**Questions for the Record**
**United States Senate Committee on the Judiciary, Subcommittee on Antitrust, Competition Policy, and Consumer Rights**

**Hearing on**
**"Examining the Competitive Impact of the Proposed Netflix-Warner Brothers Transaction"**

**Submitted February 25, 2026**

**Response of Ted Sarandos, Co-CEO, Netflix**

## Response to Questions from Chairman Grassley

1. How would the proposed Netflix–Warner Brothers transaction impact local, neighborhood movie theaters and the communities that rely on them, including any expected changes to theatrical release windows, the number or scope of wide releases, access for independent and small-market theaters, or related local employment or economic activity?

Netflix is acquiring Warner Bros.' assets to invest in and grow those businesses, including Warner Bros.' theatrical business. Netflix is buying these assets to build them up, including continuing to put Warner Bros. movies in theaters with a traditional 45-day theatrical window.[1] Accordingly, we reiterate our commitment that Warner Bros.' movies will continue to receive theatrical releases with an exclusive window, as they do today.

In addition, Netflix will continue to work with cinemas such as AMC[2] and others to show our big and beloved Netflix titles such as K-*Pop Demon Hunters* and *Stranger Things* in cinemas. We have demonstrated that such event-style theatrical releases can support theaters and local economic activity.

2. In Netflix's assessment, how would the proposed transaction change how Warner Brothers' portfolio of film and television content is licensed, distributed, or made available to third-party platforms or exhibitors? Please explain whether competing distributors and theaters would be affected and what safeguards might help prevent unfair competition.

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[1] "Written Testimony of Co-Chief Executive Officer Ted Sarandos, Netflix", Senate Judiciary Committee Subcommittee on Antitrust, Competition Policy, and Consumer Rights Hearing on "Examining the Competitive Impact of the Proposed Netflix-Warner Brothers Transaction", February 3, 2026, Accessed at: https://www.judiciary.senate.gov/imo/media/doc/005a15b1-a2aa-1db4-39fb-e04316c2ed18/2026-02-03_Testimony_Sarandos.pdf.

[2] "AMC Theatres Declares Netflix's Stranger Things Series Finale Theatrical Event a Triumph; More Joint Netflix-AMC Cooperation Envisioned in 2026 and Beyond", AMC Theatres, January 2, 2026, accessed at: https://investor.amctheatres.com/news-events/press-releases/detail/412/amc-theatres-declares-netflixs-stranger-things-series-finale-theatrical-event-a-triumph-more-joint-netflix-amc-cooperation-envisioned-in-2026-and-beyond.

Netflix plans to operate Warner Bros.' business units largely as they operate today. This applies to the development, production, and licensing of both film and television content to third parties.

For theatrical releases, as explained in response to Question 1, Warner Bros. movies will continue to be released in theaters with an exclusive theatrical window, consistent with Warner's current practice. And we will also continue to operate Warner Bros. Television as a producer and seller of series to third parties.

The combined company will operate within a highly competitive distribution system—subscription, ad-supported, broadcast, cable, and online video. Any limitation on licensing terms would risk substitution by competing services.

3. Why is this merger necessary, and how would it benefit the public? Can these benefits be independently verified?

Netflix is a major driver of jobs, investment, and economic growth, especially in the U.S. We have 10,000 full-time U.S. employees, more than a threefold increase in the last decade. During that time, our productions have supported more than 150,000 U.S. cast and crew; we contributed more than $225 billion to the U.S. economy. And we film in all 50 states, with over 1,700 productions in over 1,200 locations all over the nation. We have opened Netflix Houses in Pennsylvania and Texas, and will open one next year in Nevada, giving fans an opportunity to explore immersive experiences inspired by some of our most popular titles.

Netflix continues to operate its own highly successful business,[3] delivering great value to our members, month after month. And we are increasing our investment in production by $2 billion in 2026—to $20 billion, a majority of which will be in the U.S. We are also building studios here at home, currently transforming the former Ft. Monmouth military base, which was closed during the Base Realignment and Closure process, into an approx. $1.2 billion state-of-the-art production facility. Our investment in our New Mexico production facilities has yielded nearly $1 billion in productions and even more in local economic impact.

Warner Bros. Discovery has made it clear that it intends to sell its businesses either in whole or in part and there were several bidders for its operations. Netflix's signed deal with Warner Bros. will combine Netflix's global reach and best-in-class streaming service with Warner Bros.' century-long studio, iconic IP, and a world-class theatrical distribution business. It will help us build on our track record of investment and growth in the United States by acquiring assets that we do not currently have.

