Congress of the United States

Washington, DC 20515

June 7, 2024

Mr. Robert Iger
Chief Executive Officer
The Walt Disney Company

Mr. Lachlan Murdoch
Executive Chair and Chief Executive Officer
FOX

Mr. David Zaslav
Chief Executive Officer
Warner Bros. Discovery

Dear Mr. Iger, Mr. Murdoch, and Mr. Zaslav:

Thank you for your response to our letter dated April 16, 2024, regarding your proposed sports streaming joint venture, Venu. As we expressed in that letter, we are concerned that this joint venture—which unites the owners of 80 percent of all sports media content[1]—could reduce competition and leave consumers worse off.

Although we appreciate your prompt reply and willingness to meet with our staff, your responses so far are insufficient. We write to renew our request for information about your joint venture.

Overall, we still have not received answers about the firewalls your companies may implement to prevent collusion; the precautions you may take to ensure consumer privacy; or the methods you may use to determine pricing of the new service. Some of the vague assurances you have provided strike us as contradictory. For example, we find it difficult to understand how your companies can both promise not to share competitively sensitive information and also evaluate the success of the joint venture on a company-by-company basis. Your repeated assertion that the details of the joint venture have not yet been finalized is also hard to believe, given that the joint venture is projected to roll out in mere months.[2]

We ask that you provide us with information on the following items no later than June 21, 2024. Please copy the Department of Justice in your response

1. Identify the stand-alone plans each of the Joint Venture Partners has considered for making their sports channels available via streaming;
2. If stand-alone streaming sports services are offered by the Joint Venture Partners, how firewalls will be implemented to ensure there is no collusion between the Joint Venture and their independent streaming sports offers;

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[1] Tony Maglio, *A Running List of Everyone Who Already Hates the Disney, Fox, and WBD Sports-Streaming Service,* INDIEWIRE (Feb. 21, 2024), https://www.indiewire.com/news/analysis/who-hates-the-disney-fox-wbdsports-streaming-service-1234955403/.

[2] *See* Press Release, *The Walt Disney Company, EPSN, FOX and Warner Bros. Discovery Forming Joint Venture to Launch Streaming Sports Service in the U.S.*, DISNEY (Feb. 6, 2024), https://thewaltdisneycompany.com/espn-foxand-warner-bros-discovery-forming-joint-venture-to-launch-streaming-sports-service-in-the-u-s/.

3. Whether the Joint Venture Partners will implement provisions to prevent anti-competitive sharing of pricing or other competitively sensitive information with each other;
4. What measures the Joint Venture Partners will implement to prevent interlocking directories;
5. How the pricing of the Joint Venture will be determined and when it will be announced;
6. What League Properties licensors, other than the Joint Venture Partners, hold the rights to; and
7. As it pertains to the availability of sports channels and programing, how many hours of live events for League Properties will be transmitted per calendar year on channels included in the new service.

Your companies exert unmatched control over the entire sports media ecosystem. Without care, your joint venture has the potential to reshape this already-concentrated space to the detriment of consumers, sports leagues, and third-party distributors. We urge your companies to provide Congress and the public with more information to allow the full impact of the proposed streaming service to be evaluated.

Considering the competition concerns, we urge your companies to reconsider your plans to forego a commitment to submit licensing negotiations to binding arbitration, as previous parties to vertical integration transactions (e.g., Comcast-NBCU, AT&T-Time Warner) have done.

We ask that you see to efficiently and thoroughly address and answer these concerns promptly. We look forward to your response.

Sincerely,

Jerrold Nadler
Member of Congress

Joaquin Castro
Member of Congress

April 29, 2024

The Honorable Jerrold Nadler
United States House of Representatives
Washington, D.C, 20515

The Honorable Joaquin Castro
United States House of Representatives
Washington, D.C., 20515

Dear Ranking Member Nadler and Congressman Castro,

Thank you for your recent letter regarding our announcement of a new joint venture, which will deliver a pro-consumer, additive viewing option for sports viewers and increased choice for consumers across America. The joint venture will increase competition. Nothing will be exclusive to the new streaming service – every linear network available on this new streaming service will continue to be available to consumers across all existing methods, including traditional cable, satellite TV, and streaming video platforms like Hulu+Live and YouTubeTV. And as you know, broadcast networks ABC and FOX will always be available on free, over-the-air television.

