NAI Entertainment Holdings LLC and SPV-NAIEH LLC (together, "Holdings"). NAI owns all of the membership interests in Holdings. Redstone exercises control of NAI. At the time of the announced deal, and at all times relevant herein, NAI was the controlling stockholder of Paramount, holding approximately 77% of the voting shares, with an approximately 10% economic interest in the company.

### ***The Director Defendants***

11. Defendant Barbara Byrne (“Byrne”) serves on the Board of Paramount as a result of the predecessor corporate restructuring from a merger between CBS Corporation (“CBS”) and Viacom Inc. (“Viacom”) (hereinafter referred to as the “CBS-Viacom merger”) in 2019.<sup>2</sup> Prior to that merger, Byrne had previously served as a director of CBS. Byrne was the former Vice Chairman of Investment Banking at Barclays PLC.

12. Defendant Linda M. Griego (“Griego”) serves on the Board of Paramount as a result of the 2019 CBS-Viacom merger. Prior to that merger, Griego had served as a director of CBS from 2007.

13. Defendant Judith McHale (“McHale”) serves on the Board of Paramount as a result of the 2019 CBS-Viacom merger. Prior to that merger, McHale had served as a director of Viacom from June 2016, when Redstone engineered McHale’s appointment through NAI. In fact, NAI had indemnified her to join the Viacom board. McHale was a member of the Viacom special committee that approved the CBS-Viacom merger that was pushed through by Redstone.

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<sup>2</sup> See *In re CBS Corp. S’holder Class Action & Deriv. Litig.*, 2021 WL 268779, at \*15 (Del. Ch. Jan. 27, 2021). The entity post the CBS-Viacom merger was called ViacomCBS, which later changed its name to Paramount Global.

14. Defendant Charles E. Phillips Jr. (“Phillips”) serves on the Board of Paramount as a result of the 2019 CBS-Viacom merger. He was also appointed as the chairman of Paramount’s Special Committee that evaluated the potential Paramount-Skydance Merger. Prior to the CBS-Viacom merger, Phillips served as a director of Viacom from 2006.

15. Defendant Susan Schuman (“Schuman”) serves on the Board of Paramount as a result of the 2019 CBS-Viacom merger. Prior to that merger, Schuman served as a director of CBS as a result of the 2018 Settlement (as defined herein). Schuman is the Executive Chair and Co-Founder of SY Partners LLC (“SY Partners”), a management consulting firm. SY Partners provided business strategy to Viacom, a predecessor entity to Paramount.

16. Byrne, Griego, McHale, Phillips, and Schuman are, collectively, the “Director Defendants.”

### ***The Skydance Defendants***

17. Defendant Skydance Media, LLC is a privately held Limited Liability Company located in Santa Monica, California.

18. Defendant David Ellison (“Ellison”) is the founder and Chief Executive Officer of Skydance.

19. Skydance and Ellison are, together, the “Skydance Defendants.”

## SUBSTANTIVE ALLEGATIONS

### **A. The Genesis of the Sale of NAI and Paramount's Merger with Skydance**

20. Redstone and her family are owners of NAI, of which she is President.

21. NAI owns 77.4% of the Class A common stock of Paramount Global and 5.1% of the Class B common stock, constituting approximately 9.5% of the overall equity in Paramount. NAI and Redstone are thus controlling shareholders of Paramount.

22. Redstone also serves as Paramount's Chairperson, thus owing fiduciary duties to Paramount's stockholders.

23. Beginning in late 2023, Redstone engaged in discussions with Skydance Media CEO David Ellison to sell her interest in NAI.<sup>3</sup>

24. Soon thereafter, according to reports, in late December 2023, the CEO of Warner Bros. Discovery, David Zaslav, met with the Paramount CEO, Robert Bakish ("Bakish"), about a possible merger.<sup>4</sup>

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<sup>3</sup> Todd Spangler, *Paramount Global Mulling 1,000-Plus Layoffs Amid Shari Redstone's Talks to Sell Controlling Interest*, (December 12, 2023), <https://variety.com/2023/tv/news/paramount-global-layoffs-shari-redstone-sales-talks-skydance-kotick-1235834770/>.

<sup>4</sup> T. Spangler & J. Maas, *Warner Bros. Discovery, Paramount Global in Merger Talks*, (December 20, 2023), <https://variety.com/2023/biz/news/warner-bros-discovery-paramount-merger-talks-1235847958/>.

25. On January 2, 2024, the Board of Directors of Paramount formed a Special Committee of independent directors to “evaluate strategic alternatives, including third party proposals.” Paramount Form 8-K, dated July 7, 2024.

26. Beginning around this time, Paramount received several significant cash offers.

27. On or about January 31, 2024, Byron Allen’s Allen Media Group and its partners submitted a bid valued at \$30 billion for Paramount Global, offering \$28.58 for each of the Class A voting shares of Paramount and \$21.53 for the Class B non-voting shares.<sup>5</sup>

28. Also on January 31, 2024, the *New York Post* reported that Redstone and Skydance were “close on price” for the sale of NAI.<sup>6</sup>

29. Then, on March 20, 2024, *The Wall Street Journal* reported that private-equity firm Apollo Global Management (“Apollo”) submitted an \$11 billion bid to acquire just Paramount Global’s film and TV studio business—Paramount Pictures

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<sup>5</sup> Cynthia Littleton, *Byron Allen’s Allen Media Group Submits \$30 Billion Offer for Paramount Global*, (January 30, 2024), <https://variety.com/2024/biz/news/byron-allen-paramount-global-allen-media-group-1235892590/>.

<sup>6</sup> J. Kosman & A. Zilber, *Paramount board takes steps toward sale as Byron Allen submits \$14B buyout bid*, (January 31, 2024), <https://nypost.com/2024/01/31/business/paramount-board-mulls-sale-as-byron-allen-submits-14b-bid/>.



and the Paramount TV studios group—which was more than the entire Company’s then-market capitalization.<sup>7</sup>

30. The next day, the *Financial Times* reported that Redstone rejected Apollo’s offer because she preferred Skydance’s deal for NAI.<sup>8</sup>

31. On March 31, 2024, after its attempt to purchase just Paramount’s film and studio business was rebuffed, Apollo sought to acquire all of Paramount in a cash deal worth \$27 billion. However, according to an April 3, 2024 report, Redstone “declined to engage with the new overture.”<sup>9</sup>

32. Meanwhile, despite the specific offers being presented by Apollo and the Allen Media Group, on April 3, 2024, Skydance and Paramount entered into a 30-day exclusivity agreement for the negotiations.<sup>10</sup> Reportedly, it was the advisors

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<sup>7</sup> Jessica Toonkel, *Apollo offers \$11 Billion for Paramount’s Hollywood Studio*, (March 20, 2024), <https://www.wsj.com/business/media/apollo-offers-11-billion-for-paramounts-hollywood-studio-24206eab>.

