



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

GABELLI VALUE 25 FUND INC.,

Plaintiff,

v.

PARAMOUNT GLOBAL,

Defendant.

C.A. No. 2024-1353-SEM

PUBLIC VERSION

Filed on January 6, 2025

**VERIFIED COMPLAINT FOR RELIEF PURSUANT TO 8 DEL. C. § 220  
TO COMPEL INSPECTION OF BOOKS AND RECORDS**

Plaintiff Gabelli Value 25 Fund Inc. (“Plaintiff”), by and through its undersigned counsel, respectfully submits this *Verified Complaint for Relief Pursuant to 8 Del. C. § 220 to Compel Inspection of Books and Records of Paramount Global* (“Paramount” or the “Company”).<sup>1</sup> Plaintiff alleges as follows, upon knowledge as to itself and its own actions, and upon information and belief as to all other matters, alleges as follows.

**NATURE OF THE ACTION**

1. Plaintiff is forced to bring this action (the “Action”) to enforce its right to inspect certain corporate books and records of Paramount pursuant to *8 Del. C. §*

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<sup>1</sup> Unless stated otherwise, all capitalized terms are defined in the Demand (as defined in ¶3 herein). All emphasis is added unless otherwise noted.

220 (“Section 220”) because Paramount—on behalf of its board of directors (the “Board”) and the special committee of the Board (the “Special Committee”)—has refused to produce electronic documents necessary for Plaintiff to engage in its proper purpose to evaluate the forthcoming merger (the “Merger”) with Skydance Media, LLC (the “Skydance”), including, in particular, the consideration Skydance is paying for the assets of National Amusements, Inc. (“NAI”), including NAI’s controlling stake in Paramount.

2. Plaintiff has a significant interest in Paramount and is intent on conducting a comprehensive investigation into potential insider wrongdoing in connection with the Merger. Plaintiff and its affiliated funds and investment advisors (collectively, the “Gabelli Entities”), on behalf of themselves and their investors, beneficially own 4,814,140 of the Class A shares of Paramount (approximately 11.8% of all Class A shares outstanding), making the Gabelli Entities the largest Class A shareholder group after controlling shareholder NAI, and also own 1,113,319 shares of Paramount Class B shares. These shares in aggregate are worth more than \$127.4 million utilizing the Merger Consideration (defined below) value.

3. During the more than five months since Plaintiff’s initial July 12, 2024 Section 220 demand (the “Demand”), Paramount has produced a total of 168 Company documents consisting of mainly sanitized Board and committee minutes, transaction documents, and board questionnaires. Despite multiple follow-up

requests and meet-and-confer sessions, the Company has refused to produce electronic documents (including communications) critical to efforts by Plaintiff, its analysts, and its counsel to investigate whether one or more Board members, controlling shareholder NAI, or Skydance, breached fiduciary duties (or aided and abetted such breaches) by negotiating, promoting, or accepting a Merger wherein NAI and its chairwoman, president and CEO Shari Redstone (who is also non-executive chairwoman of Paramount), will receive significantly greater Merger compensation from Skydance for NAI's controlling stake in Paramount versus the compensation being paid to minority shareholders.

4. As the Merger consideration is currently constituted (the "Merger Consideration"), Class A shareholders (who currently have voting rights) have the choice to receive either \$23.00 cash per share, or 1.5333 shares of Class B stock of New Paramount that does not have voting rights. Class B shareholders have the choice to receive either \$15.00 cash per share or one share of Class B stock of New Paramount per share of Class B Paramount stock, subject to proration if Class B elections exceed \$4.3 billion in the aggregate (approximately 48% of the non-NAI float).

5. Plaintiff has a more than credible basis to suspect that minority shareholders are receiving reduced Merger Consideration compared to NAI and,

thus, the Merger is the result of breaches of fiduciary duty and cannot meet the entire fairness standard. For example:

- The Merger is a controller transaction that—at the direction of Skydance, NAI, or both—does not allow for an approval vote by the majority of the minority shareholders;
- Skydance has agreed to purchase NAI and its assets—consisting of NAI’s Paramount controlling stake, movie theaters, and other minor media assets—for an enterprise value of \$2.4 billion, but, despite minority shareholder outcry, no information has been provided publicly concerning the allocation of the consideration being paid to NAI between its Paramount shares and NAI’s other assets;
- NAI and Ms. Redstone have demanded litigation indemnity in connection with the Merger;
- NAI and Ms. Redstone evidently favored the Skydance Merger and refused to support transactions with seemingly more favorable terms;
- The Form S-4 filed in connection with the Merger acknowledges that “[i]n evaluating the Transactions, the Special Committee did not seek to value NAI or allocate the consideration in the NAI Transaction to the non-Paramount assets of NAI,” despite the fact that in May 2024 the Special Committee’s financial advisors Centerview Partners LLC (“Centerview”) estimated and implied a price of roughly [REDACTED] per share for the Company shares held by NAI based on the [REDACTED] consideration to be paid to NAI;
- Neither the S-4 nor the documents produced to date reveal *why* the Special Committee chose not to evaluate the consideration being paid to controlling shareholder NAI, whether the Special Committee instructed its counsel or Centerview not to pursue the matter, and whether NAI or Ms. Redstone urged the Special Committee or Board not to evaluate NAI’s consideration; and

- Recent public reports indicate Ms. Redstone has received hundreds of millions of other benefits, such as personal loans and severance packages from Skydance and its affiliates, as well as agreements to fund Ms. Redstone’s leased private jet and expenses for her New York apartment.

6. To make suspicions of wrongdoing even more credible, NAI and Ms. Redstone have a history of promoting self-interested controller transactions that provided non-ratable benefits at the expense of minority shareholders. In 2023, former shareholders of CBS Corporation (“CBS”) and former shareholders of Viacom Inc. (“Viacom”) settled cases for \$167.5 million and \$122.5 million, respectively, to resolve allegations that Ms. Redstone pressured the companies into an unfair merger that created ViacomCBS Inc., Paramount’s predecessor. Like these prior cases, fundamental to the entire fairness of the Merger is the consideration paid to NAI and any potential control premium. Despite the hue and cry from the public, NAI has repeatedly failed to offer transparency into the consideration to be paid to NAI.

7. The Gabelli Entities, on behalf of themselves and their investors, have a significant interest Paramount and are intent on conducting a comprehensive investigation into potential insider wrongdoing in connection with the Merger. For this reason, Plaintiff made its inspection Demand five days after Paramount announced on July 7, 2024 that it had entered a merger agreement (the “Merger Agreement”) with Skydance and it was clear there was no adequate viability into the

consideration to NAI that would allow Plaintiff to evaluate the fairness of the Merger and the possibility that the Company, Special Committee or Board breached their fiduciary duties or that NAI used its controller status to extract a non-ratable benefit and thus, breached its fiduciary duty (and whether Skydance aided and abetted NAI).

8. Unfortunately, Plaintiff's proper purpose to protect the Gabelli Entities, its investors, and other unaffiliated Class A and B shareholders has been thwarted by a concerted effort by Paramount, the Board, and the Special Committee to avoid producing documents responsive to Plaintiff's core Demand in violation of Plaintiff's rights under Section 220.