The sports viewing marketplace has undergone significant changes over the last decade. We have seen new entrants outside of traditional media companies enter what is already a highly competitive marketplace, both in the acquisition and the distribution of sports content. Simultaneously, we have seen consumers opt not to purchase traditional cable packages, and instead choose among the expanding number of streaming options. And we are seeing digital services acquire and place highly rated live sports events on discrete platforms, leaving the sports-viewing experience increasingly fragmented and complicated for many consumers. The Joint Venture will be able to offer a product that not only addresses this consumer need, but will afford thousands of sports content creators access to discovery by viewers.

With this evolving marketplace as a backdrop, our respective companies announced in February the upcoming launch of a new sports-centric streaming service that will deliver more choice for viewers who currently do not subscribe to traditional pay-TV. The new service is intended to fill a niche and be additive. It will complement, not replace, existing distribution options.

The new service will be available in every U.S. television marketplace. The U.S. television marketplace is made up of 126 million TV households, with nearly half choosing to not subscribe to traditional cable or satellite TV. While no announcement has been made about pricing of this new streaming service, we believe it will offer a differentiated, attractive service that will appeal to a cohort of these “cord-cutters” and “cord-nevers.” With our goal remaining to launch this fall, our expectation is that this service will attract one million subscribers by the end of the calendar year, and five million viewers within five years. Additionally, subscribers of Disney+, Hulu, and Max may choose to bundle this new streaming service with their existing subscription. We expect other bundling opportunities to emerge over time.

The new service will offer fans a premier sports service that includes the linear networks ABC, ACCN, BTN, ESPN, ESPN2, ESPNEWS, ESPNU, FOX, FS1, FS2, SECN, TBS, TNT, and truTV, in addition to ESPN+. Local ABC and FOX affiliates will also have the opportunity to be carried on this new service, generating an additional revenue stream for stations. Our respective companies will remain separate and independent and will continue to negotiate separately and independently with each distributor, including this new platform, regarding the carriage terms for each respective network. Nothing in the JV changes how we each negotiate carriage of our programming with other distributors.

The linear TV networks included in the new streaming service will offer viewers another option for watching their favorite games and events from the NFL, UFL, NBA, WNBA, MLB, NHL, college football (including the College Football Playoff), men's and women's college basketball (including the men's and women's college basketball national championships), PGA golf, grand slam tennis, cycling, soccer, UFC, Formula1 and NASCAR. Our respective companies will continue to bid independently and compete with each other (and with a host of other companies) for these sports rights.

This streaming service is not a merger. The joint venture (and not Disney, FOX or Warner Bros. Discovery) will negotiate on its own behalf with each platform and programmer separately for content to be distributed on the service. In all cases, the licensing arrangements with the joint venture for the channels and services will be at market terms, and the joint venture will set its own consumer pricing. To that end, we announced last month that Pete Distad, an experienced leader in media, sports, and technology, will serve as the joint venture's chief executive officer. For six years (from 2008 to 2013), Mr. Distad served as a senior executive at Hulu, another pro-consumer joint venture that has delivered more choice to the TV viewing marketplace. Mr. Distad most recently served at Apple and will be responsible for building out his own leadership team and launching the product this fall.

Our companies are aware of our legal obligations and are committed to structuring the new service in a manner that is pro-consumer and in accordance with all relevant laws and regulations. While the definitive agreements are not yet finalized, the parties do not currently anticipate an HSR filing will be required.

For additional information, we are providing the press releases announcing the joint venture and the naming of Mr. Distad as the joint venture's CEO.

We look forward to sharing more information as it becomes available and appreciate your letter, which mirrors the goal of our new service: to provide consumers with more TV viewing choice.

