

DEED OF COVENANT AND UNDERTAKING

This DEED is dated 5 August 2026

This DEED is executed in accordance with the laws of England and Wales by:

Paramount Skydance Corporation, a Delaware corporation having its registered office at 1515 Broadway, New York, New York 10036, United States of America (“**Paramount**”);

IN FAVOUR OF:

THE SECRETARY OF STATE FOR CULTURE, MEDIA AND SPORT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (the “**SoS**”).

BACKGROUND

- (A) Warner Bros. Discovery, Inc. (“**WBD**”), a Delaware corporation, having its registered office at 4000 Warner Blvd, Burbank, California 91522 California, United States of America, is a global media and entertainment company that creates and distributes a diverse portfolio of content and products across television, film, streaming and interactive gaming.
- (B) On 27 February 2026, WBD, Paramount and Prince Sub Inc. (a wholly-owned subsidiary of Paramount) entered into an Agreement and Plan of Merger (the “**Merger Agreement**”), pursuant to which, and subject to the terms and conditions therein, WBD will become a wholly-owned subsidiary of Paramount (the “**Transaction**”).
- (C) On 3 July 2026, Mr. David Ellison, Chief Executive Officer of Paramount, provided to the SoS, a number of assurances with respect to Paramount’s proposals for the Combined Group (as defined in clause 1.1 below) following the Transaction (the “**3 July Letter**”). The purpose of this Deed is to provide further legal assurance to the SoS that the intentions and commitments expressed in the 3 July Letter are legally binding on Paramount.
- (D) The undertakings in this Deed shall be effective from the date on which the Transaction is completed in accordance with its terms (the “**Effective Date**”).

TERMS

1. INTERPRETATION

- 1.1 In this deed, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“**Affiliate**” means, in relation to any person, any other person that directly or indirectly Controls, is Controlled by, or is under common Control with, that person;

“**Channel 5 News Provider**” means the contractor responsible for production of Channel 5’s news programming from time to time;

“**Combined Group**” means Paramount and its direct and indirect subsidiaries and subsidiary undertakings from time to time (including the WBD Group);

“**Companies Act**” means the Companies Act 2006;

“Control” means, in relation to any undertaking:

- (a) the direct or indirect ownership of more than 50 per cent. of the voting rights or equity interest in such undertaking;
- (b) the right to appoint or remove more than 50 per cent. of the members of the board of directors (or equivalent governing body) of such undertaking; or
- (c) the right to manage the affairs of such undertaking on a discretionary basis,

and **“Controlled”** and **“Controls”** shall be construed accordingly;

“DCMS” means the Department for Digital, Culture, Media and Sport;

“Effective Date” has the meaning given in Recital (D);

“Material Adverse Change” means any negative event(s), change(s), matter(s) and/or circumstance(s) arising following the Effective Date that have caused (when assessed together with and after netting off the effect of any positive or mitigating event(s), change(s) matter(s) or circumstance(s) arising following the Effective Date), whether individually or in aggregate, a materially adverse change to the financial condition, operations and/or business of the Combined Group in the UK taken as a whole, and which the board of directors of Paramount determines in good faith and in accordance with its fiduciary duties results in it not being in the best interests of Paramount and/or the Combined Group to comply with the undertakings set forth in clause 2, provided that any material adverse change arising or occurring from:

- (a) any action taken pursuant to this Deed; or
- (b) any action of Paramount and/or any member of the Combined Group, excluding any action taken in good faith in the normal and ordinary course of its business, in each case shall not be taken into account in determining whether a “Material Adverse Change” has arisen or occurred with respect to the Combined Group;

“Monitor” means a person or persons appointed by the SoS to monitor Paramount’s compliance with this deed on the SoS’s behalf;

“PSB Licence Period” means the period from the Effective Date until 31 December 2034;

“subsidiary undertaking” and **“undertaking”** shall have the meanings given to such terms in the Companies Act;

“Transaction” has the meaning given in Recital (B);

“UK” means the United Kingdom of Great Britain and Northern Ireland;

“Undertaking Period” means the period from the Effective Date until the fifth anniversary of the Effective Date;

“WBD” has the meaning given in Recital (A); and

“WBD Group” means WBD and its direct and indirect subsidiaries and subsidiary undertakings from time to time.

- 1.2 For the purposes of this deed, any obligation on, or undertaking by, Paramount shall include an obligation on Paramount to procure that any entity Controlled by Paramount complies with such obligations or undertakings.
- 1.3 Paramount hereby acknowledges and agrees that the obligations and undertakings in this deed are owed to the SoS and that the SoS shall be entitled to enforce such obligations and undertakings against Paramount.
- 1.4 References to the SoS or to any public body shall be deemed to include a reference to any successor to the SoS or to such public body or any organisation or entity which has taken over either or both the functions and responsibilities of the SoS or such public body.