9. Plaintiff served the Demand more than 175 days ago. Since that time, despite Plaintiff's urging in myriad correspondence and meet-and-confers, Paramount has produced 168 documents that do not include documents and communications, including electronic communications, specifically requested by Plaintiff in its original demand or follow-up requests:

- Between and among any of Paramount, the Board, Ms. Redstone, and NAI (or their counsel) concerning NAI's discussions from October 12, 2023 to December 28, 2023 with third parties regarding any transactions involving NAI's ownership interest in Paramount (*see* S-4 pp. 95-96);
- Between and among any of Paramount, the Board, Ms. Redstone, and NAI (or their counsel) concerning the initiation of negotiations with Skydance prior to formation of the Special Committee (*see* S-4 p. 96);

- Concerning Centerview’s estimate of an implied price of roughly [REDACTED] per share for the Company shares held by NAI in the Merger;
- [REDACTED]
- Reflecting the reasoning for the Special Committee’s decision not to consider the valuation/allocation of Merger consideration between NAI’s Paramount shares and non-Paramount assets (*see* S-4 p. 148); and
- [REDACTED]

10. Shareholders’ cornerstone inspection rights under Section 220 are frustrated where, as here, a Company, its Board, and its Special Committee pay lip-service to their obligations while refusing to produce the documents most crucial Plaintiff’s proper purpose. Plaintiff needs, and is entitled to, *all* the crucial documents on the fairness of the Merger and the potential non-ratable benefits to NAI well in advance of the closing of the transaction in the first half of 2025 (with reports it could close as early as February 2025), including the limited universe of documents set forth in paragraphs 9 and 76 herein.

**JURISDICTION**

11. This Court has exclusive jurisdiction to hear and determine this action pursuant to Section 220. Paramount is incorporated in Delaware and maintains a

registered agent within the State of Delaware. Venue is also appropriate pursuant to Section 220.

### **THE PARTIES**

12. Plaintiff, an investment fund formed in 1989, has been a beneficial owner of Paramount stock at all times relevant to this action.

13. Defendant Paramount is a Delaware corporation with headquarters located in New York, NY. Paramount's Class A common stock is currently listed on NASDAQ as PARAA and Paramount's Class B common stock is currently listed on NASDAQ as PARA. Paramount is the product of a previous merger between predecessor entities CBS and Viacom. CBS and Viacom, which were merged and renamed, remain controlled by NAI, which still owns approximately 77% of Paramount's voting power.

### **SUBSTANTIVE ALLEGATIONS**

14. As set forth in the Demand, Plaintiff has a proper purpose to investigate the Merger. There is a credible basis to believe that NAI, members of the Board and possibly senior officers of Paramount may have breached their fiduciary duties to the Company as NAI apparently has orchestrated a transaction to benefit itself. Accordingly, Plaintiff is entitled to documents enabling it to evaluate the fairness of the Merger and the possibility that Paramount's Board or officers breached their



fiduciary duties or that NAI used its controller status to extract a non-ratable benefit and thus, breached its fiduciary duty. These matters establish a proper purpose.

## **I. SHARI REDSTONE SEIZES CONTROL OF NAI, CBS, AND VIACOM**

15. Sumner Redstone held voting control of CBS and Viacom through NAI, which he also controlled through the Sumner M. Redstone National Amusement Trust (“SMR Trust”). The SMR Trust and a second trust established by Shari Redstone own all of the NAI stock, which in turn own all membership interests in NAI Entertainment Holdings LLC (“Holdings”).<sup>2</sup> NAI and Holdings held and beneficially owned 79.8% of CBS’s one-vote Class A common stock, and a similar stake in Viacom’s one-vote Class A common stock.<sup>3</sup> CBS and Viacom maintained the same dual class structure.

16. Beginning in 2014, Sumner Redstone’s health began to decline and his daughter, Shari Redstone, determined to seize control of NAI, CBS and Viacom. In May 2016, Shari Redstone removed two long-time trustees and replaced them with

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<sup>2</sup> See Verified Complaint to Compel Inspection of Books and Records Under 8 Del. C. § 220, *Bucks County Employees Retirement Fund vs. CBS Corp.*, C.A. No. 2019-0820 (Del. Ch.) at ¶ 12 (Trans. ID 64282214).

<sup>3</sup> *Id.* at 13; CBS Corp. Form 10-K at I-25 (Feb. 25, 2019); Viacom Schedule 14A at 31 (Jan. 25, 2019).

her close friend and NAI's general counsel, who reported to Shari Redstone at NAI.<sup>4</sup> By reconstituting the board of trustees, Shari Redstone ensured effective control of the SMR Trust. She also removed the same trustees from the NAI board of directors and repopulated it with the same close friend and Shari Redstone's children, Kimberlee Ostheimer and Brandon Korff.<sup>5</sup> Shari Redstone and her son Tyler Korff retained their seats on the NAI Board.<sup>6</sup> Thus, Shari Redstone secured majority control of the NAI Board and voting control of CBS and Viacom.<sup>7</sup>

## **II. "PAST PREDATIONS" DEMONSTRATE A RISK OF CONTINUED BREACH OF FIDUCIARY DUTIES TO THE BENEFIT OF NAI AND AT THE EXPENSE OF PUBLIC STOCKHOLDERS**

17. In January 2018, NAI received advice from its financial and legal advisors that "CBS had outperformed the market over the previous ten years while Viacom's performance lagged," and that there was a "'risk' that no buyers would be interested in acquiring Viacom if NAI were to put both" CBS and Viacom up for

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<sup>4</sup> Verified Complaint to Compel Inspection of Books and Records Under 8 Del. C. § 220, *Bucks County Employees Retirement Fund vs. CBS Corp.*, C.A. No. 2019-0820 (Del. Ch.) at ¶ 14 (Trans. ID 64282214); Meg James, *Sumner Redstone again opposes Paramount sale as Viacom battle heats up*, LOS ANGELES TIMES (May 22, 2016), <https://www.latimes.com/entertainment/envelope/cotown/la-et-ct-sumner-redstone-paramount-20160522-snap-story.html>.

<sup>5</sup> *See id.*

<sup>6</sup> *See id.*

<sup>7</sup> *See id.*

sale.<sup>8</sup> NAI’s financial advisor further “advised that ‘a sale of [NAI]’ was preferable to a sale of either or both of CBS and Viacom and concluded that ‘[t]he ideal scenario for [NAI] may be a combination of [CBS] and [Viacom] as a first step, followed by a sale of [NAI].’ According to NAI’s advisors, if Viacom and CBS were to combine, then NAI could expect a sale premium as high as 50%.”<sup>9</sup> NAI was therefore highly motivated to pursue a corporate transaction inuring to its primary benefit.

#### **A. The 2018 Litigation**

18. In May 2018, CBS’s board appointed a special committee (the “CBS 2018 Special Committee”), which determined that NAI “present[ed] a significant threat of irreparable and irreversible harm to the Company and its stockholders”<sup>10</sup> because it was pushing “to combine CBS and Viacom regardless of the strategic and economic merits of the transaction and to the exclusion of considering any other potential transaction.”<sup>11</sup>

19. According to CBS and the CBS 2018 Special Committee, among other troubling issues, Shari Redstone (i) refused to allow CBS’s unaffiliated, public

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<sup>8</sup> *In re CBS Corp. S’holder Class Action and Deriv. Litig.*, C.A. No. 2020-0111-JRS, 2021 WL 268779 at \*8 (Del. Ch. Jan. 27, 2021).