[3] See, e.g., our most recent Letter to Shareholders, January 20, 2026, accessed at: https://s22.q4cdn.com/959853165/files/doc_financials/2025/q4/FINAL-Q4-25-Shareholder-Letter.pdf.

This deal is pro-consumer, pro-creator, and pro-growth. The public benefits of this deal are clear:

- An increase in production investments and jobs going forward. With this deal, we intend to increase—not reduce—production investment, supported by a stronger combined business.
- More value for consumers. The combined Netflix and Warner Bros. will be able to provide more great content per subscription dollar. About 80% of HBO Max subscribers also subscribe to Netflix. For consumers with both subscriptions, we will provide more value for less.[4]

In contrast, a Paramount-Skydance merger with Warner Bros. Discovery in its entirety would be a massive horizontal merger with redundancies, significant job losses, and reduced output. It would consolidate theatrical businesses and legacy Hollywood studios, as well as sports and news.

Moreover, it would be the largest leveraged buy-out in history. The deal would see $16 billion of cuts as it tries to rapidly de-lever itself in the immediate aftermath of a deal. With last year's Paramount-Skydance deal—which led to 3,000 jobs lost and counting—the impacts on the U.S. entertainment industry of a Paramount-WBD deal are clear.

The net effect of a Paramount-WBD deal would be reduced film and TV output and significantly fewer jobs for entertainment workers. This would also harm American theaters, which will see fewer theatrical releases.

The Netflix-Warner Bros. transaction would deliver significant benefits to American consumers—more great content per subscription dollar—and for the American entertainment industry—more investment and more jobs across the country. It will preserve and strengthen one of our nation's most storied studios and reinforce its ability to compete globally. Our objective is to invest in and further build up Warner Bros., ensuring that American storytelling continues to lead the world.

4. How would additional consolidation from the proposed transaction affect Netflix's incentive or ability to raise prices? During the hearing, Netflix suggested that consumers can cancel their subscriptions if prices become too high. Why should families believe that the ability to cancel alone will restrain prices after this merger, especially if the transaction reduces the number of meaningful alternatives available to consumers?

Consumers have never had more choices for great entertainment: streaming, broadcast, and cable providers such as ABC, Amazon Prime Video, Apple TV, CBS, Disney+, ESPN, Google's YouTube, HBO Max, Hulu, Netflix, NBC, Paramount+, and Peacock, just to name a few.

[4] "Written Testimony of Co-CEO Ted Sarandos."

According to Nielsen's The Gauge, Netflix has a less than 9% share of TV viewing in the U.S.; that share would rise to around 10% after the combination with Warner Bros. YouTube has a nearly 13% share of TV view time in the U.S.[5] It is an intensely competitive environment with very low barriers to switching: Netflix makes it easy to cancel a subscription and never requires long-term contractual commitments.

Netflix operates in a market where consumers can switch instantly among numerous entertainment options. Netflix must provide consumers ever greater value in order to stand out in a crowded field. This means investing billions of dollars every year in great content—up an additional $2 billion to $20 billion in 2026—and continuing to add new offerings to give our subscribers more bang for their buck, such as live events and games, as part of the same monthly subscription. Additionally, three years ago, we launched a lower-priced ad-supported plan for any consumers seeking a lower price point. Netflix already delivers tremendous value to our members in fact, according to Moffett Nathanson, a leading research firm, Netflix costs 40% less per hour of content viewed than our nearest streaming competitor, and provides two times more bang for buck than Paramount+.[6] The practical constraint is value: if Netflix prices above perceived value, consumers can and do switch.[7]

Our long-standing efforts to give consumers great value will be further enhanced by this transaction. Netflix and HBO Max subscribers will get more great content per subscription dollar than they do today. This transaction does not eliminate meaningful alternatives.

5. Netflix's 2024 Annual Report identifies paid streaming services as its main competitors, while Netflix has publicly argued that its real competitors are free or ad-supported platforms. Which description best reflects Netflix's true competitors?

Netflix is one of many streaming services, broadcasters, cable channels, and online video platforms that make up today's dynamic and competitive entertainment ecosystem along with ABC, NBC, CBS, Google's YouTube, Apple TV, Amazon Prime Video, Hulu, Disney+, HBO Max, Peacock, Paramount+, and The Roku Channel, just to name a few. Many of these services deploy multiple business models—fully ad-supported as well as paid subscription options. All of these providers are engaged in a "never-ending contest for people's attention and dollars."[8]

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[5] "Viewing by Distributor - January 2026", The Gauge, Nielsen, accessed at: https://www.nielsen.com/data-center/the-gauge/#viewing-by-distributor.

[6] "Streaming Wars: Paths to Success", Moffett Nathanson Research, December 4, 2025.