<sup>8</sup> A. Nicolau, J. Fontanella-Khan & C. Grimes, *Shari Redstone prefers rival deal to \$11bn Apollo bid for Paramount studio*, (March 21, 2024), <https://www.ft.com/content/95cf8b56-e822-4fc0-a12e-1e7ae15733fd>.

<sup>9</sup> Todd Spangler, *Paramount Global Stock Pops Redstone Engages in Exclusive Sales Talks with Skydance Media*, (April 3, 2024), <https://variety.com/2024/film/news/paramount-global-stock-redstone-sales-talks-skydance-1235959622/>.

<sup>10</sup> J. Toonkel & M. Gottfried, *Paramount, Skydance Enter Exclusive Merger Talks, Spurning \$26 Billion Offer From Apollo*, (April 3, 2024), <https://www.wsj.com/business/deals/paramount-skydance-enter-exclusive-talks-to-merge-5e0569a5>.

of Paramount’s Special Committee, including Centerview Partners, who recommended the parties enter into such exclusive talks.

33. Notably, Centerview Partners, the financial advisor to the Special Committee’s so-called “independent directors” was itself conflicted. Centerview Partners was the financial advisor to CBS’ special committee on the CBS-Viacom merger as well, where its task was to advise the committee “regarding strategic possibilities for the Company.” However, it was instructed by Redstone that its fees would be conditioned upon getting the CBS-Viacom merger completed. This Court, in its motion to dismiss ruling in *In re CBS Corp. S’holder Class Action & Deriv. Litig.* noted that the “focus on a potential combination with Viacom” during Centerview’s meeting with the “CBS Independent Directors” “was not surprising since Ms. Redstone had previously advised Centerview’s co-founder that, ‘if [the bankers] wanted to be paid, their sole focus needed to be [on] Viacom.’”<sup>11</sup>

34. It is reasonable to infer that Centerview Partners, having worked with Redstone earlier, was engaged as Paramount’s Special Committee advisor with the same instruction—to focus on the Skydance offer, with its fees being conditioned upon the successful completion of that deal. This would be in conflict with the role of Centerview Partners, which was to independently advise the Special Committee

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<sup>11</sup> See *In re CBS Corp. S’holder Class Action & Deriv. Litig.*, 2021 WL 268779, at \*11 (Del. Ch. Jan. 27, 2021).

regarding the various strategic alternatives that would be best for Paramount's stockholders.

35. The exclusivity agreement was not received well by Paramount's investors. For instance, on April 12, 2024, Barrington Capital urged Paramount Global to scrap its exclusive merger talks with Skydance. Barrington Capital's portfolio manager reportedly wrote to Paramount's Board: "We strongly object to the Special Committee's decision to enter into an exclusivity agreement with Skydance – or any party for that matter, ...By choosing not to negotiate with other parties or permit them to conduct due diligence, the Special Committee has effectively chilled the process."<sup>12</sup>

36. Barrington further wrote:

Redstone is free to enter into any transaction for NAI that she chooses on terms that she deems acceptable. However, the board and the special committee cannot allow Ms. Redstone to enter into a deal for NAI, where the completion of that deal is contingent upon Paramount having to acquire another entity – in this case Skydance – at a significant premium that is dilutive to all other stockholders[.]

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Barrington does not have a crystal ball, but the Apollo offer appears simpler, cleaner and adequately value enhancing

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<sup>12</sup> Svea Herbst-Bayliss and Dawn Chmielewski, *Hedge Fund Barrington Urges Paramount to Scrap Talks With Skydance* (April 12, 2024), <https://www.reuters.com/markets/deals/hedge-fund-barrington-urges-paramount-scrap-talks-with-skydance-2024-04-12/>

given the numerous risks embedded in the Skydance deal[.]<sup>13</sup>

37. Soon thereafter, reports surfaced that Skydance was planning to acquire NAI for \$2 billion in cash, after which Paramount would merge with Skydance in an all-stock transaction.<sup>14</sup> The result of this potential transaction would be that Redstone would be compensated handsomely for the sale of NAI while investors with non-voting shares would get stock in the combined company and wind up with diluted shares.

38. The potential deal with Skydance was seen by investors as one that would benefit Redstone at the expense of the investors.

39. Blackwood Capital Management, which owns more than 135,000 Paramount shares, wrote to Paramount's board that "the only way to avoid litigation is to provide all current shareholders the option to sell their shares at the same price as Ms. Redstone." Otherwise, "[y]ou'll be cashing out one shareholder at a huge premium and leaving the rest of us stuck with heavily diluted shares in a very

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<sup>13</sup> *Id.*

<sup>14</sup> Jill Goldsmith, *As Paramount Shareholders Slam a Skydance Deal, Directors Said to by Exiting Board: Could Threat of Litigation Derail Talks?*, (April 11, 2024), <https://deadline.com/2024/04/paramount-global-board-skydance-deal-talks-1235881633/>.

speculative new venture. This violates the law as well as your fiduciary duty to shareholders.”<sup>15</sup>

40. Matrix Asset Advisors, which owns more than 350,000 Paramount shares, wrote that it was “distressed by recent reports that the Board is strongly considering a sub-optimal bid from Skydance that prioritizes the interests of one shareholder over the broader shareholder base. As reported, this deal focuses on monetizing Shari Redstone’s shareholding for cash at a significant premium. The vast majority of shareholders would not receive a similar premium and would be forced to finance a speculative investment in Skydance in a transaction significantly dilutive to shareholder value.”<sup>16</sup>

41. Mario Gabelli, Paramount’s largest non-Redstone voting-stock shareholder told Reuters that “If Shari sells voting stock and my clients don’t get it, I have no choice but to sue,” referring to any premium paid for the voting shares.<sup>17</sup>

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<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> See Dawn Chmielewski and Svea Herbst-Bayliss, *Paramount shareholders grow increasingly vocal about possible Skydance Media merger*, Reuters (April 11, 2024).

42. Adding fuel to the fire, on or about April 10, 2024, four Paramount directors—Dawn Ostroff, Nicole Seligman, Frederick Terrell, and Rob Klieger—announced that they were stepping down from the Paramount Board.<sup>18</sup>

43. While this is unusual under any circumstances, it was particularly unusual in the midst of highly controversial merger negotiations that were being debated by the Board and the Special Committee. Moreover, Seligman, Ostroff, and Terrell were reportedly on the Special Committee, which was entrusted with the task of evaluating the potential merger and had reportedly conditioned the deal on a majority of the minority provision that was being opposed by Skydance.<sup>19</sup>

44. The departures reduced the Board from a total of 11 directors to just seven: Redstone, Bakish, and Director Defendants Byrne, Griego, McHale, E. Phillips, and Schuman.