<sup>9</sup> *Id.*

<sup>10</sup> *CBS Corp. et al. v. Nat’l Amusements, Inc. et al.*, C.A. No. 2018-0342-AGB (Del. Ch.), Amended Verified Complaint (Trans. ID 62055727), filed May 23, 2018 at ¶ 2 (“CBS Amended Complaint”).

<sup>11</sup> *Id.* at ¶ 6.

shareholders to vote on the transaction, (ii) threatened to change the CBS board and, (iii) insisted on her own management structure of the combined entity, which CBS did not believe was in the best interests of its own stockholders.<sup>12</sup> The CBS 2018 Special Committee and all other members of the CBS Board not affiliated with NAI concluded that Shari Redstone “present[ed] a significant threat of irreparable and irreversible harm to the Company and its stockholders” because she was seeking “to combine CBS and Viacom regardless of the strategic and economic merits of the transaction.”<sup>13</sup>

20. Recognizing that Shari Redstone would force through a merger even if they declined to approve it, the CBS independent directors took the extraordinary step of attempting to eliminate NAI’s voting control through a stock dividend.

21. CBS and the CBS 2018 Special Committee also filed preemptive litigation in 2018 (the “2018 CBS Litigation”), alleging breaches of fiduciary duty against Shari Redstone, NAI, Sumner Redstone, Holdings, and the SMR Trust. They swore that the dividend was necessary because the proposed merger was not in the best interest of CBS or its public stockholders.<sup>14</sup>

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<sup>12</sup> CBS Amended Complaint ¶¶ 2, 6, 54, 57.

<sup>13</sup> *Id.* ¶¶ 2, 6.

<sup>14</sup> *Id.* ¶¶ 2, 3, 8, 140-144.

22. In describing Shari Redstone’s actions in connection with the 2018 merger, the CBS independent directors noted that “according to NAI’s own pleading, CBS’s stockholders are being held hostage to [Shari] Redstone’s demand that CBS rescue Viacom before CBS is even allowed to consider other strategic options in the rapidly changing and consolidating media industry. This is a clear breach of NAI’s fiduciary duty.”<sup>15</sup>

23. In a later filing, the CBS independent directors again explained that “[e]ven Ms. Redstone stated that NAI would not relinquish its control of CBS unless and until the CBS board capitulated and agreed to a mandatory bail-out of an NAI controlled Viacom . . . a self-serving position that had the effect of blocking CBS from participating in the lucrative, industry-wide consolidation that was taking place at the same time. . . . [Shari] Redstone’s position amounted to a clear breach of fiduciary duty.”<sup>16</sup>

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<sup>15</sup> The CBS Parties’ Opposition to the NAI Parties’ Motion to Compel ¶ 24 n.3 (Trans. ID 62201473) (in the 2018 CBS Litigation).

<sup>16</sup> The CBS Parties’ Reply in Further Support of Their Motion to Compel Production of Documents Concerning the Control of NAI ¶ 6 & n.2 (Trans. ID 62334966) (in the 2018 CBS Litigation).

24. CBS's then-CEO Leslie Moonves' (a key critic of the transaction) ouster from CBS related to allegations of sexual misconduct, overshadowed the 2018 CBS Litigation, which ended in a quick settlement in September 2018.<sup>17</sup>

25. As part of the settlement, seven CBS directors resigned and six new directors joined, including Barbara Byrne and Susan Schuman.<sup>18</sup> Shari Redstone supported each of the new director appointees, as NAI voted to retain each candidate seeking reappointment at CBS's December 11, 2018 annual meeting.<sup>19</sup>

26. The parties further agreed as part of the settlement that NAI and Shari Redstone were prohibited for two years from proposing that CBS merge with Viacom, unless 2/3 of CBS's outside directors proposed one or asked for a proposal.<sup>20</sup> Two weeks after the 2018 CBS Litigation settled, two of the five outside directors after the settlement abruptly "decided to resign . . . to focus on other

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<sup>17</sup> Kenneth Li, *CBS settles lawsuit over company control; Moonves to resign: sources*, REUTERS (Sept. 9, 2018), <https://www.reuters.com/article/us-cbs-moonves-settlement/cbs-settles-lawsuit-over-company-control-moonves-to-resign-sources-idUSKCN1LP0QE>; Keach Hagey & Joe Flint, *CBS Chief Leslie Moonves Steps Down Amid Sexual Misconduct Allegations*, THE WALL STREET JOURNAL (Sept. 9, 2018), <https://www.wsj.com/articles/cbs-ceo-leslie-moonves-expected-to-resign-1536525335>.

<sup>18</sup> See CBS Form 8-K (Sept. 10, 2018) & Ex. 10(a) (Settlement and Release Agreement) (the "Settlement Agreement").

<sup>19</sup> See CBS Form 8-K (Dec. 14, 2018).

<sup>20</sup> See CBS Form 8-K at 2 (Sept. 10, 2018).

personal and professional priorities.”<sup>21</sup> Additionally, a third director resigned from the CBS board less than a month later, on October 21, 2018. Only one of the three resigning directors was later replaced by Frederick O. Terrell.

27. Barbara Byrne, Susan Schuman, and Frederick O. Terrell would eventually sit on the purportedly independent Special Committee in 2023.

### **B. The 2019 Litigation**

28. Notwithstanding the 2018 CBS Settlement Agreement’s two-year moratorium on causing a Viacom/CBS merger, Ms. Redstone was already encouraging CBS’s interim CEO by late 2018 and again in early 2019 to engage in such a transaction. On August 13, 2019, CBS and Viacom announced that they had reached an agreement to merge (the “CBS-Viacom Merger”).<sup>22</sup>

29. Soon after the CBS-Viacom Merger was announced, both CBS stockholders and Viacom stockholders sued NAI and its controlling shareholder. Prior to initiating the respective actions, CBS stockholders had to file an action under Section 220 in order to obtain Shari Redstone’s electronic communications as she predominantly communicates as a board member via text messages.<sup>23</sup>

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<sup>21</sup> CBS Form 8-K (Sept. 27, 2018); Settlement Agreement at 17 (defining “Continuing Independent Directors”).

<sup>22</sup> Form 424B3, filed by entity n/k/a Paramount Global on Oct. 25, 2019 at 3.

<sup>23</sup> *Bucks County Employees Retirement Fund vs. CBS Corp.*, C.A. No. 2019-0820 (Del. Ch.).