[7] See, e.g., "Consumers Loyal to Streaming, but at What Price?", KPMG, 2023, "On the other hand, raising subscription prices—so-called streamflation—is testing the loyalty of some subscribers, prompting some to drop their streaming plans, which is raising the risk of subscription churn for streaming providers.", p.1, accessed at: https://kpmg.com/kpmg-us/content/dam/kpmg/pdf/2023/media-consumer-survey-report.pdf.

[8] "Written Testimony of Co-CEO Ted Sarandos", p.4

For creators, the landscape is just as varied and dynamic. Netflix is one of more than a dozen major outlets—streamers, TV networks, and mini-majors—competing for projects.

Among our competitors, Google's YouTube has grown significantly in recent years and expanded into many similar areas as Netflix.[9] Today, YouTube has NFL games, it will carry the Oscars exclusively worldwide starting in 2029, and is projected to be the #1 pay-TV provider in the United States by 2027.[10] Like Netflix, it also hosts podcasters and is investing in professional content.

According to its CEO Neal Mohan, YouTube creators are buying Hollywood production studios;[11] their production budgets are often larger than traditional film & television budgets. Meanwhile, creators who make their start on YouTube increasingly find success on multiple other streamers such as Amazon Prime Video, Netflix, and others. Recently, a film made by a YouTube creator achieved theatrical box office success in the U.S. and worldwide.[12]

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[9] See, e.g., Netflix Letter to Shareholders, January 18, 2017, "Internet video is a global phenomenon. Amazon Prime Video expanded recently to match our territory footprint, while **YouTube remains far larger than either of us in terms of global video enjoyment minutes**." [emphasis added], accessed at: https://s22.q4cdn.com/959853165/files/doc_financials/quarterly_reports/2016/q4/Q416ShareholderLetter.pdf.

[10] "Omdia: YouTube TV on track to become the largest US Pay-TV operator by 2027", Omdia, December 11, 2025, accessed at: https://omdia.tech.informa.com/pr/2025/dec/omdia-youtube-tv-on-track-to-become-the-largest-us-pay-tv-operator-by-2027.

[11] "From the CEO: What's Coming to YouTube in 2026", Neal Mohan, YouTube Official Blog, Jan. 21, 2026, accessed at: https://blog.youtube/inside-youtube/the-future-of-youtube-2026/.

[12] "YouTube star Markiplier says film's success is 'win' for independent creators", BBC, February 16, 2026, accessed at: https://www.bbc.com/news/articles/c2lg5r414wpo.

**Response to Questions from Senator Mike Lee**

1. Netflix and HBO are competitors in film and TV content, including awards competitions. For example, Netflix leads the nominations with 35 and followed by Warner Bros. at 31 Golden Globe nominations respectively in 2026.

    a. Why do you believe eliminating this head-to-head competition will not reduce incentives to produce high-quality content?

With over 325 million paid members, Netflix serves a global audience approaching one billion people. Our strategy has always been grounded in breadth and quality—offering an amazing variety of films, series, documentaries, live events, and games to meet diverse tastes across markets and demographics. Because we compete for viewers' time and attention, our incentive is to continuously invest in and expand high-quality programming in order to earn and keep that audience.

This transaction does not eliminate HBO as a creative competitor. Netflix has a broad variety of content. HBO, in contrast, is a distinctive brand known for scripted prestige TV and major franchise theatrical films. It is a supplemental or "add-on" service to an "anchor" service like Netflix. Following the deal, HBO will continue to operate as a distinct premium brand and compete with its own creative leadership and programming priorities. Its development and buying teams will continue to pursue projects based on what best serves the HBO audience.

Similarly, Netflix has multiple content teams that independently evaluate and sometimes compete with one another for the same projects. This healthy competition across teams will continue post-merger. The goal remains the same: to ensure creators have meaningful options and that the best ideas are brought to audiences.

    b. If allowed to proceed, what effect will the merger have on future competition?

The transaction would have a positive effect on competition. The entertainment ecosystem has never been more competitive or dynamic. According to Nielsen's The Gauge, Netflix's share of TV viewing time in the U. S. prior to the transaction is less than 9%; following the transaction, that share only increases to around 10%. Competition and choice would remain as robust as ever.

On the other hand, if Paramount acquired all of Warner Bros. Discovery, its post-merger share of TV viewing would increase to 14%—larger than YouTube's, Disney's, Netflix's, or other services'.[13] Additionally, in contrast to Netflix's transaction, a Paramount acquisition would result in significant overlap, consolidation, and job losses. Broadly, the deal would mean the combination of: two of the "big five" Hollywood studios (five would become four); two major theatrical distribution channels; two of the major TV studios; two major news networks; and two major sports distributors.