45. These sudden departures, in the midst of the potential Paramount-Skydance deal negotiations, also raised further concerns surrounding the deal including the independence of the remaining Board. On April 26, 2024, Ariel

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<sup>18</sup> Jill Goldsmith, *As Paramount Shareholders Slam a Skydance Deal, Directors Said to by Exiting Board: Could Threat of Litigation Derail Talks?*, (April 11, 2024), <https://deadline.com/2024/04/paramount-global-board-skydance-deal-talks-1235881633/>.

<sup>19</sup> See B. Mullen and L. Hirsch, *Skydance Offers Paramount a Deal Sweetener: A \$3 Billion Cash Infusion*, (April 29, 2024), <https://www.nytimes.com/2024/04/29/business/media/skydance-paramount-deal.html>.

Investments, which owns an approximately 1.8% stake in Paramount, expressed its concern stating, “[i]n the absence of any company-issued information regarding the merger, the reasons for the upcoming director departures or the board downsizing, we believed it was our fiduciary duty to publicly share our concerns.” It also called on Paramount to ensure that the remaining members were “substantively independent and can fulfill its requirements and fiduciary duties in accordance with Delaware law...Not doing so would deeply harm Paramount as well as shareholders like us who firmly believe in the company’s underlying value.”<sup>20</sup>

46. On the same day, CNBC reported that “a potential dealbreaker is whether to hold a so-called ‘majority of the minority’ vote on the [Skydance] deal, which would allow common shareholders the chance to potentially sway the outcome. The Special Committee tasked with evaluating the offer would also be the party to put the deal up for such a vote.”<sup>21</sup>

47. In late April 2024, questions over the nature of a deal for Paramount mounted as Bakish was suddenly removed as CEO of Paramount and replaced by

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<sup>20</sup> Lucas Manfredi, *Explain “Disturbing” Board Departures Amid Skydance Exclusive Talks* (April 26, 2024), <https://www.thewrap.com/ariel-investments-paramount-board-departures-skydance-talks/>

<sup>21</sup> Alex Sherman, *Skydance Extends Final Offer to Paramount as Merger Talks Stick on a Possible Shareholder Vote*, (April 29, 2024), <https://www.cnbc.com/2024/04/29/shari-redstone-paramount-ceo-bob-bakish-removal.html>.

three Paramount executives to serve as an “Office of the CEO” committee: George Cheeks, president and CEO of CBS; Chris McCarthy, president and CEO, Showtime/MTV Entertainment Studios and Paramount Media Networks; and Brian Robbins, president and CEO of Paramount Pictures and Nickelodeon.

48. Upon information and belief, Bakish was ousted as CEO by Redstone due to his reported opposition to the Skydance deal.

49. On April 29, 2024, it was reported that Skydance had provided a “best and final” revised offer to Paramount. The offer included \$2 billion to acquire National Amusements. It also provided that Skydance would buy out less than 50% of class B shares at \$15 each, or \$4.5 billion, but also leaving the holders with equity in the new company.<sup>22</sup> Upon information and belief, this revised offer still did not contain a majority of the minority provision that the Special Committee had earlier conditioned the deal upon. Reportedly, Skydance was prepared to walk away from the deal if the Special Committee had continued to mandate such a majority of the minority vote.

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<sup>22</sup> Lucas Manfredi, *Paramount Special Committee Recommends Revised Offer from David Ellison’s Skydance Media*, (May 31, 2024), <https://www.thewrap.com/paramount-special-committee-recommends-skydance-sweetened-offer/>; L. Rizzo & A. Sherman, *Paramount and Skydance agree to terms of a merger deal*, (June 3, 2024), <https://www.cnbc.com/2024/06/03/paramount-skydance-merger-deal-update.html>.



50. On or about May 2, 2024, Sony Pictures Entertainment (“Sony”) joined with Apollo to bid \$26 billion for Paramount in an all-cash deal. The bid, which would include the assumption of debt, would be a significant premium over Paramount’s \$22 billion enterprise value.<sup>23</sup>

51. Redstone, however, opposed this proposed transaction, just as she had opposed all the proposals from entities other than Skydance.

52. After the exclusive negotiation period with Skydance ended on May 3, 2024, the Special Committee decided to begin talking with Sony and Apollo about their bid. In May 2024, Sony and Apollo signed nondisclosure agreements to allow them to review Paramount’s books.<sup>24</sup>

53. While talks between Sony/Apollo and Paramount were still ongoing, in late May 2024, Paramount’s Special Committee agreed to recommend a revised offer from Skydance to the Paramount Board, even though there was no majority of the minority provision. This was a surprising sudden shift from the Special Committee’s prior stance of mandating the deal included a majority of the minority provision.

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<sup>23</sup> Todd Spangler, *Sony Pictures, Apollo Offer to Buy Paramount Global for \$26 Billion in Cash*, (May 2, 2024), <https://variety.com/2024/biz/news/sony-apollo-paramount-global-acquisition-offer-cash-1235981220/>.

<sup>24</sup> Reuters, *Sony and Apollo move ahead with Paramount bid process but reticent about earlier plan, NYT reports*, (May 17, 2024), <https://www.reuters.com/markets/deals/sony-apollo-move-ahead-with-paramount-bid-process-reticent-about-earlier-plan-2024-05-18/>

54. The process followed by the Special Committee, coerced by NAI and Redstone, including the timing and manner of the Special Committee’s recommendation to the Paramount Board was so unfair and conflicted that it became evident that should Skydance’s unfair offer be accepted, shareholder lawsuits were bound to follow.

55. The advisors of NAI, Paramount, and Skydance themselves became so cognizant of this potential outcome that, in addition to negotiating the final hurdles to the deal, they also discussed “how to handle potential shareholder lawsuits.”<sup>25</sup> However, the threat of potential lawsuits did not stop the deal from progressing; instead, negotiations continued.