2. UNDERTAKINGS

Plurality of media enterprises and on-demand programme services

- 2.1 Paramount undertakes to the SoS that during the Undertaking Period, it shall procure that:
- (a) each of the Combined Group's linear and on-demand services offering content to UK audiences shall retain its distinct editorial identity throughout the Undertaking Period; and
 - (b) without prejudice to clause 2.1(a), the children's channels operated by the Combined Group in the UK, including Nickelodeon (and its associated services Nick Jr. and Nicktoons), and Cartoon Network, shall maintain distinct editorial identities and shall continue to commission and acquire original UK children's content.
- 2.2 Paramount undertakes to the SoS that, as of the date of this Deed, other than the publicly announced combination of HBO Max and Paramount+, Paramount does not intend to consolidate any of the Combined Group's linear channels with the on-demand services operated by the Combined Group in the UK for the duration of the Undertaking Period.
- 2.3 Paramount undertakes to the SoS that, as of the date of this Deed, other than the publicly announced combination of HBO Max and Paramount+, Paramount does not have plans for any material changes to the linear and on-demand services currently offered by WBD, insofar as they relate to the UK, for the duration of the Undertaking Period.

2.4 Channel 5 public service broadcasting

Paramount undertakes to procure that Channel 5 shall continue to operate as a Public Service Broadcaster fulfilling all of its obligations under the Communications Act 2003 and its PSB licence throughout the PSB Licence Period and that:

- (a) Channel 5's commissioning strategy shall remain focused on UK audiences and shall continue to prioritise UK-originated content, including original drama, factual and entertainment programming and Channel 5 shall not replace UK commissions with acquired international content in keeping with its Ofcom licence and public service broadcast remit obligations;
- (b) Channel 5's schedule will continue to reflect its PSB remit and serve a broad UK audience, including through the provision of high-quality news, children's programming, and a range of original UK content across peak and off-peak hours;

- (c) Channel 5 shall continue to exceed its UK origination quotas as set by Ofcom;
- (d) Channel 5 shall continue to provide regular news programming in accordance with its licence obligations;
- (e) Channel 5's Milkshake! children's programming block shall continue to operate, providing UK children's content, with UK-originated children's broadcast hours not falling below 600 hours per year; and
- (f) Channel 5's investment in original UK content, including regional production, shall be maintained and grown, and that Channel 5's obligations to serve diverse audiences shall continue to be fulfilled.

2.5 Paramount undertakes that during the Undertaking Period, it shall allocate a sufficient level of funding necessary to sustain the provision of high-quality news, original children's programming and an additional 20 hours of drama per annum with commensurate additional funding.

News editorial independence

2.6 Paramount undertakes to the SoS that during the PSB Licence Period:

- (a) Channel 5 News shall maintain its editorial independence;
- (b) Channel 5 News's editorial direction shall remain entirely separate from CNN International and CBS News;
- (c) the Channel 5 News Provider shall: (i) retain editorial control over news programming; (ii) continue to make editorial decisions independently of the Combined Group; and (iii) retain responsibility for editorial judgments, compliance with the Ofcom Broadcasting Code, and the accuracy and impartiality of news output, in each case subject to compliance with Paramount's public service broadcasting licence obligations; and
- (d) For so long as CNN International continues to be available internationally, Paramount shall continue to make CNN International broadcast available in the UK, which shall operate as a distinct news service, maintaining its separate editorial identity from Channel 5 News.

2.7 Paramount undertakes to the SoS that, as of the date of this Deed, it has no intention to cease, reduce or rebrand CNN International's UK broadcast.

2.8 News archives

Paramount undertakes to the SoS that during the Undertaking Period continued access to the CNN, CBS News and Channel 5 news archives shall be maintained for bona fide licensees on standard commercial terms.

2.9 Maintaining breadth of genres in the UK

Paramount undertakes to the SoS that during the Undertaking Period it shall procure that the Combined Group's linear television channels and on-demand services in the UK shall continue to offer a breadth of genres serving the diverse interests of UK audiences.