[13] See "Viewing by Distributor - January 2026", The Gauge, Nielsen.

2. Your written testimony states that "we're increasing our spend to $20 billion on film and TV production in 2026, a majority of that in America. Our $20 billion plan for 2026 is an $8 billion increase over what we spent in 2018. We are doubling down even as much of the industry has pulled back."

    a. What percentage of this investment will be spent on film and TV content production?

    b. What percentage of this investment will be spent on film and TV content licensing?

A majority of the investment will be on new release film and TV, with the remainder on licensed, second-run titles.

3. The merger would significantly increase concentration in subscription-based streaming video services. In 2012, you stated that Netflix sought to become HBO "faster than HBO could become us," indicating that Netflix has tracked HBO closely as a benchmark competitor for over a decade.

    a. Wouldn't acquiring HBO eliminate it as an independent competitor further entrench Netflix's dominance and increase its control over "the gold standard of original programming"?

Netflix is not dominant. We have 9% of TV viewing according to Nielsen. Among only streaming services, we are at around 19%.

Netflix's acquisition of Warner Bros.' studio and streaming service will not significantly alter the landscape. This is a primarily vertical deal involving complementary assets and would not materially increase concentration. Around 80% of HBO Max subscribers, for example, also subscribe to Netflix. This demonstrates the differentiated nature of the HBO Max and Netflix streaming services. Consumers who subscribe to both HBO Max and Netflix will get more great content per subscription dollar than they do today .

Further, Netflix and HBO are just two of more than a dozen major outlets—streamers, TV networks, and mini-majors—competing for projects. Post-transaction, the combined company will remain constrained by robust competition for TV viewing and the existence of numerous choices.

4. You testified that Netflix pricing is constrained by consumer choice and perceived value. Yet Netflix has raised prices for its standard plan more than ten times since 2011, increasing prices approximately 39 percent from 2011-2024 in inflation-adjusted terms.

    a. How do you reconcile your claim that Netflix faces strong pricing constraints with this consistent history of price increases?

    b. What should consumers expect regarding pricing if the merger proceeds?

c. What pricing pressure does YouTube exert on Netflix?

d. Identify all price decreases because of competition with YouTube.

Netflix's pricing has evolved over time along with significant increases in the value proposition we offer—greater breadth in titles, global scale, new categories of entertainment, and continuously better user experience. If we increase prices above the value we deliver, the broad availability of other entertainment offerings and our easy to cancel subscription model will lead members to seek other alternatives. To deliver and increase the value of our subscription offering, we have grown our content investment 65% from $12 billion in 2018 to over $20 billion in 2026. We also have invested over $20 billion over the last decade in R&D to improve the member experience of discovering and choosing their next favorite title. Along the way, we added new content categories like Games and Live events—all to ensure the value of our subscription service remains competitive within the broader entertainment landscape.

As a result of these efforts, Netflix costs less per hour viewing than most of our competitors. In fact, according to Moffett Nathanson, a leading research firm, Netflix costs 40% less per hour of content viewed than our nearest streaming competitor, and provides two times more bang for buck than Paramount+.[14]

Netflix intends to offer those members who subscribe to both Netflix and HBO Max a more competitive price point than is available today. Additionally, consumers will continue to have the choice of purchasing HBO Max separately if they prefer.

Google's YouTube is one of the many entertainment offerings available to consumers that competes for TV time. That competition impacts what everyone else in the market can charge without losing customers. While our pricing is based on the value we deliver, Youtube is an established substitute for a broad range of entertainment needs.

As Netflix seeks to reach the broadest range of households and members possible, we consider the plans we offer and the price points at which those plans are available. For example, in 2022, we introduced our lower-priced Standard with Ads plan, with the intention to offer consumers a lower price point than we had at the time. The current $7.99 price for Standard with Ads is equivalent to the price of our previous entry-level offering in 2014. This is a reflection of the growing free and paid streaming options available, including YouTube, and our desire to remain competitive and affordable for consumers.

5. After this merger, Netflix would control Warner Bros.' film and TV content library. Netflix will not be under any binding obligation to license Warner Bros. content to rival streaming platforms. If it made business sense for Netflix to keep Warner Bros. content exclusive to Netflix or to raise licensing prices, is there any legal requirement to prevent you from doing so?

[14] "Streaming Wars: Paths to Success", Moffett Nathanson Research, December 4, 2025.

Netflix is acquiring Warner Bros.' assets to invest in and grow those businesses. This includes Warner's production of content for and licensing content to third parties.

