At long last: Viacom Paramount

Five months and over $1 billion later, Sumner Redstone has won the fight for Paramount. The tenacity credited to the Viacom chairman was clearly in evidence in the final weeks of battle. Redstone was willing to add more to Viacom’s bid than QVC Chairman Barry Diller was willing to add to his.

The final price tag on Paramount will continue to fluctuate according to the value of securities Viacom will use to pay Paramount shareholders when the deal finally closes. As of late last Friday, in a jittery stock market, Paramount shares were trading at just under $75, putting the Paramount price tag at roughly $9.2 billion.

Part of the market’s uncertainty about the value of Viacom shares was due to the criticisms QVC had leveled at the company in the midst of battle: that MTV Networks was coming under increasing competition; that the government’s threats of further cable rate regulation would hurt Viacom’s cable division, and that a Viacom/Blockbuster merger would link the company with outmoded technology in VCRs.

But Viacom already won the main argument which counted for Paramount, the marketplace of the stock market. Over three-quarters of Paramount shareholders tendered their shares to Viacom after Diller, over the previous weekend, had said he would not increase QVC’s bid.

With little time to savor victory, Redstone and Viacom President/CEO Frank Biondi last week were already dealing with such post-merger issues as deciding which executives to keep and making sure that they stay. Biondi is also working to restructure the post-merger debt load that will top $10 billion.

Here are some of the questions and answers from week one of Viacom Paramount:

What are the synergies that will make the Viacom Paramount merger a winner?

Theoretically, Viacom and Paramount should find many ways to mix and match their assets to come up with new opportunities and economies. The potential synergies would grow if Blockbuster comes aboard.

Viacom’s investment banker, Smith Barney Shearson, said the three companies could realize more than $200 million a year by combining resources.

Some obvious ideas: using Viacom brands and characters in Paramount’s publishing operations and theme parks and selling Viacom and Paramount videos in Blockbuster stores.

But skeptics are easily found. “There are as many synergies in this merger as there were in Time Warner, which is to say not enough to justify a

Blockbuster’s Huizenga