Regards,

/s/
Susan Fox
Senior Vice President and Head of U.S. Government Relations
The Walt Disney Company

/s/
Kristopher Jones
Executive Vice President and Head of Government Relations
Fox Corporation

/s/
Alexa Verveer
Executive Vice President of Global Government Affairs & Public Policy
Warner Bros. Discovery

CC:

Yvette Tarlov
Chief – Media, Entertainment, and Communications Section
Antitrust Division
U.S. Department of Justice

ESPN, FOX and Warner Bros. Discovery Forming Joint Venture to Launch Streaming Sports Service in the U.S.

- **Will Bring Together Sports Linear Networks and Direct-to-Consumer Service ESPN+**
- **Offering to include NFL, NBA, WNBA, MLB, NHL, NASCAR, College Sports, UFC, PGA TOUR Golf, Grand Slam Tennis, the FIFA World Cup, Cycling and Much More**
- **The Service will be offered through a New Standalone App, Built from the Ground Up, for the Passionate Sports Fan**

ESPN, a subsidiary of The Walt Disney Company, FOX and Warner Bros. Discovery have reached an understanding on principal terms to form a new Joint Venture (JV) to build an innovative new platform to house a compelling streaming sports service. The platform brings together the companies' portfolios of sports networks, certain direct-to-consumer (DTC) sports services and sports rights – including content from all the major professional sports leagues and college sports. The formation of the pay service is subject to the negotiation of definitive agreements amongst the parties. The offering, scheduled to launch in the fall of 2024, would be made available directly to consumers via a new app. Subscribers would also have the ability to bundle the product, including with Disney+, Hulu and/or Max.

The platform would aggregate content to offer fans an extensive, dynamic lineup of sports content, aiming to provide a new and differentiated experience to serve sports fans, particularly those outside of the traditional pay TV bundle.

By subscribing to this focused, all-in-one premier sports service, fans would have access to the linear sports networks including ESPN, ESPN2, ESPNU, SECN, ACCN, ESPNEWS, ABC, FOX, FS1, FS2, BTN, TNT, TBS, truTV, as well as ESPN+.

Key Highlights:

- ESPN, FOX and Warner Bros. Discovery would form a new joint venture to develop, launch and operate a streaming sports bundle of linear networks and certain DTC sports content and services.
- Each entity would own one-third of the JV, have equal board representation and license their sports content to the joint venture on a non-exclusive basis.
- The service would have a new brand with an independent management team.

Bob Iger, Chief Executive Officer of The Walt Disney Company said, "The launch of this new streaming sports service is a significant moment for Disney and ESPN, a major win for sports fans, and an important step forward for the media business. This means the full suite of ESPN channels will be available to consumers alongside the sports programming of other industry leaders as part of a differentiated sports-centric service. I'm grateful to Jimmy Pitaro and the team at ESPN, who are at the forefront of innovating on behalf of consumers to create new offerings with more choice and greater value."

Lachlan Murdoch, Executive Chair and Chief Executive Officer of FOX said, "We're pumped to bring the FOX Sports portfolio to this new and exciting platform. We believe the service will provide passionate fans outside of the traditional bundle an array of amazing sports content all in one place."

David Zaslav, Chief Executive Officer of Warner Bros. Discovery, said "At WBD, our ambition is always to connect our leading content and brands with as many viewers as possible, and this exciting joint venture and the unparalleled combination of marquee sports rights and access to the greatest sporting events in the world allows us to do just that. This new sports service exemplifies our ability as an industry to drive innovation and provide consumers with more choice, enjoyment and value and we're thrilled to deliver it to sports fans."

More details, including pricing, will be announced at a later date.

The new service will showcase thousands of high-profile sporting events including:

PRO FOOTBALL	**NFL | UFL**
BASKETBALL	**NBA | WNBA**
BASEBALL	**MLB**
HOCKEY	**NHL**
COLLEGE SPORTS	**Thousands of games and events, multiple sports, across nearly two dozen conferences, including: ACC, Big 10, Big 12, Big East, SEC | 40 NCAA Championship Events | NCAA Men's & Women's Basketball Tournaments | The College Football Playoff**
GOLF	**PGA Tour | PGA Championship | The Masters | TGL**
GRAND SLAM TENNIS	**Wimbledon | US Open | Australian Open**
CYCLING	**Giro d'Italia | UCI Mountain Bike World Cup | Giro Donne**
SOCCER	**FIFA World Cup | U.S. Soccer NWSL | MLS | LALIGA | Bundesliga | UEFA | CONCACAF**
COMBAT SPORTS	**UFC | Top Rank**
AUTO	**Formula 1 | NASCAR | 24 Hours of Le Mans**