30. The CBS stockholders asserted derivative claims on behalf of CBS, alleging, *inter alia*, that Respondents had abused their control to force through a value-destructive merger, while the Viacom stockholders asserted direct claims alleging that the CBS-Viacom Merger was the product of an unfair process that resulted in an unfair price for Viacom stockholders. Plaintiffs in the CBS action alleged Ms. Redstone engineered the CBS-Viacom Merger to bail out Viacom for the benefit of NAI, and thereby extracted a non-ratable benefit from the transaction:

- “Communications from Ms. Redstone indicate she worried Viacom was ‘tanking’ and that ‘time ha[d] run out’ for Viacom. If Viacom could not be rescued, Ms. Redstone’s substantial investment in Viacom would be squandered.
- Viacom’s business model relied on outdated content and technology, ‘saddled with cable channels with dimming prospects, diminishing brands and franchises, difficult negotiations with pay-TV distributors because of its sinking ratings, and a [] focus[] on aging technology while consumers instead ‘cut’ their tie to cable companies, focusing on streaming through the internet instead.’ Plaintiffs allege, ‘[t]his was one of the primary reasons CBS resisted a merger in 2018: it did not wish to have to try to repair a faltering business, particularly during a time in which it would increasingly need to focus on cutting-edge technology and new content.’
- Ms. Redstone was exploring a sale of NAI, was advised of the ‘risk’ that Viacom would be unsellable, and was told that NAI would end up owning only an ‘orphaned’ Viacom were NAI to put both Viacom and CBS up for sale.
- Ms. Redstone was advised that ‘[t]he ideal scenario for [NAI] may be a combination of [CBS] and [Viacom] as a first step, followed by a sale of [NAI],’ and her son agreed that ‘selling NAI [after the Merger] would be ideal.’



- Apparently acting on her stated concerns, and the recommendations of her advisors, Ms. Redstone attempted in 2016 and 2018 to merge Viacom and CBS. Both attempts were rejected by the CBS Board, with the final attempt culminating in the CBS Board attempting to dilute Ms. Redstone’s control with a dividend. The CBS Board’s action was motivated by their belief that NAI and Ms. Redstone ‘present[ed] a significant threat of irreparable and irreversible harm to the Company and its stockholders’ because she was seeking ‘to combine CBS and Viacom regardless of the strategic and economic merits of the transaction.’
- The Merger was not the product of organic acquisitive interest on the part of the CBS Board; rather, it was initiated by Ms. Redstone at a time when she was contractually prohibited from doing so at a meeting she was contractually barred from attending.
- Beinecke and Minow took Ms. Redstone’s demands to the full CBS Board without disclosing what took place at the February 22 N&G Committee meeting attended by Ms. Redstone.
- Viacom’s performance was declining and neither the market nor most of the analysts that covered the stock viewed the Merger as value-accretive for CBS. As one analyst put it: ‘[I]t’s not clear what this deal does for [CBS] shareholders beyond NAI[,] synergies at \$500mm are probably not much larger than transaction fees. . . . To us, this deal is mostly about [NAI] consolidating its control. . . . We think the real winner is NAI.’”<sup>24</sup>

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<sup>24</sup> *In re CBS Corp. S'holder Class Action & Derivative Litig.*, No. CV 2020-0111-JRS, 2021 WL 268779, at \*34-35 (Del. Ch. Jan. 27, 2021), *as corrected* (Feb. 4, 2021).

31. Following favorable rulings for the plaintiffs on the motions to dismiss in the resulting litigations, the cases were settled for \$167.5 million and \$122.5 million.<sup>25</sup>

32. The CBS-Viacom Merger eventually closed in December 2019 to create ViacomCBS Inc., which later changed its name to Paramount Global.<sup>26</sup>

### **III. NAI PURSUES A SUBSEQUENT TRANSACTION FOR THE SALE OF PARAMOUNT TO MAXIMIZE THE PRICE PAID FOR ITS CONTROLLING INTEREST WHILE FAILING TO PROTECT THE INTERESTS OF PUBLIC STOCKHOLDERS**

33. Once “[t]he ideal scenario for [NAI] may be a combination of [CBS] and [Viacom] as a first step” was accomplished, NAI was free to move on to its second step “a sale of [NAI].”<sup>27</sup>

34. On April 20, 2023, Allen Media Group sent a letter to Paramount’s Board expressing interest in acquiring the outstanding shares of the Company.<sup>28</sup> The Board held a meeting to discuss the proposal on April 23, 2023 at which point a

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<sup>25</sup> See Jeff Montgomery, *CBS-Viacom Derivative Merger Suit Settles for \$167.5M in Del.*, Law360 (Apr. 24, 2023), <https://www.law360.com/articles/1600192>; see also Dade Hayes, *Paramount To Pay \$122.5M To Settle 2019 Shareholder Lawsuit Over Viacom-CBS Merger* (Mar. 3, 2023), <https://deadline.com/2023/03/paramount-pays-122-million-to-settle-2019-shareholder-lawsuit-viacom-cbs-merger-1235277777>.

<sup>26</sup> See New Pluto Global, Inc. Amendment No. 1 to Form S-4 at 98 (December 17, 2024).

<sup>27</sup> *In re CBS Corp. S’holder Class Action and Deriv. Litig.*, C.A. No. 2020-0111-JRS, 2021 WL 268779 at \*8 (Del. Ch. Jan. 27, 2021).

<sup>28</sup> Gabelli\_Paramount\_220\_00000886.

representative of the Company’s financial advisor, LionTree Advisors LLC, noted that

[REDACTED]

However, the Board determined it was in the best interests of the Company to continue to execute on its current plan and not to accept the proposal from Allen Media Group.<sup>30</sup>

35. In late October 2023, news outlets reported that NAI was open to a merger or sale of Paramount and that NAI might explore a sale of NAI in lieu of a transaction directly involving Paramount.<sup>31</sup> The leak clearly came from NAI to solicit buyers who would negotiate for a transaction directly with NAI, unlike the Allen Media Group’s proposal.

36. The publicity was successful and on December 8, 2023 legal counsel to NAI notified legal counsel to Paramount that NAI was engaged in confidential discussions with multiple parties regarding a potential change of control of NAI that

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<sup>29</sup> *Id.*

<sup>30</sup> *Id.*

<sup>31</sup> *See* New Pluto Global, Inc. Amendment No. 1 to Form S-4 at 100 (December 17, 2024).

would involve the indirect sale of NAI's ownership interest in Paramount to a third party.<sup>32</sup>

37. On January 2, 2024, Paramount formed a purportedly independent committee of directors to evaluate the Skydance proposal (*i.e.* the Special Committee).<sup>33</sup> The initial members of the Special Committee were Barbara M. Byrne, Linda M. Griego, Judith A. McHale, Dawn Ostroff, Charles E. Phillips, Jr., Susan Schuman, Nicole Seligman and Frederick O. Terrell.<sup>34</sup> Eventually, Mses. Ostroff and Seligman and Mr. Terrell resigned from the Special Committee,<sup>35</sup> leaving Mses. Byrne, Griego, McHale, Schuman, and Mr. Phillips on the Special Committee at the time the ultimate Merger signed.<sup>36</sup> At all times, a majority of the Special Committee members served on CBS and Viacom special committees that delivered the value-destructive CBS-Viacom Merger. Given its predecessors' prior history under NAI's control of spurning stockholder-value-maximizing deals in

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<sup>32</sup> *Id.*

<sup>33</sup> *See* Gabelli\_Paramount\_220\_00000873; Gabelli\_Paramount\_220\_00001719; Gabelli\_Paramount\_220\_00000001.

<sup>34</sup> *Id.*

<sup>35</sup> *See* New Pluto Global, Inc. Amendment No. 1 to Form S-4 at 118; 132 (December 17, 2024).

<sup>36</sup> *See* Gabelli\_Paramount\_220\_00002606.

favor of NAI’s favored transactions, Plaintiff has a credible basis to suspect that the Special Committee’s independence is compromised.