56. As part of those negotiations, Redstone and NAI insisted that “Skydance to provide legal protection in the event of a lawsuit, warding off shareholders that may file objections to the merger,” with such indemnification being a “crucial outstanding term[.]” in the potential deal.<sup>26</sup>

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<sup>25</sup> Alexandra Steigrad, *Edgar Bronfman Jr. reportedly eyes joining bidding war for Shari Redstone’s controlling stock in Paramount*, (June 10, 2024), <https://nypost.com/2024/06/10/business/edgar-bronfman-jr-eyes-joining-paramount-bidding-war-report/>

<sup>26</sup> B. Mullin and L. Hirsch, *A Sticking Point in Paramount and Skydance Talks: Who Pays For a Lawsuit?*, (June 2, 2024), <https://www.nytimes.com/2024/06/02/business/paramount-skydance-talks-lawsuit.html>

57. On June 11, 2024, with the deal nearly completed, Redstone suddenly pulled the plug on the Skydance deal, for reasons completely unconnected with the unfairness of the deal and possible threat of litigation. Upon information and belief, one of the reasons the deal was shut down was simply that Redstone was not happy with the payout she was receiving. NAI said in a statement that it had “not been able to reach mutually agreeable terms regarding the potential transaction with Skydance Media for the acquisition of a controlling stake in NAI.”<sup>27</sup>

58. Meanwhile, other suitors were reportedly preparing to bid for NAI including Barry Diller, Steve Bronfman Jr./Bain Capital, and Steven Paul. Reportedly, Diller’s company, IAC, had signed a nondisclosure agreement with NAI and was looking at its data room to determine the specifics of the bid; Bronfman, backed by Bain Capital, was looking to offer between \$2 billion and \$2.5 billion for NAI; and Hollywood producer Steven Paul was looking to offer \$3 billion for NAI.

59. However, Ellison, determined to get the Skydance deal back on track, agreed to increase the offer to include an “another \$50 million earmarked for the

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<sup>27</sup> Jill Goldsmith, *Shari Redstone, Paramount End Merger Talks With Skydance As Two Sides Unable “To Reach Mutually Acceptable Terms,”* (June 11, 2024), <https://deadline.com/2024/06/shari-redstones-paramount-breaks-off-talks-with-skydance-1235970595/>.

Redstones' NAI" as reported in the *Los Angeles Times*.<sup>28</sup> This sweetened the offer for Redstone, and there was still no majority of the minority provision.

60. On or about July 2, 2024, Skydance reached a revised agreement with NAI to merge with Paramount, resurrecting the deal that had died just a few weeks earlier.

61. On July 7, 2024, Paramount's Special Committee approved the deal to merge with Skydance.

#### **B. Paramount Announces its Merger with Skydance**

62. On Sunday, July 7, 2024, Paramount and Skydance issued a press release (which was attached to a Paramount 8-K) announcing that they had signed a merger agreement "to advance Paramount as a world-class media and technology enterprise," with the Ellison family and Redbird Capital Partners investing "over \$8 billion in New Paramount and to acquire National Amusements, Inc." The new entity would be led by David Ellison as Chairman and Chief Executive Officer, and Jeff Shell as President.

63. Also on July 7, 2024, Paramount filed an additional 8-K describing the Merger agreement and attaching the agreement as an exhibit.

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<sup>28</sup> Meg James, *So the Paramount and Skydance Deal is Back on Track. What Happened and What's Next?*, (July 3, 2024), <https://www.latimes.com/entertainment-arts/business/story/2024-07-03/paramount-and-skydance-deal-is-back-on-track-what-happened-and-whats-next>.

64. The agreement was approved by (i) the Paramount Board of Directors, “acting on the unanimous recommendation of the Special Committee,” and (ii) by Redstone’s NAI, the majority owner of Paramount’s Class A stock.

65. In the press release, Phillips, on behalf of the Special Committee, claimed that the Merger would “deliver immediate cash consideration at a premium to both the minority Class A and Class B stockholders, who will also benefit from what we believe to be considerable upside through continued equity participation in New Paramount.”

66. According to the press release and 8-K, the agreement:

- Values New Paramount at an enterprise value of approximately \$28 billion;<sup>29</sup>
- Includes cash consideration to public shareholders totaling \$4.5 billion;
- Offers Class A stockholders other than NAI an election to receive in the merger \$23 cash per share or 1.5333 shares of Class B stock of New Paramount; and

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<sup>29</sup> The \$28 billion New Paramount enterprise value in the Merger includes the value of Skydance, whereas other offers for Paramount or reported enterprise values do not include Skydance.

- Offers Class B stockholders other than NAI an election to receive in the merger \$15 cash or one share of Class B stock of New Paramount for each share of Paramount Class B stock.

However, the Class B offer is “subject to proration if Class B elections exceed \$4.3 billion in the aggregate (approximately 48% of the non-NAI float as of the date of this release).”

67. The press release boasted that “[t]he merger consideration represents a 48% premium to the price of the Class B stock as of July 1, 2024, and a 28% premium to the Class A stock on the same date.”

68. Redstone’s NAI approved the Merger before the agreement was signed. Since NAI holds approximately 77% of the Paramount Class A (voting) shares (but less than 10% of Paramount’s equity), no other stockholders have a voice in the transaction.

69. It is not clear what NAI is receiving for its Class A and B shares (since it was also selling other assets to Skydance), but a research report issued by Barclays on July 8, 2024 estimated the price of Redstone’s class A shares from the deal at \$66.16 per share.<sup>30</sup>

70. The Merger is structured to be completed in three steps.

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<sup>30</sup> Venkateshwar, K., *et al.*, *PARA/Skydance: Can a turnaround be as simple as an ownership change?*, Barclays Bank PLC (July 8, 2024).

71. In Step 1, Skydance will buy Redstone's NAI for \$2.4 billion, acquiring NAI's 77.4% of Paramount's voting Class A shares and NAI's 5.1% of Paramount's non-voting Class B shares. The purchase of NAI will give Skydance voting control of Paramount, and will also provide indemnifications to Redstone.

72. In Step 2, Paramount will merge with Skydance. Skydance will receive 317 million new Class B shares of Paramount, valuing Skydance at \$4.75 billion.

73. In Step 3, Skydance will buy 100 million Paramount Class B shares at \$15/share, totaling \$1.5 billion. Skydance will pay an additional \$4.5 billion as follows:

- Purchase all of the non-NAI Paramount Class A shares for \$23/share, totaling \$212 million.<sup>31</sup> As a result, Skydance will control all of the voting stock of New Paramount.
- \$4.288 billion will be used to purchase non-NAI Paramount Class B shares at \$15/share. As noted, the \$4.288 billion does not cover all outstanding Class B shares at \$15/share. Instead, if all Class B shareholders elect to take cash in the Merger, only approximately 46% will be paid in cash, with the balance paid in non-voting New Paramount Class B stock.

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<sup>31</sup> These Class A shareholders can opt to receive 1.533 New Paramount non-voting Class B shares per share of Paramount Class A instead of the \$23 cash.