FOR FURTHER INFORMATION, CONTACT:

ESPN:
Katina Arnold
katina.arnold@espn.com
+1 860.912.6643

FOX:
Brian Nick
brian.nick@fox.com
+1 310-369-3545

Warner Bros. Discovery / TNT Sports:
Nate Smeltz
nate.smeltz@wbd.com
+1 404.827.4786

FORWARD-LOOKING STATEMENTS

The Walt Disney Company

The terms “Company,” “we,” and “our” are used below to refer collectively to The Walt Disney Company and the subsidiaries through which its various businesses are actually conducted.

Certain statements and information in this communication may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the Company’s expectations, beliefs, plans, strategies, business or financial prospects or outlook, the consummation of the joint venture, trends, drivers of demand, products or service offerings (including nature, timing and pricing), consumer sentiment or priorities; and other statements that are not historical in nature. These statements are made on the basis of the Company’s views and assumptions regarding future events and business performance and plans as of the time the statements are made. The Company does not undertake any obligation to update these statements unless required by applicable laws or regulations, and you should not place undue reliance on forward-looking statements.

Actual results may differ materially from those expressed or implied. Such differences may result from actions taken by the Company, including restructuring or strategic initiatives or other business decisions, as well as from developments beyond the Company’s control, including: the occurrence of subsequent events; deterioration in domestic or global economic conditions or failure of conditions to improve as anticipated; deterioration in or pressures from competitive conditions, including competition to create or acquire content; competition for talent and competition for advertising revenue; consumer preferences and acceptance of our content, offerings, pricing model and price increases, and corresponding subscriber additions and churn, and the market for advertising sales on our direct-to-consumer services and linear networks; health concerns and their impact on our businesses and productions; international, political or military developments; regulatory and legal developments; technological developments; labor markets and activities, including work stoppages; adverse weather conditions or natural disasters; and availability of content. Such developments may further affect entertainment, travel and leisure businesses generally and may, among other things, affect (or further affect, as applicable): our operations, business plans or profitability, including direct-to-consumer profitability; our expected benefits from the potential joint venture with Fox and Warners Bros. Discovery; demand for our products and services; performance of the Company’s content; our ability to create or obtain desirable content at or under the value we assign the content; the advertising market for programming; income tax expense; and performance of some or all Company businesses either directly or through their impact on those who distribute our products.

Additional factors are set forth in the Company’s Annual Report on Form 10-K for the year ended September 30, 2023, including under the captions “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business,” quarterly reports on Form 10-Q, including under the captions “Risk Factors” and Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and subsequent filings with the Securities and Exchange Commission.

Fox Corporation

The term “Company” is used below to refer collectively to Fox Corporation and its consolidated subsidiaries.
This press release contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “may,” “will,” “should,” “likely,” “anticipates,” “expects,” “intends,” “plans,” “projects,” “believes,” “estimates,” “outlook” and similar expressions are used to identify these forward-looking statements. These statements are based on management’s current expectations and beliefs and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements in this press release due to changes in economic, business, competitive, technological, strategic and/or regulatory factors and other factors affecting the operation of the Company’s businesses. More detailed information about these factors is contained in the documents the Company has filed with or furnished to the Securities and Exchange Commission (the “SEC”), including the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2023 filed with the SEC on August 11, 2023, and subsequent Quarterly Reports on Form 10-Q.

Statements in this press release speak only as of the date they were made, and the Company undertakes no duty to update or release any revisions to any forward-looking statement made in this press release or to report any events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events or to conform such statements to actual results or changes in the Company’s expectations, except as required by law.

Warner Bros. Discovery

The terms “Warner Bros. Discovery,” “Company,” “we,” “us,” and “our” are used below to refer collectively to Warner Bros. Discovery, Inc. and its subsidiaries.