38. At the first meeting of the Special Committee on January 2, 2024, the Special Committee discussed that [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Additionally, the Special Committee “noted that no Committee members had detailed information on what had precipitated NAI’s desire to pursue a potential sale of its interest at this time [REDACTED]

[REDACTED]

[REDACTED]<sup>38</sup> Thus the Special Committee understood that NAI had specific motivations for pursuing a sale of Paramount, which is notable in light of the Board’s decision to reject a bid from Allen Media Group to acquire Paramount in order to execute on Paramount’s stand-alone plan just months prior. Yet, at the urging of NAI, Paramount’s Board and Special Committee engaged in negotiations for a full Company sale.

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<sup>37</sup> See Gabelli Paramount\_220\_00001719.

<sup>38</sup> *Id.*

39. Ultimately, four bidders made transaction proposals. *First*, Apollo Global Management, Inc. (“Apollo”) and Sony Group Corporation (“Sony”) made a joint bid for a potential all-cash acquisition of all of the issued and outstanding shares of Paramount Class A common stock and Paramount Class B common stock for \$28.00 and \$17.00 per share, respectively (a 64.7% Class A premium).<sup>39</sup> Apollo and Sony had concurrently submitted a letter to NAI, in which they offered [REDACTED]

[REDACTED]

[REDACTED] and indicated that, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]<sup>40</sup> The Special

Committee discussed that the proposal contemplated [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]<sup>41</sup>

40. Apollo also later made a solo bid for a [REDACTED]

[REDACTED]

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<sup>39</sup> See Gabelli\_Paramount\_220\_00002205.

<sup>40</sup> See *id.*

<sup>41</sup> See *id.*

[REDACTED] <sup>42</sup>

Again, the Special Committee observed the possibility that [REDACTED]

[REDACTED]

[REDACTED] <sup>43</sup>

41. *Second*, [REDACTED] proposed [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] <sup>44</sup> Counsel for NAI twice informed the Special Committee that NAI had not engaged with, and did not intend to engage with, [REDACTED]

[REDACTED] <sup>45</sup>

42. *Third*, Allen Media Group offered to acquire [REDACTED]

[REDACTED]

[REDACTED] <sup>46</sup>

43. *Finally*, by June 2024 a group led by Skydance was proposing a much more complex transaction that maximized NAI's return at the expense of public

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<sup>42</sup> See Gabelli\_Paramount\_220\_00002545.

<sup>43</sup> See *id.*

<sup>44</sup> See Gabelli\_Paramount\_220\_00001953.

<sup>45</sup> See New Pluto Global, Inc. Amendment No. 1 to Form S-4 at 134-35 (December 17, 2024).

<sup>46</sup> See Gabelli\_Paramount\_220\_00002490.

stockholders. Skydance's proposal included an offer that included: (i) non-NAI holders of shares of Paramount Class A common stock would be entitled to elect to receive either \$23.00 in cash or approximately 1.5333 shares of New Paramount Class B common stock, (ii) Skydance would invest \$6.0 billion at a PIPE Subscription Class B Price of \$15.00 per share (a 53.3% Class A premium), with up to \$4.5 billion being used to fund the cash merger consideration and \$1.5 billion contributed to New Paramount's balance sheet, (iii) Skydance affiliates would receive, in the aggregate, 200 million warrants with a strike price of \$30.50 per share, and (iv) there would be a collar on the value of the shares of New Paramount Class B common stock to be received in respect of Paramount's acquisition of Skydance to ensure that the value of those shares would be determined at the time of signing the Transaction Agreement.<sup>47</sup> Additionally, Skydance would acquire NAI for approximately \$2 billion and merge Skydance into the much larger Paramount.<sup>48</sup>

44. Reminiscent of NAI's 2018 refusal to consider any other potential transaction, Paramount spurned Apollo's stockholder-value-maximizing offer and instead focused exclusively on negotiations with Skydance. NAI's financial advisor

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<sup>47</sup> See New Pluto Global, Inc. Amendment No. 1 to Form S-4 at 132 (December 17, 2024).

<sup>48</sup> See Dariel Zilber, *Paramount, Skydance agree to terms on \$8B merger deal: report*, New York Post (June 3, 2024), <https://nypost.com/2024/06/03/business/paramount-skydance-agree-to-terms-on-8b-merger-deal-report/>.



had indicated to the Special Committee in response to an offer from Apollo that

[REDACTED] and left

Paramount's financial advisor with the impression that [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]<sup>49</sup>

45. By June 8, 2024, the Special Committee caved to NAI's demands and was closing in on a deal with Skydance, and both its legal and financial advisor had each separately heard from representatives of Skydance, and the financial advisor had heard from NAI's financial advisor that Skydance and NAI had reached a handshake deal of key terms of an NAI transaction.<sup>50</sup> But, on June 11, 2024, NAI abruptly called off talks with Skydance at which point Paramount was also forced to call off talks with Skydance, just as merger talks were culminating.<sup>51</sup>

#### **IV. PARAMOUNT, NAI, AND SKYDANCE AGREE TO A MERGER THAT SIPHONED VALUE FROM MINORITY STOCKHOLDERS TO NAI**

46. NAI and Skydance informed Paramount on July 2, 2024 that they had reached a proposed framework of principal terms for a sale of 100% of the

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<sup>49</sup> Gabelli\_Paramount\_220\_00001958

<sup>50</sup> See Gabelli\_Paramount\_220\_00002490.

<sup>51</sup> See Gabelli\_Paramount\_220\_00002517.

outstanding stock of NAI to affiliates of Skydance.<sup>52</sup> On July 7, 2024, Skydance, NAI, and Paramount entered into a definitive agreement to form “New Paramount” through a two-step transaction.<sup>53</sup> In the first step, Skydance would acquire the entirety of NAI for \$2.4 billion in cash.<sup>54</sup> In the second step, Skydance would merge with Paramount, offering \$4.5 billion in cash or stock to stockholders and providing an additional \$1.5 billion for Paramount’s balance sheet.<sup>55</sup> Specially, Skydance would invest up to \$6 billion to (i) offer Paramount Class A stockholders other than NAI an election to receive in the Merger \$23.00 cash per share or 1.5333 shares of Class B stock of New Paramount; (ii) offer Paramount Class B stockholders other than NAI an election to receive in the Merger \$15.00 cash per share or one share of Class B stock of New Paramount, subject to proration if Class B elections exceed \$4.3 billion in the aggregate (approximately 48% of the non-NAI float); and (iii) use the additional capital to paydown debt and re-capitalize the balance sheet of New Paramount.<sup>56</sup>

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<sup>52</sup> See New Pluto Global, Inc. Amendment No. 1 to Form S-4 at 132 (December 17, 2024).

<sup>53</sup> See Gabelli\_Paramount\_220\_00002606.

<sup>54</sup> See New Pluto Global, Inc. Amendment No. 1 to Form S-4 at 279 (December 17, 2024).

<sup>55</sup> See Gabelli\_Paramount\_220\_00002606.

<sup>56</sup> See *id.*

47. In substance, Skydance plans to circumvent Paramount's public stockholders by purchasing Paramount's controlling stockholder's stake for an enormous premium and *dilute* existing Paramount stockholders by forcing Paramount to acquire Skydance and NAI. The Class A shareholders (other than NAI) will be forced to elect to receive either \$23.00 per share or 1.533 shares of non-voting Class B stock, inferior to the voting stock now held.