Operation efficiencies and editorial separation

2.10 Notwithstanding the previously announced combination of the HBO Max and Paramount+ streaming platforms, Paramount undertakes to the SoS that, during the Undertaking Period, it shall procure in relation to its wholly owned linear television and on-demand services that:

- (a) no operational efficiency measure implemented by the Combined Group shall affect the creative independence of any channel or service, and editorial and commissioning decisions shall continue to be made by the respective leadership of each service;
- (b) operational efficiencies shall not result in any material reduction in (i) the quantity of content commissioned from UK content creators and/or (ii) the range and diversity of genres offered across the Combined Group's portfolio of services in the UK; and
- (c) operational efficiencies in the Combined Group shall not result in any reduction in the number of persons commissioning content in the UK.

2.11 Paramount undertakes to the SoS that, during the PSB Licence Period, operational efficiencies relating to Channel 5 shall not result in any merger of Channel 5 editorial functions or any reduction in the number of distinct services in the UK.

3. ACCESS TO INFORMATION AND COMPLIANCE

3.1 Paramount agrees and acknowledges that the SoS has the right to appoint, remove and replace (from time to time) a Monitor and that the SoS's rights under this clause 3 can be exercised by such Monitor. Any decision of the SoS not to appoint, remove or replace a Monitor for any period of time shall not prejudice their right under this deed to appoint, remove or replace a Monitor in future.

3.2 Paramount undertakes to the SoS that it shall, during the Undertaking Period, promptly provide such information and/or access to the Combined Group (for the SoS and/or its advisers (including any Monitor)) as the SoS may, from time to time, reasonably require to ascertain Paramount's compliance (and likelihood of its ability to continue to comply) with its obligations and undertakings under this deed.

3.3 Paramount undertakes to the SoS that it shall submit a written notice to the SoS every twelve months following the Effective Date (the "**Compliance Notice**") confirming:

- (a) whether any actions or courses of action which it has committed to undertake under the terms of this deed have been implemented or completed and/or the progress made in relation to such actions or courses of action;
- (b) whether any actions or courses of action which it committed not to undertake under the terms of this deed have been taken or not; and

- (c) whether there has been any breach or non-compliance with any of its obligations or undertakings pursuant to this deed and the steps taken, or intended to be taken, to remedy any such breach or non-compliance.

3.4 Paramount undertakes to the SoS that its representatives shall attend a meeting with the SoS, and/or DCMS officials:

- (a) if so requested by the SoS and/or DCMS officials following the delivery of a Compliance Notice:
 - (i) to answer any reasonable questions in relation to the Compliance Notice;
 - (ii) to discuss its contents (including those matters set out in clause 3.3); and
 - (iii) to discuss any matters as the SoS and/or DCMS officials may reasonably require to ascertain whether Paramount is fulfilling its obligations and undertakings contained in this deed; and
- (b) at any other time if requested by the SoS and/or DCMS officials where such party, acting reasonably:
 - (i) considers that Paramount may not be materially complying with its obligations and undertakings contained in this deed, and/or
 - (ii) wishes to discuss any matters as the SoS and/or DCMS officials may reasonably require to ascertain whether Paramount is complying with its obligations and undertakings contained in this deed.

3.5 If Paramount is, or reasonably considers that it is likely to become, unable to comply with any of the obligations contained in this deed, or becomes aware of any breach or non-compliance (or likelihood of breach or non-compliance), to the maximum extent permitted by applicable laws and regulations, Paramount undertakes to the SoS that it shall notify the SoS as soon as reasonably practicable providing full reasons for the material breach or non-compliance (or likelihood of breach or non-compliance) and shall remedy any such breach or non-compliance (or likelihood of breach or non-compliance) as soon as reasonably practicable upon becoming aware of the material breach or non-compliance (or likelihood of breach or non-compliance) and Paramount and the SoS shall discuss such reasonable modifications to the obligations contained in this deed as may be required in order to remedy such actual or potential breach or non-compliance. This clause is without prejudice to any rights, powers and remedies of the SoS under this deed.

4. GENERAL

4.1 Paramount acknowledges that this deed (and any discussions or negotiations or actions by or on behalf of the SoS relating to this deed or the undertakings contained in it) does not operate in any way to preclude or restrict the exercise of any powers available to the SoS or His Majesty's Government, including but not limited to powers under the Enterprise Act 2002 (as amended).