74. The Merger agreement includes a 45-day (*i.e.*, through August 21, 2024) “go-shop” period during which the Special Committee may solicit and evaluate alternative acquisition proposals.

75. But, if Paramount accepts a better deal (a “Superior Proposal”) during the go-shop period, it will owe Skydance a substantial \$400 million termination fee (the “Termination Fee”).

76. Paramount anticipates that the Merger will close by September 30, 2025—almost 15 months after the announcement of the deal.

### **C. The Announcement Was Met With Criticism by the Analyst and Investment Community**

77. Criticism of the Merger among analysts and within the investing community has been quick and widespread.

78. By Monday morning, July 8, 2024, analysts covering Paramount downgraded their stock ratings or gave negative outlooks of the company going forward.<sup>32</sup>

79. The Financial Times commented that, while “[t]he small sliver of [Class A] voting shares owned by the public get \$23 per share,” NAI “which owns just a tenth of the overall Paramount economics but a three-quarters voting interest,”

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<sup>32</sup> Georg Szalai, *Skydance-Paramount Deal: How Wall Street Views the Details So Far*, The Hollywood Reporter, (July 8, 2024), <https://www.hollywoodreporter.com/business/business-news/skydance-paramount-deal-stock-reaction-analysts-1235940645/>



gets roughly \$38 per share in a “Redstone powerplay.”<sup>33</sup> Barclays estimated that Redstone was getting over \$66 per share for her Class A stock.<sup>34</sup>

80. Erik Gordon, a professor at the University of Michigan’s Ross School of Business, said the \$400 million Termination Fee is “unusually large” for a deal of the Merger’s size and “would give credence to a shareholder claim that the go-shop provision adds no protection to shareholders who claim that Redstone is getting the better of them.”<sup>35</sup>

81. Bloomberg Intelligence suggested that the go-shop provision may have been included “to appease shareholders and lower the risk of potential litigation.” Accordingly, the authors were “skeptical there will be other viable bids.”<sup>36</sup>

82. Barron’s commented that the Merger “looks like a bad deal” for shareholders and concluded that readers should not “be surprised if shareholders file suit challenging the transaction in Delaware, where Paramount is incorporated,”

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<sup>33</sup> *The Redstones leave investors on the hook for their Paramount failings*, (July 8, 2024), The Financial Times, <https://www.ft.com/content/ac46576f-0811-4847-8f2b-0d1dbdf6b6e5>.

<sup>34</sup> Venkateshwar, K., et al., *PARA/Skydance: Can a turnaround be as simple as an ownership change?*, Barclays Bank PLC, (July 8, 2024).

<sup>35</sup> Todd Spangler, *Paramount Global Will Pay Skydance \$400 Million Breakup Fee if It Lands a Better Offer*, Variety, (July 8, 2024), <https://variety.com/2024/tv/news/paramount-skydance-400-million-breakup-fee-better-offer-1236062266/>.

<sup>36</sup> Ranganathan, G. and Near, K., *The Paramount-Skydance M&A Dance*, Bloomberg Intelligence, (July 9, 2024).

because “Delaware courts like to see votes by noncontrolling shareholders to evaluate the fairness of deals.”<sup>37</sup>

83. On July 12, 2024, Mario Gabelli, the biggest holder of Paramount Class A shares (other than Redstone and NAI) sent a letter to Paramount requesting records concerning the \$2.4 billion buyout of NAI and saying Gabelli needs additional information about the Merger before deciding if he supports it.<sup>38</sup>

**D. The Windfall Merger for Redstone Pays a Significant Premium to Class A Shareholders while Harming Class B Shareholders**

84. In fact, if the proposed transaction is consummated, Paramount Class B shareholders will receive only \$12.23 per share in the Merger.

85. Using an assumed blended multiple of 5.25x on New Paramount’s estimated 2026 adjusted OIBDA (Operating Income Before Depreciation and Amortization), Barclays determined that the post-Merger New Paramount Class B shares have an implied post-Merger value of \$9.90 per share.<sup>39</sup>

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<sup>37</sup> Bary, A., *Shari Redstone Wins, Shareholders Lose in Paramount-Skydance Deal*, Barron’s, (July 11, 2024).

<sup>38</sup> Jill Goldsmith, *Mario Gabelli On Shari Redstone Payout: “I Want To See What She Got” As He Seeks Records Of Paramount-Skydance Deal; No Imminent Plans To Sue*, (July 15, 2024), <https://deadline.com/2024/07/mario-gabelli-shari-redstone-payout-details-paramount-skydance-merger-1236011052/>.

<sup>39</sup> Venkateshwar, K., *et al.*, *PARA/Skydance: Can a turnaround be as simple as an ownership change?*, Barclays Bank PLC (July 8, 2024).

86. Because the \$4.288 billion Skydance is contributing to the Merger for the purchase of non-NAI Paramount Class B stock is only enough to buy out approximately 45.7% of the Class B shares at \$15/share (with the other 54.3% to be paid in post-Merger New Paramount Class B shares), the weighted average of \$15 per share cash and the value of post-Merger New Paramount Class B shares must be calculated to determine the value of the Merger to Class B shareholders. That weighted average is \$12.23 per Paramount Class B share. This is the real total value per share going to non-NAI Class B shareholders, not the claimed \$15 per share.

87. Using this weighted average buyout price for Paramount Class B shares of \$12.23 per share, the non-NAI Class A shareholders are getting an 88% voting premium over Class B shareholders for their Class A shares at the \$23 per share cash out price ( $\$23 \div \$12.23 = 1.88$ ; *i.e.*, an 88% premium). Given that Redstone controls 77.4% of the Class A shares, and has the power to—and did—approve the Merger for Paramount on her own, the voting “power” of the non-NAI Class A shareholders is worthless and is not deserving of a premium, let alone such a large one.

88. Furthermore, the valuation of Skydance at \$4.75 billion (see Step 2, above) is inflated, as it implies an EBITDA multiple of 13.9x for the company. If the valuation of Skydance in the deal were lower, fewer shares would need to be issued to Skydance in Step 2. This would increase the implied post-Merger New Paramount

Class B share price, which would increase the weighted average amount the Paramount Class B shareholders were receiving in the Merger.

89. The \$400 million Termination Fee is exceptionally high, representing 4.8% of the total value of the Merger. Of the over 1,000 acquisitions in the United States in the last decade that were valued at more than \$1 billion, only 3% had a break-up fee of 4.8% or more. This impediment makes it unlikely that a better offer will surface in the go-shop period.