Information set forth in this communication contains certain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations, forecasts, and assumptions that involve risks and uncertainties and on information available to Warner Bros. Discovery as of the date hereof. Actual results could differ materially from those stated or implied, including due to risks and uncertainties associated with the Company's business, which include the risk factors disclosed in the Company's filings with the U.S. Securities and Exchange Commission, including but not limited to the Company's most recent Annual Report on Form 10-K and reports on Form 10-Q and Form 8-K.

Forward-looking statements include statements regarding the Company's expectations, beliefs, intentions or strategies regarding the future, and can be identified by forward-looking words such as "anticipate," "believe," "could," "continue," "estimate," "expect," "intend," "may," "should," "will" and "would" or similar words. Forward-looking statements include, without limitation, statements regarding future financial and operating results, the Company's plans, objectives, expectations and intentions, assumptions, projections or expectations regarding the potential joint venture with Fox and ESPN, and other statements that are not historical facts. Warner Bros. Discovery expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

March 15, 2024

Pete Distad Named CEO of New Sports Streaming Service

Former Apple and Hulu Executive to Lead Joint Venture from ESPN, FOX and Warner Bros. Discovery

Pete Distad, an experienced leader in media, sports and technology, has been named CEO of the new sports streaming service – a joint venture formed by ESPN, FOX and Warner Bros. Discovery. Distad, who most recently served as an executive at Apple for a decade following six years at Hulu, will assume oversight of all aspects of the joint venture, including overall strategy, distribution, marketing, sales and more.

Distad worked at Apple from 2013-2023, where he was responsible for the business, operations and global distribution for Video, Sports and Apple TV+. While there, he launched the new Apple TV in 2015, and later led teams that launched and scaled the Apple TV app, Apple TV+, and MLS Season Pass. He originally joined the company to lead product marketing for the Apple TV hardware product.

His Hulu experience (2007-2013) included serving as Senior Vice President of Marketing and Distribution on the executive team. He was part of the original Hulu launch team, overseeing customer acquisition and retention, distribution and marketing.

Prior to Hulu, Distad worked in various technology and management consulting roles, including at McKinsey & Company, Calence (now Insight) and Andersen Consulting (now Accenture).

"This is an incredible opportunity to build and grow a differentiated product that will serve passionate sports fans in the US outside of the traditional pay TV bundle," Distad said. "I'm excited to be able to pull together the industry-leading sports content portfolios from these three companies to deliver a new best-in-class service."

ESPN, FOX and Warner Bros. Discovery added the following joint statement: "Pete is an accomplished innovator and leader who has extensive experience with launching and growing new video services. We are confident he and his team will build an extremely compelling, fan-focused product for our target market."

Upon establishment of the JV, Distad will report to its board of directors, which will include representatives selected by each of the three companies. He will be based at the to-be-established offices of the joint venture in Los Angeles, along with the independent management team he will assemble.

SPORTS STREAMING SERVICE FROM ESPN, FOX AND WBD

The innovative new platform, announced in February, will bring together the companies' portfolios of sports networks and certain of their direct-to-consumer (DTC) sports services – including content from all the major professional sports leagues and college sports. The formation of the pay service is subject to the negotiation of definitive agreements amongst the parties.

The sports streaming offering, scheduled to launch in the fall of 2024, will be made available directly to consumers via a new app. Subscribers would also have the ability to bundle the product, including with Disney+, Hulu and/or Max.

The platform would aggregate content to offer fans an extensive, dynamic lineup of sports content, aiming to provide a new and differentiated experience to serve sports fans, particularly those outside of the traditional pay TV bundle.

By subscribing to this focused, all-in-one premier sports service, fans would have access to the linear sports networks including ESPN, ESPN2, ESPNU, SECN, ACCN, ESPNEWS, ABC, FOX, FS1, FS2, BTN, TNT, TBS, truTV, as well as ESPN+.

More details, including a name, pricing and additional staff, will be announced at a later date.

Media Contacts:

ESPN:
Katina Arnold
katina.arnold@espn.com
+1 860.912.6643

FOX:
Brian Nick
brian.nick@fox.com
+1 310-369-3545

Warner Bros. Discovery / TNT Sports:
Nate Smeltz
nate.smeltz@wbd.com
+1 404.827.4786