48. However, it is likely that NAI is receiving additional consideration for its Paramount shares than other shareholders. As indicated above, in the first step of the transaction, Skydance would acquire the entirety of NAI for \$2.4 billion in cash.<sup>57</sup> NAI owns approximately 31.5 million shares of Class A stock and 32 million shares of the Class B stock. At the deal price of \$23.00 for the Class A and \$15.00 for the Class B, of the total of \$2.4 billion to be paid to NAI, \$1.2 billion would be attributable to the Paramount stock. The remaining \$1.2 billion of the acquisition of NAI would be attributable primarily to the Paramount movie theatres. However, although Paramount and NAI have offered no transparency into the valuation of NAI, it appears that the transaction is substantially overvaluing the theatres, and that, in reality, NAI is therefore receiving significantly more for its Paramount stock than is being offered to the non-NAI shareholders. Critically, the Skydance deal appears

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<sup>57</sup> See New Pluto Global, Inc. Amendment No. 1 to Form S-4 at 279 (December 17, 2024).

to provide NAI more than the steep 50% markup that: (i) its financial advisor targeted in 2018 and (ii) it explicitly sought earlier this year when it began to market NAI.<sup>58</sup>

49. Additionally, Shari Redstone, President of NAI and the chair of Paramount Global, will receive \$180 million as part of the Merger on top of the sale of her stock, comprised of a \$70 million severance package and a pension payment of \$110 million.<sup>59</sup> Ms. Redstone will receive this payment in addition to \$2.4 billion paid to the Redstone family as the owners of NAI. The severance package may be a further diversion of assets from Paramount shareholders, which otherwise could have been used toward Merger Consideration. Ms. Redstone further negotiated and received litigation indemnification, along with the other NAI shareholders and certain directors and officers of NAI capped at a maximum of \$200 million for ten years following the date of execution of the indemnification and contribution

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<sup>58</sup> Josh Kosman, Lydia Moynihan, Alexandra Steigrad, *Shari Redstone launches auction of Paramount Global's holding company: sources*, New York Post (Jan. 10, 2024), <https://nypost.com/2024/01/10/business/shari-redstone-launches-auction-of-paramount-global-holder-source>; Dawn Chmielewski, *Paramount-Skydance talks take turn as rival bidders press their case*, Reuters (June 4, 2024), <https://www.reuters.com/business/media-telecom/paramount-globals-co-ceos-lay-out-strategy-shareholders-2024-06-04/>.

<sup>59</sup> See Christopher Palmeri, Bloomberg, *Paramount Chair Shari Redstone Will Get \$180 Million In Severance And Benefits*, Fortune (Sept. 5, 2024), <https://fortune.com/2024/09/05/paramounts-redstone-to-receive-around-530-million-between-severance-benefits-and-sale/>.

agreement.<sup>60</sup> Finally, Skydance and its investors agreed to pay for the remainder of Ms. Redstone's lease for her private jet, and will cover the expenses for her Central Park-area apartment in New York City for the next few years.<sup>61</sup>

50. Paramount stock fell 5% the day after the Merger was announced.

#### **V. PARAMOUNT ENTERED INTO A GO-SHOP THAT DID NOT PROVIDE PROSPECTIVE BIDDERS TIME TO SUCCESSFULLY SUBMIT A SUPERIOR OFFER**

51. The Merger Agreement included a 45-day go-shop period during which the Special Committee would be permitted to actively solicit and evaluate alternative acquisition proposals.<sup>62</sup>

52. On July 26, 2024, Allen Media Group sent to Paramount a proposal to acquire 100% of the Paramount Class A common stock and Paramount Class B

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<sup>60</sup> See New Pluto Global, Inc. Amendment No. 1 to Form S-4 at 279-80 (December 17, 2024).

<sup>61</sup> See Jessica Toonkel, *Paramount's Media Heiress Will Leave the Stage After Last Chance Act in a Chaotic Drama*, The Wall Street Journal (Updated Dec. 22, 2024), <https://www.wsj.com/business/media/paramount-skydance-merger-shari-redstone-b4798703>.

<sup>62</sup> See Gabelli\_Paramount\_220\_00002606.

common stock for \$60.00 and \$14.00 per share, respectively (a 328.6% Class A premium).<sup>63</sup> On August 16, 2024, Allen Media Group withdrew their proposal.<sup>64</sup>

53. On August 19, 2024, the Special Committee received an acquisition proposal from Edgar Bronfman, Jr., on behalf of a consortium of investors (the “Bronfman Group”) worth \$4.3 billion.<sup>65</sup>

54. On August 21, 2024, the Bronfman Group submitted a revised acquisition proposal that included a \$6.0 billion bid to take over Paramount through the acquisition of NAI.<sup>66</sup> The proposal included (i) an acquisition of the outstanding shares of Paramount Class A common stock from existing holders for, at such holders’ election, \$24.53 per share in cash (a 7% premium to the Skydance deal) or 1.5333 shares of New Paramount Class B common stock, (ii) \$1.7 billion to be used in part to fund a cash election to holders of Paramount Class B common stock and in part to improve Paramount’s balance sheet, based on an allocation to be agreed with the Special Committee, (iii) a subscription for \$1.5 billion of shares of Class B common stock of New Paramount Class B common stock for \$16.00 per share (a 53.3% Class A premium), (iv) an acquisition of NAI on the same general terms as

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<sup>63</sup> See New Pluto Global, Inc. Amendment No. 1 to Form S-4 at 141 (December 17, 2024).

<sup>64</sup> See *id.* at 142.

<sup>65</sup> See Gabelli\_Paramount\_220\_00003488.

<sup>66</sup> See Gabelli\_Paramount\_220\_00003577.

the NAI transaction, (v) a subscription that the Bronfman Group would receive warrants to acquire, in the aggregate, 200 million shares of New Paramount Class B common stock with a strike price of \$30.50 per share, (vi) a plan to collapse Paramount's dual-class structure into a single class of shares within three years of the closing of the proposed transaction, with holders of New Paramount Class A common stock receiving 1.53 shares of New Paramount Class B common stock per share of New Paramount Class A common stock and (vii) post-transaction governance arrangements largely consistent with Paramount's existing governance arrangements, including a majority independent board of directors.<sup>67</sup> The Bronfman Group was willing to condition the transaction on a majority-of-the-minority vote, if such a condition was requested in writing by both the Special Committee and NAI.<sup>68</sup> The structure of the deal reflected, Bronfman argued, that Skydance's proposal was going to dilute non-Redstone shareholders.<sup>69</sup>

55. As a result, the go-shop period was extended 15 days for the Bronfman Group until September 5, 2024.<sup>70</sup>

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<sup>67</sup> *See id.*

<sup>68</sup> *See id.*

<sup>69</sup> *See* Lauren Thomas, *Edgar Bronfman Drops Bid for Paramount, Paving Way for Skydance Deal*, Wall St. J. (Aug. 26, 2024), <https://www.wsj.com/business/media/edgar-bronfman-drops-bid-for-paramount-paving-way-for-skydance-deal-71c6bed2>.