4.2 Without prejudice to clauses 4.4 to 4.12 and any other subsisting commitments, obligations or rights accrued or arising prior to this date, Paramount's obligations in this deed shall terminate on the earlier to occur of:

- (a) the expiry of the PSB Licence Period; and
 - (b) the date on which neither Paramount nor any of its Affiliates Controls the WBD Group.
- 4.3 If a **Material Adverse Change** occurs, Paramount shall not be required to comply with the obligations set out in this deed to the extent that, in the reasonable opinion of Paramount, non-compliance is required to mitigate the impact of the Material Adverse Change. Paramount shall give notice to the SoS setting out (a) the timing, or expected timing of the Material Adverse Change having effect; (b) the assessment undertaken by Paramount of the effects and implications of the Material Adverse Change on the Combined Group; (c) the mitigating steps and actions taken by Paramount to seek to ensure continued compliance with clause 2; and (d) a copy of the minutes of a meeting of the board of directors of Paramount wherein it was agreed that it is not in the best interests of the Combined Group to comply with the obligations in clause 2 of this Deed. Paramount shall use reasonable endeavours to restore compliance with the affected undertakings as soon as reasonably practicable following the Material Adverse Change having ceased to apply.
- 4.4 Paramount acknowledges and agrees that the SoS shall be free to publish this deed at any time following its execution provided that the SoS has notified Paramount of its proposed timing in doing so in advance in good time. Paramount will not publish this deed or any part thereof or any information relating to this deed without the prior written approval of the SoS (save for where the deed or any such information has previously been published by the SoS). Nothing in this clause shall prevent the publication or disclosure of this deed by Paramount where required under any enactment, by any rule of law, regulation or by the order of a court.
- 4.5 Paramount shall procure that the Combined Group shall promptly execute and deliver such documents and perform such acts as may be required for the purpose of giving full effect to this deed.
- 4.6 Without prejudice to any other rights or remedies that either Paramount or the SoS may have, Paramount acknowledges and agrees that damages alone would not be an adequate remedy for the SoS for any breach of the terms of this deed by Paramount. Accordingly, Paramount agrees and acknowledges that the SoS shall be entitled to seek the remedies of injunction, specific performance or any other equitable relief for any threatened or actual breach of the terms of this deed. If any such remedies are sought in relation to any threatened or actual breach of the terms of this deed, Paramount waives any rights it may have to oppose such remedies on the grounds that damages would be an adequate alternative. No proof of special damages shall be necessary for the enforcement of this deed.
- 4.7 Paramount acknowledges and agrees that no failure on the part of the SoS to exercise, and no delay in exercising, any right, power or remedy under this deed shall affect that right, power or remedy, or operate as a waiver of it, nor shall any single or partial exercise of such right, power or remedy by the SoS preclude any other or further exercise of it or the exercise of any other right, power or remedy.
- 4.8 This deed is given in favour of and for the benefit of the SoS. This deed does not confer any rights on any person other than the SoS under the Contracts (Rights of Third Parties) Act 1999.
- 4.9 Paramount shall not transfer, sub-contract, delegate or deal in any other manner any of its obligations under this deed and any purported transfer, sub-contracting, delegation or other dealing in contravention of this clause shall be ineffective.

- 4.10 If any provision of this deed is held to be invalid or unenforceable by any judicial or other competent authority, all other provisions of this deed will remain in full force and effect.
- 4.11 Paramount acknowledges and agrees that this deed and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the laws of England and Wales.
- 4.12 Paramount irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this deed or its subject matter or formation (including non-contractual disputes or claims).
- 4.13 Without prejudice to any other permitted mode of service, Paramount agrees that service of any claim form, notice or other document for the purpose of any proceedings begun in England shall be duly served upon Paramount if delivered personally or sent by recorded or special delivery post (or any substantially similar form of mail) to Paramount Skydance Corporation, 17-29 Hawley Crescent, Camden Town, London NW1 8TT (marked for the attention of the Chief Legal Officer and General Counsel).
- 4.14 If the appointment of such person ceases to be effective, Paramount will immediately appoint a replacement process agent located in England or Wales and forthwith notify the SoS in writing of their contact details. This clause does not affect the SoS's right to serve process in any other manner permitted by law.
- 4.15 Paramount acknowledges and agrees that the Undertaking Period may be extended by mutual written agreement of Paramount and the SoS. The SoS may, prior to the expiry of the Undertaking Period (including any extended Undertaking Period), provide written notice to Paramount requesting an extension of the Undertaking Period (an "**Extension Request**") and, upon receipt of an Extension Request, Paramount agrees that it will consult with the SoS and negotiate in good faith, having regard to the SoS's reasons for seeking the extension, the terms of any such extension, including the duration of the extended Undertaking Period and any amendments to the terms of this Deed that may be necessary or desirable in connection with such extension.

This document has been executed and delivered as a deed and takes effect on the date stated at the beginning of it.

EXECUTED and **DELIVERED** as a **DEED**

by **PARAMOUNT SKYDANCE CORPORATION** 

acting by: 

Name: Makan Delrahim

Title: Chief Legal Officer

In the presence of:

Witness signature: 