90. There are approximately 594 million Paramount Class B shares owned by those other than Redstone/NAI. Paramount has presented to the public that these Class B shares have a value of \$15/share through the Merger. However, each Class B shareholder will only receive \$12.23 per share—a difference of \$2.77 per share. Consequently, the non-NAI shareholders will suffer \$1.645 billion in damages as a result of the Merger.<sup>40</sup>

91. In the end, Paramount Class B shareholders have to wait well over a year to receive their insufficient pay out.

#### **E. Redstone's Control Over the Conflicted Paramount Board**

92. The Paramount Board is packed with Redstone insiders, over whom she exercises control.

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<sup>40</sup> 594 million \* (\$15.00 - \$12.23) = 1,645,380,000.

93. After the CBS-Viacom merger closed on December 4, 2019, many directors appointed by Redstone were offered positions on the board of ViacomCBS (which was renamed Paramount Global on February 15, 2022),<sup>41</sup> including McHale, Schuman, Griego and Byrne. Accordingly, Redstone ensured that she packed the Board in her favor.

94. After Dawn Ostroff, Nicole Seligman, Frederick Terrell, and Rob Klieger announced that they were stepping down from the Paramount Board on April 10, 2024, and after Bob Bakish was ousted in late April 2024, the Paramount Board was left with just six members: Schuman, McHale, Phillip, Griego, Byrne, and Redstone. Of the six, at least five members were not independent or disinterested in considering a merger proposal that Redstone wanted. Four of the directors—Schuman, McHale, Griego and Byrne—owed their directorships to Redstone and have had longstanding relationships with her.

95. Defendant Schuman, as described above, was installed on the CBS Board by Redstone pursuant to the 2018 Settlement (defined below). She is not independent of Redstone. Upon information and belief, Schuman has a longstanding relationship with the Redstone family having consulted for Viacom, through her company SY Partners, to develop business strategy for the company. While at CBS,

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<sup>41</sup> See ViacomCBS' Press Release dated February 15, 2022, available at <https://ir.paramount.com/news-releases/news-release-details/viacomcbs-unveils-new-company-name-global-content-slate-and>

Schuman helped Redstone get the deal she wanted: the 2019 CBS-Viacom merger, by approving the merger, for which Schuman was installed (again by the deliberate intent of Redstone) as a director on the newly formed company. As a member of ViacomCBS's board of directors, Schuman was also a member of the board's nominating and governance committee (which had the crucial task of identifying Board nominees, overseeing all aspects of corporate governance, and reviewing related-party transactions, including those with NAI).

96. Defendant Byrne was also handpicked and installed on the CBS Board by Redstone pursuant to the 2018 Settlement. She is not independent of Redstone or NAI. Byrne and Redstone are longtime friends; and during Byrne's tenure as Vice Chairman of Barclays, NAI hired Barclays to help it determine what to do with its voting stake in both Viacom and CBS, which then turned into NAI's plan to merge Viacom and CBS.<sup>42</sup> As a CBS director, Redstone ensured that Byrne was appointed to the purportedly "independent director committee" to interface important discussions regarding the CBS-Viacom merger with advisors Centerview and Lazard. Subsequently, Byrne was also appointed to the CBS special committee to evaluate the potential merger. In fact, the special committee designated her to update

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<sup>42</sup> Claire Atkinson, *Sumner Redstone has paid fees to just about everyone this year*, New York Post, (Dec. 18, 2016), <https://nypost.com/2016/12/18/sumnerredstone-has-paid-fees-to-just-about-everyone-this-year/> (noting that in August 2016, "NAI hired Barclays and Evercore Partners to help figure out how to manage its 80 percent voting stake" in CBS and Viacom).

Redstone on the CBS special committee's progress. Throughout June 2019, Redstone spoke directly to Byrne making Redstone's demands repeatedly known; and sharing her views regarding the leadership and management of the combined company with specific names for management of the combined company. Redstone was comfortable reaching out to Byrne repeatedly during the process to impose her views. In this manner, Byrne played a key role in ensuring Redstone got the deal she wanted *viz.* the 2019 CBS-Viacom merger. In return for Byrne's loyalty and allegiance to Redstone, she was installed (again by the deliberate intent of Redstone) as a director on the newly formed company ViacomCBS's board of directors and as a member of the board's nominating and governance committee.

97. Defendant McHale, like the other directors described above, was also handpicked by Redstone and was installed on the Viacom board in 2016 and her designation was indemnified by NAI. She is not independent of NAI or Redstone. In fact, McHale previously worked for the Redstone family when she served as a general counsel at MTV Networks overseeing MTV, Nickelodeon, and VH-1. She left MTV Networks in 1987, two years after it was acquired by the former Viacom.

98. Defendant Phillips, the chairman of the Paramount Special Committee, was also conflicted in reviewing the potential Paramount-Skydance merger since he owed his allegiance to the Ellison family. In 2003, he was handpicked by David Ellison's father Larry Ellison to serve as President of Oracle Corporation and served

in this role until 2010. Phillips was also installed on Oracle's board of directors and Executive Management Committee from 2004 to 2010. While there have been media reports that Phillips was not in favor of the Merger, what matters at the end of the day is how he evaluated and voted—and Phillips, being the Chairman of the Special Committee allowed the Merger to go through and voted FOR the Merger. It is reasonable to infer that the disfavor was just clever posturing of independence by Phillips, so that in the event of litigation challenging the fairness of the Merger (that he was aware was coming), he had an argument to exculpate himself. In addition to Phillips' loyalties to the Ellisons, Phillips is also tightly connected with other Directors, through relationships that extend beyond the Paramount board. For example, Phillips, Griego, and Byrne are all members of the Council of Foreign Relations ("CFR")—a tightknit and exclusive advisory body.

99. Defendant Griego is tightly connected with other directors of the Paramount Board owing to her membership at the CFR with Phillips and Byrne. It is reasonable to infer that she would be influenced by their view on the potential merger, particularly when they are vigorously advocating for it given their respective loyalties and obligations to Redstone and the Ellisons.

100. Accordingly, every Director on the Board was, in some form or another, not independent and not qualified to review the potential merger in a disinterested manner. Having been on Redstone-controlled boards at Viacom and CBS, the



Directors were well aware of Redstone's *modus operandi* of removing directors when she was not satisfied with them;<sup>43</sup> and it is reasonable to infer that this thought weighed on the decisions they made as Board members of Paramount.