<sup>70</sup> *See id.*

56. On August 21, 2024, the Bronfman Group updated its proposal to include a majority-of-the-minority vote condition<sup>71</sup> and on August 25, 2024, the Bronfman Group told the Special Committee that it intended to update its proposal to be worth [REDACTED]<sup>72</sup>

57. On August 26, 2024, the Bronfman Group informed the Special Committee that its acquisition proposal had been withdrawn.<sup>73</sup> The Bronfman Group pulled out in part because of the tight deadline to submit financial documents.<sup>74</sup> The Bronfman Group was unable to come up with the equity financing package that was required for its bid in time.<sup>75</sup> Therefore, the Special Committee determined the go-shop period had concluded with respect to all parties and the Skydance Merger would proceed.<sup>76</sup>

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<sup>71</sup> See Gabelli\_Paramount\_220\_00003634.

<sup>72</sup> See Gabelli\_Paramount\_220\_00003684.

<sup>73</sup> See Gabelli\_Paramount\_220\_00003786.

<sup>74</sup> See *Bronfman Exit Clears Path For Skydance to Buy Paramount Global*, InvestmentNews (Aug. 27, 2024), <https://www.investmentnews.com/industry-news/bronfman-exit-clears-path-for-skydance-to-buy-paramount-global/256771>.

<sup>75</sup> See Dawn Chmielewski, Anirban Sen, *Edgar Bronfman Drops Paramount Bid, Clearing Path For or Skydance Deal*, Reuters (Aug. 27, 2024), <https://www.reuters.com/markets/deals/edgar-bronfman-pulls-out-race-acquire-paramount-2024-08-27/>.

<sup>76</sup> See Gabelli\_Paramount\_220\_00003786.



## **VI. THERE IS A CREDIBLE BASIS TO SUSPECT PARAMOUNT FIDUCIARIES BREACHED THEIR FIDUCIARY DUTIES**

58. The price and process of the Merger appear not to have maximized value for Paramount stockholders for at least four reasons.

59. *First*, Skydance plans to purchase NAI's controlling stake in Paramount for an enormous premium, siphoning value away from other shareholders. Skydance is acquiring NAI in its entirety for \$2.4 billion. If the same value is attributed to NAI's Paramount stock as other stockholders are receiving in the Merger, the remaining \$1.2 billion would be attributable primarily to NAI's movie theatres. However, although Paramount and NAI have offered no transparency into the valuation of NAI, it appears that the Merger is substantially overvaluing the theatres. In June 2024, Skydance offered to acquire NAI and Paramount in a deal that would have already provided NAI more than the steep 50% markup that its financial advisor targeted in 2018 and it explicitly sought earlier in 2024. Yet, after NAI called off merger negotiations, Skydance improved upon that already sweetheart deal with an offer 20% higher for NAI. Therefore, as its movie theaters are not worth the current valuation, NAI is receiving significantly more for its Paramount stock than is being offered to the non-NAI shareholders.

60. *Second*, the Class A shareholders (other than NAI) will be forced to elect to receive either \$23.00 per share or 1.533 shares of non-voting Class B stock

of New Paramount. These shares are inherently inferior to the voting stock now held in Paramount. The Bronfman Group recognized that Class A shareholders were not being adequately compensated and structured their proposal to account for the value of these shares. The initial Bronfman Group proposal (which was later increased) offered Class A shareholders a choice of \$24.53 a share in cash, a 7% premium to the Skydance deal, or 1.5 Class B New Paramount shares.

61. *Third*, the compensation being offered to stockholders in the Merger appears to be unfairly low. As part of the sales process, Allen Media Group offered \$14.3 billion to buy all Class A voting and Class B non-voting shares of Paramount. Similarly, Apollo twice offered \$26 billion to buy Paramount, most recently in the context of a joint bid with Sony that implied \$11.4 billion for stockholders. In comparison, the Skydance proposed Merger only offers stockholders \$4.5 billion in cash or stock to stockholders and an additional \$1.5 billion for Paramount's balance sheet.

62. *Four*, the \$180 million severance and other payments being offered to Shari Redstone may be diverting assets from Paramount shareholders' Merger Consideration. Ms. Redstone will also receive other non-ratable benefits in the Merger as an owner of NAI.

## **PLAINTIFF'S DEMAND**

63. Plaintiff served its Demand on July 12, 2024, shortly after the announcement of the Merger requesting that Plaintiff be permitted to inspect and copy a narrowly tailored set of books and records concerning the Merger including certain electronic communications with Shari Redstone and NAI and valuation materials and director independence. The Demand is attached hereto as Exhibit A.

64. The Demand also set forth the following proper purposes to investigate: (i) potential breaches of fiduciary duty by directors and/or officers of Paramount; (ii) potential breaches of fiduciary duty by NAI in its capacity as Paramount's controlling stockholder; (iii) the independence and disinterest of the Board and any Special Committees of the Board; and (iv) whether a pre-suit demand is necessary or would be excused prior to commencing any individual action, class action or derivative action in connection with the Merger. The Demand also provided a credible basis to investigate whether the directors and officers and NAI are breaching their fiduciary duties by agreeing to the Merger that was not reasonably designed to maximize shareholder value and driven by self-interested fiduciaries, as will be proven by trial. Therefore, Plaintiff requested to review documents related to the Merger, including valuation information. Each of Plaintiff's purposes is entirely proper for a Section 220 demand and each has long been recognized as a proper purpose under Delaware law.

65. Plaintiff identified 8 categories of documents. Category 1 seeks Board Materials and Senior Management Materials related to the Merger and the process that lead up to it, including communications with potential counterparties and valuation materials. Category 2 seeks engagement letters with and conflict disclosures from financial advisors. Category 3 seeks documents related to any conflicts of interest between senior management, executives, or board members at Paramount and NAI. Category 4 seeks complete versions of each document referenced in the grounds supporting this Demand. Category 5 seeks Director questionnaires and personnel files for each member of the Board. Categories 6 and 7 seek information related to other Section 220 demands served by any other Company stockholder regarding the matters discussed in this Demand and the documents produced in response. Category 8 seeks indemnification agreements related to the Merger.

66. These documents are necessary and essential to Plaintiff's stated proper purposes. For instance, Board Materials and Senior Management Materials related to the Merger are necessary for Plaintiff to assess potential breaches of duty related to non-ratable benefits received by NAI in the Merger and whether the Merger maximizes shareholder value. The requested communications with Shari Redstone and NAI, including electronic communications, are necessary and essential to evaluate Ms. Redstone's influence over the process, specifically because Ms.

Redstone has historically conducted CBS and Viacom business via text message. Documents related to Board and committee independence and disinterestedness are necessary and essential to Plaintiff's stated purpose of evaluating the Paramount's Board's independence and disinterestedness with respect to the Merger and potential litigation against Paramount's directors and officers.

67. Paramount responded to the Demand on July 26, 2024 and asserted that (i) Plaintiff did not state a proper purpose and (ii) the demanded inspection information was overbroad. The Response was a refusal within the meaning of Section 220(c).

68. However, Paramount expressed a willingness to meet-and-confer regarding the requests set forth in the Demand, conditioned on the execution of an acceptable confidentiality agreement. The Parties subsequently entered into such a confidentiality agreement. *See* Exhibit B.