**F. Redstone Has a History of Controlling Predecessor Company Boards and Ousting Directors to Effectuate a Merger**

101. The process by which Redstone got her way with the Paramount-Skydance deal is history repeating itself from the earlier CBS-Viacom deal. Then, Redstone wanted the CBS-Viacom merger and did everything in her power to get it done, even if it took her a couple of years and required ousting directors, packing boards of both merging companies with directors who would support her, and using NAI's status as controlling shareholder to get what she wanted. The way she controlled CBS and Viacom, eventually getting the CBS-Viacom merger approved, is relevant background to understanding the extreme level of control Redstone has to exercise, and did in fact exercise, over Paramount and the Paramount-Skydance merger.

***Redstone's Control Over Viacom's Board***

102. In June 2016, Viacom's board was considering the sale of its minority stake in its film studio subsidiary, Paramount, which Redstone opposed. In order to

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<sup>43</sup> In 2016, Shari Redstone had threatened directors that the CBS-Viacom merger, which had then failed against her wishes, would "get done 'even if [she had] to use a different process.'"

prevent the deal from going through, Redstone caused NAI to deliver written consents amending Viacom's bylaws to require unanimous director approval regarding certain core Viacom board responsibilities, including any transaction involving Paramount.<sup>44</sup> This made it almost impossible for Viacom to approve the potential sale of Paramount. Further, Redstone, using NAI's control of Viacom, granted NAI veto authority over key Viacom business decisions and unilaterally replaced members of the Viacom board of directors.

103. At the behest of Redstone, NAI delivered written consents removing several directors on the Viacom Board that threatened her control and/or who opposed her vision for the company.

104. Challenging this removal, one of the ousted directors sued NAI in this Court accusing Redstone of “pulling the strings and playing puppet master behind this invalid removal attempt.”<sup>45</sup>

105. The action settled in August 2016 in a manner that provided Redstone with control over a majority of the Viacom board, which comprised a total of 11

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<sup>44</sup> See *Frederic v. Salerno v. National Amusements, Inc., NAI Entertainment Holdings LLC, NAI Asset Holdings LLC, Shari E. Redstone and Sumner M. Redstone and Viacom Inc.*, C.A. No. 12473-CB (Del. Ch., Jun. 16, 2016), (the “Salerno Action”), Verified Complaint Pursuant to 8 Del. C. 255(a), ¶ 20.

<sup>45</sup> See Verified Complaint in the Salerno Action at ¶77.

members at the time the CBS-Viacom deal was approved. Particularly, Redstone controlled seven directors: herself, her father, and five directors she appointed.

106. In November 2016, after the interim President and CEO departed Viacom with a \$72 million golden parachute, the Redstone-controlled Viacom board appointed Robert Bakish as President and CEO.

107. As a result of her efforts, Redstone secured majority control of the NAI board, operational and voting control of Viacom, and voting control of CBS (another predecessor to the current Paramount). CBS's then-independent directors were the last remaining impediment to her scheme to seize power.

#### ***Redstone's Control Over CBS's Board and Executives***

108. Redstone first proposed a merger of CBS and Viacom to the CBS board of directors in 2016, which the then-existing board declined to pursue.

109. Viacom was failing and Redstone believed a merger of CBS and Viacom was the only way Viacom could be saved. Therefore, she persisted and proposed the merger again in 2018. Meanwhile, Redstone had started preventing CBS from engaging with any other third-party offer that did not involve a Viacom bailout.

110. This time as well, the CBS special committee (which was formed to evaluate potential offers) declined, stating it was not in the best interests of CBS' public stockholders. Notably, the CBS special committee also concluded that

Redstone presented a significant threat to CBS because she was seeking a merger regardless of its strategic and economic merits. The special committee filed preemptive litigation in this Court alleging, *inter alia*, breaches of fiduciary duty against Redstone, among others. Further, Redstone's control was so disruptive that the special committee had to seek a temporary restraining order to prevent her from interfering with the composition of the CBS board.

111. The special committee also decided to declare a dividend to all CBS stockholders in order to substantially reduce NAI's voting power, so that Redstone's influence could be curtailed. Displeased with the declaration of the special dividend, Redstone and NAI sued CBS and its non-NAI directors for, *inter alia*, breaches of fiduciary duty. This litigation was settled (the "2018 Settlement") which resulted in a complete overhaul of the CBS board with several independent directors resigning and Redstone seizing the opportunity to handpick new directors of her choice. Redstone orchestrated the appointment of six new directors on the board including Defendants Byrne and Schuman.

112. Redstone also employed tactics such as providing handsome compensation incentives to top executives to garner their support to the merger proposal. For example, after the 2018 Settlement, Redstone acquiesced to a \$60 million golden parachute package to Joseph Ianniello ("Ianniello"), CBS' President

and Acting CEO, in order to garner Ianniello's previously unavailable support for the merger.

113. With Ianniello's support, Redstone restarted the potential CBS-Viacom merger discussions. By that point, Redstone had installed her allies in key strategic board positions in a way that she effectively controlled the Board. Eventually, this Redstone-controlled CBS board approved the CBS-Viacom merger. Redstone got her way, just like she is doing with the Merger now.

### **CLASS ACTION ALLEGATIONS**

114. Plaintiff and the Class bring this action individually and as a class action pursuant to Rule 23 of the Rules of the Court of Chancery of the State of Delaware on behalf of himself and all beneficial holders of Paramount's Class B common stock who are or will be threatened with injury arising from the Defendants' wrongful actions, as more fully described herein (the "Class"). Excluded from the Class are the Defendants herein, and any person, firm, trust, corporation, or other entity related to or affiliated with any of the Defendants.

115. This action is properly maintainable as a class action.

116. A class action is superior to other available methods of fair and efficient adjudication of this controversy.

117. The Class is so numerous that joinder of all members is impracticable. The number of Class members is believed to be at least in the thousands, and they

are likely scattered across the United States. As of April 25, 2024, there are approximately 625,775,907 outstanding shares of Class B Paramount common stock (approximately 594 million of which are owned by those other than Redstone/NAI).<sup>46</sup> Moreover, damages suffered by individual Class members may be small, making it overly expensive and burdensome for individual Class members to pursue redress on their own.

118. There are questions of law and fact which are common to all Class members and which predominate over any questions affecting only individuals, including, without limitation:

- a. whether the Controlling Stockholders and/or Director Defendants owed fiduciary duties to Plaintiff and the Class;
- b. whether the Controlling Stockholders controlled Paramount;
- c. whether the Controlling Stockholders and/or Directors Defendants breached their fiduciary duties to Plaintiff and the Class;
- d. whether the Controlling Stockholders and/or Director Defendants acted in furtherance of their own self-interest to the detriment of the Class;

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<sup>46</sup> See Paramount Global's Form 10-Q filed on April 29, 2024.