69. Yet, Paramount engaged in significant delay tactics while slow rolling productions. For example, during a meet-and-confer on October 10, 2024, counsel for Paramount could not provide clarity on: (i) what Special Committee materials exist, (ii) how many times the Special Committee met to discuss the Merger or any other potential transaction, (iii) when Paramount would be in a position to produce *any* Special Committee material, (iv) whether additional Board minutes exist discussing the Merger or any other potential transaction, (v) what further non-

Special Committee materials Paramount intends to produce, or (vi) when Paramount would produce any further non-Special Committee materials. Indeed, counsel for Paramount has indicated that the Company does not have in its possession the required Special Committee books and records of the Company.

70. Ultimately, over the course of the last 170 days, Paramount has produced:

<b>PRODUCTION DATE</b>	<b>VOLUME</b>	<b>TOTAL DOUCMENTS</b>	<b>TOTAL PAGES</b>
9/4/2024	Volume 01	2	850
9/11/2024	Volume 02	2	22
10/7/2024	Volume 03	1	13
10/18/2024	Volume 04	1	92
10/22/2024	Volume 05	22	741
10/24/2024	Volume 06	98	2,069
11/12/2024	Volume 07	11	976
11/22/2024	Volume 08	8	294
12/13/2024	Volume 09	16	792
12/20/2024	Volume 10	7	75
	<b><i>TOTAL</i></b>	<b><i>168</i></b>	<b><i>5,924</i></b>

71. The current productions do not reveal whether the Special Committee evaluated the consideration to NAI. Gabelli Value’s Demand specifically called for documents (whether hard copy or electronic) concerning “[t]he valuation of NAI, including its movie theater and media assets, and the fairness of the consideration to be received by NAI in the Merger and/or in the sale to the Skydance Group.” *See* Exhibit A, Demand at 9.

72. It appears from the productions that at least some such information exists. For example, the May 29, 2024 Special Committee minutes indicate “that Centerview had not received the full details of the NAI transaction, but that [Mr. Effron] understood that NAI equityholders would receive approximately [REDACTED] in cash, which Centerview estimated implied a price of roughly [REDACTED] per share for the Company shares held by NAI.”<sup>77</sup> But there is nothing in the productions that reflects whether Centerview (or the Special Committee) later received “full details of the NAI transaction,” the basis, if any, for Centerview’s [REDACTED] per share estimate, or any other more detailed analysis on the per-share value to NAI that may have been performed by Centerview leading up to the fairness opinion.

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<sup>77</sup> *See* Gabelli Paramount 220\_00002440 at -2441. Notably, the May 29, 2024 special committee minutes did not indicate whether Centerview’s [REDACTED] per share estimate applied to the Class A or Class B shares, or both.

73. Likewise, the June 8, 2024 Special Committee minutes reflect that [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]<sup>78</sup>

74. The Amended Form S-4 filed by the Company indicated, “[i]n evaluating the Transactions, the Special Committee did not seek to value NAI or allocate the consideration in the NAI Transaction to the non-Paramount assets of NAI. Instead, the Special Committee compared the total proceeds resulting from the NAI Transaction against the number of shares of Paramount common stock owned by NAI and its subsidiaries.”<sup>79</sup> Counsel for the Company has reiterated this assertion in their meet-and-confers with the Gabelli Entities.

75. There is nothing in the productions to date that reflects what, if any, details the Special Committee (or Centerview) received, reviewed or analyzed about the terms of the NAI transaction, or why the Special Committee may have later decided to provide diligence information without receiving details of the NAI valuation/allocation that would have allowed it to evaluate the potential diversion of consideration. As Shari Redstone has a history of communicating via electronic

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<sup>78</sup> See Gabelli Paramount 220\_00002488 at -2489.

<sup>79</sup> See New Pluto Global, Inc. Amendment No. 1 to Form S-4 at 152 (December 17, 2024).



means and Paramount has refused to produce any electronic communications, the Gabelli Entities have been unable to fully assess the transaction. The Gabelli Entities cannot possibly achieve their proper purpose without all the documents.

76. On November 26, 2024, the Gabelli Entities sent Paramount a letter narrowing their requests to the following:

- Documents and communications (including electronic) between and among any of Paramount, the Board, Shari Redstone, and NAI (or their counsel) concerning NAI's discussions from October 12, 2023 to December 28, 2023 with third parties regarding any transactions involving NAI's ownership interest in Paramount (*see* S-4 pp. 95-96);
- Documents and communications (including electronic) between and among any of Paramount, the Board, Shari Redstone, and NAI (or their counsel) concerning the initiation of negotiations with Skydance prior to formation of the special committee (*see* S-4 p. 96);
- Documents and communications (including electronic) concerning Centerview's estimate of an "implied price of roughly [REDACTED] per share for the Company shares held by NAI" in the Merger (*see* Gabelli\_Paramount\_220\_00002441);
- Documents and communications (including electronic) reflecting the basis for the special committee and its advisors to believe there was a [REDACTED]
- Documents and communications (including electronic) reflecting the reasoning for the special committee's decision not to consider the valuation/allocation of Merger consideration between NAI's Paramount shares and non-Paramount assets (*see* S-4 p. 148); and
- Documents and communications (including electronic) reflecting the reasoning for the [REDACTED]



See Exhibit C. To date, the Gabelli Entities have not received a response to their letter.

77. Paramount's failure to timely produce documents and attempts to run out the clock violate the spirit, language and purpose of Section 220. So too does their refusal to commit to which further documents they will produce. Accordingly, Plaintiff initiates this action to enforce its rights under Section 220.

**COUNT I**  
**Demand for Inspection Pursuant to 8 Del. C. § 220**

78. Plaintiff incorporates by reference and realleges each and every allegation contained above, as though fully set forth herein.

79. Plaintiff's Demand satisfies the form and manner requirements of Section 220 and is made for a proper purpose.

80. Plaintiff's purposes are proper under Delaware law and are directly related to Plaintiff's interests as a Paramount stockholder. The requests for information and books and records are narrowly tailored to serve these stated purposes, and each category of books and records sought thereby are necessary and essential to fulfill these purposes.

81. Paramount has wrongfully failed to comply with Plaintiff's Demand and has therefore violated Plaintiff's statutory inspection rights.

82. For the foregoing reasons, Plaintiff is entitled to a judgment directing Paramount to produce to Plaintiff, or otherwise permit Plaintiff to inspect and receive copies of, the books and records requested in the Demand, including the documents set forth in paragraphs 9 and 76 herein and any other information related to the value of the Merger, the concurrent acquisition of NAI, and the valuation/allocation of the consideration to be paid to NAI.

83. Plaintiff has no adequate remedy at law.

**PRAYER FOR RELIEF REQUESTED**

WHEREFORE, Plaintiff prays that this Court summarily enter judgment in favor of Plaintiff and against the Company:

- A. Ordering the Company to produce to Plaintiff the books and records identified herein and in Plaintiff's Section 220 Demand;
- B. Declaring that the Demand complied with the requirements of Section 220;
- C. Summarily ordering Paramount to provide a log of all documents withheld on any claim of privilege immunity from production and a log describing its basis for redacting documents as non-responsive and retaining jurisdiction to consider any challenge to

those assertions of privilege or immunity from production or redactions;

- D. Awarding Plaintiff the costs and expenses incurred in this action, including reasonable attorneys' fees; and
- E. Granting Plaintiff any and all further relief as the Court deems just and proper.

Dated: December 30, 2024

Respectfully submitted,

**FARNAN LLP**

By: /s/ Brian E. Farnan

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