- e. whether the Skydance Defendants aided and abetted the Controlling Stockholders and Director Defendants in breaching their fiduciary duties to Plaintiff and the Class;
- f. whether this action may be certified as a class action for purposes of trial;
- g. whether “entire fairness” is the applicable standard of review; and
- h. the proper measure of the Class’s damages.

119. Plaintiff’s claims and defenses are typical of the claims and defenses of other Class members and Plaintiff has no interests antagonistic or adverse to the interests of other Class members. Plaintiff will fairly and adequately protect the interests of the Class.

120. Plaintiff is committed to prosecuting this action and has retained competent counsel experienced in litigation of this nature.

121. Defendants have acted in a manner that affects Plaintiff and all members of the Class alike, thereby making appropriate injunctive relief and/or corresponding declaratory relief with respect to the Class as a whole.

122. The prosecution of separate actions by individual members of the Class would create a risk of inconsistent or varying adjudications with respect to individual members of the Class, which would establish incompatible standards of conduct for Defendants; or adjudications with respect to individual members of the Class would,

as a practical matter, be dispositive of the interest of other members or substantially impair or impede their ability to protect their interests.

123. No difficulties are likely to arise in the management of this class action.

### **COUNT I**

#### **Direct Claim for Breach of Fiduciary Duties Against Defendants Shari Redstone and NAI as Controlling Stockholders**

124. Plaintiff repeats and realleges every allegation set forth above as if fully set forth herein.

125. Shari Redstone and NAI were the controlling stockholders of Paramount (“Controlling Stockholders”).

126. As such, the Controlling Stockholders owed Plaintiff and the Class highest fiduciary duties of care and loyalty, which included an obligation to act in good faith and with candor.

127. At all relevant times, the Controlling Stockholders had the power to control, influence, and cause—and actually did control, influence and cause—Paramount to enter into the Merger with Skydance.

128. The Merger is inadequate and unfair, reflecting an unfair price and an unfair process.

129. Through the events and actions described herein, the Controlling Stockholders breached their fiduciary duties to Plaintiff and the Class by agreeing to



enter into the Merger without ensuring that it was entirely fair to Plaintiff and the Class.

130. As a result, Plaintiff and the Class are and will be harmed by the failure to receive fair consideration for their Paramount Class B shares and the diminished value of their investments.

131. Plaintiff and the Class suffered damages in an amount to be determined at trial.

**COUNT II**  
**Direct Claim for Breach of Fiduciary Duties**  
**Against the Director Defendants**

132. Plaintiff repeats and realleges every allegation set forth above as if set forth in full herein.

133. As directors of Paramount, the Director Defendants owed Plaintiff and the Class the utmost fiduciary duties of care and loyalty, which subsume an obligation to act in good faith and with candor to Paramount stockholders.

134. These duties required them to place the interests of the Paramount stockholders above their own personal interests, the interests of the Controlling Stockholders, and/or the interests of any third-party.

135. Through the events and actions described herein, the Director Defendants breached their fiduciary duties to Plaintiff and the Class by prioritizing the interests of the Controlling Stockholders, their own personal, and/or third-party

financial and/or reputational interests, and approving the Merger, which was unfair to the Plaintiff and the Class, reflecting an unfair price and an unfair process.

136. As a result, Plaintiff and the Class are and will be harmed by the failure to receive fair consideration for their Paramount shares and the diminished value of their investments.

137. Plaintiff and the Class suffered damages in an amount to be determined at trial.

### **COUNT III**

#### **Direct Claim for Aiding and Abetting Breach of Fiduciary Duties Against Defendants Skydance and David Ellison**

138. Plaintiff repeats and realleges every allegation set forth above as if set forth in full herein.

139. Skydance and David Ellison aided and abetted the Controlling Stockholders and Director Defendants who breached their fiduciary duties to Plaintiff and the Class.

140. In particular, the Skydance Defendants enabled the Redstone and NAI to effectuate a transaction that favored Skydance but also benefitted Redstone personally by purchasing her interest in NAI at a substantial premium, while conversely undermining the interests of the Paramount Class B stockholders, who will not receive commensurate benefits from the Merger.

141. The Skydance Defendants knew that as a Board member and Controlling Shareholder, Redstone had a fiduciary duty to all Paramount shareholders, but that as an owner of NAI, she instead pursued her personal interest in getting the most money for herself from a buyout of Paramount.

142. From the time that they first engaged with Redstone, the Skydance Defendants sought to effectuate a deal for Paramount by paying Redstone a significant premium for NAI, and concurrently underpaying the other Paramount stockholders for their Paramount shares.

143. Each of the reported offers from Skydance for Paramount were structured such that Skydance would purchase NAI in an all-cash deal at a substantial premium, while the consideration for the Class B shareholders was structured such that those shareholders would receive inadequate compensation for their Class B shares, including over-valued shares in New Paramount that would be wholly controlled by Skydance.

144. After Redstone pulled the plug on the previously proposed Skydance deal on June 11, 2024, the Skydance Defendants sought to get the deal back on track by, *inter alia*, increasing the offer price for NAI by \$50 million, while providing inadequate compensation for the Paramount Class B shareholders.

145. With this additional compensation for herself, Redstone agreed to the proposed deal because it was in her own best financial interests, not because it was in the best interests of the Class.

146. Understanding what was needed to get the deal done, the Skydance Defendants aided Redstone's breach of her fiduciary duties to the Class by structuring the transaction to the betterment of Redstone individually, while it was to the detriment of the Class, which had no say in the transaction.

147. As a result, Plaintiff and the Class suffered damages in an amount to be determined at trial.

### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiff demands judgment as follows:

- a. Declaring that this action is properly maintainable as a class action;
- b. Finding Shari Redstone and NAI liable for breaching their fiduciary duties owed to Plaintiff and the Class, in their capacity as Paramount's Controlling Stockholders;
- c. Finding the Director Defendants liable for breaching their fiduciary duties owed to Plaintiff and the Class;
- d. Finding Skydance and David Ellison liable for aiding and abetting the Controlling Stockholders' and the Director Defendants' breaches of fiduciary duties;

- e. Granting appropriate equitable relief to remedy Defendants' breaches of fiduciary duties;
- f. Certifying the proposed Class;
- g. Awarding Plaintiff and the other members of the Class damages in an amount which may be proven at trial, together with interest thereon;
- h. Enjoining the Controlling Stockholders and Director Defendants, their agents, counsel, employees and all persons acting in concert with them from consummating the Merger;
- i. Rescinding the Merger agreement;
- j. Awarding Plaintiff his reasonable attorneys' fees, expenses, and costs; and
- k. Granting such other and further relief as the Court deems just and equitable.

Dated: July 24, 2024

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