6. Public reporting suggests Netflix requires Smart TV manufacturers to provide prominent placement for Netflix apps and dedicated Netflix buttons on remote controls. To what extent do these contractual requirements limit manufacturers' ability to promote competing streaming services?

Netflix's distribution agreements with operators are non-exclusive. Manufacturers and platforms routinely feature multiple services and app placements. There are many examples of other services having also secured deals for findability including global players such as Amazon, Disney+, Youtube and local competitors around the world.

7. Netflix co-founded and now sits on the steering committee of the Alliance for Open Media, a consortium that shapes foundational video-compression standards industrywide. If approved, this acquisition would expand Netflix's already substantial presence in streaming content and distribution while preserving its leadership influence within AOM. Netflix would be positioned to influence content availability, distribution channels, and the technical standards that competing services must adopt. Vertical integration across these layers can raise foreclosure risks and increase barriers to entry. What specific, enforceable safeguards would prevent Netflix from leveraging its combined content assets—including those acquired from Warner Bros. Discovery—alongside its codec-standard influence to disadvantage rival technologies or limit competition in emerging delivery platforms?

The Alliance for Open Media[15] is a large multi-stakeholder consortium with over 50 members ranging from the content, tech, electronics or chips industry, including many competitors of Netflix, who come together to define and develop open media technologies and standards spanning video, audio, still images, file formats and immersive experiences. The standards developed by AOM are royalty free and open source—they create no foreclosure risks or barriers to entry. Rather, they reduce foreclosure risk. Netflix does not unilaterally control AOM outcomes, and standards developed through AOM are broadly available to the industry on equal terms.

8. You testified that the merger is approved, Netflix will commit to increase the number of U.S. domestic tv and film productions/shoots.

    a. Please provide an estimate of how many such projects Netflix plans to produce and shoot in the United States within the first two years after its merger with Warner Bros is approved, if it is approved.

    b. Please provide an estimate of how many such projects Netflix plans to produce and shoot in the United States over the next two years regardless of whether the merger is approved.

[15] Alliance for Open Media website, accessed at: https://aomedia.org/.

Netflix has continued to increase its investments in U.S. film and TV production. We film in all fifty states and a majority of our $20 billion in content spend for 2026 is in the United States. Over the last 10 years, we have supported 150,000 U.S. film and production jobs, contributed $225 billion to the economy, and filmed in over 1,200 locations across the country.

We are also expanding long-term infrastructure investments in the United States. Our investment in production facilities in New Mexico has yielded more than $1 billion in productions and even more in economic impact in the area.[16] Additionally, we broke ground on a production facility in New Jersey late last year, where we are investing approx. $1.2 billion to convert the former Ft. Monmouth military base, which was closed during the Base Realignment and Closure (BRAC) process, into a state-of-the-art production facility.

We plan to continue these efforts.

[16] "Netflix Announces Plans to Open New U.S. Production Hub in Albuquerque," Oct. 8, 2018, https://about.netflix.com/en/news/netflix-announces-plans-to-open-new-u-s-production-hub-in-albuquerque ; "Made in America: How Netflix Contributes to the U.S. Economy," Apr. 23, 2025, https://about.netflix.com/en/news/made-in-america-how-netflix-contributes-to-the-us-economy.

**Response to Questions from Senator Cory Booker**

1. In 2020, approximately a third of films were filmed overseas. In 2025, that number increased to nearly half (45%).

    a. Will Netflix increase domestic television and film production if the Netflix-Warner Bros. is completed?

    b. If the transaction is not completed, does Netflix still intend to increase domestic production?

Netflix has continued to increase its investments in U.S. film and TV production. We film in all fifty states and a majority of our $20 billion in content spend for 2026 is in the United States. Over the last 10 years, we have supported 150,000 U.S. film and production jobs, contributed $225 billion to the economy, and filmed in over 1,200 locations across the country.

We are expanding long-term infrastructure investments in the U.S. Our investment in production facilities in New Mexico has yielded more than $1 billion in productions and even more in economic impact in the area.[17] Additionally, we broke ground on a production facility in New Jersey late last year, where we are investing approx. $1.2 billion to convert the former Ft. Monmouth military base, which was closed during the Base Realignment and Closure (BRAC) process, into a state-of-the-art production facility.

We plan to continue these efforts.

2. Most films do not generate sufficient revenue from theatrical exhibitions alone; instead film companies depend financially on a sequence of distribution windows: first in theaters, then through digital rentals, followed by streaming and television. A primary concern among Hollywood studios, should the Netflix-Warner Bros. transaction be completed, is that Netflix may move films to streaming much faster. This could incentivize audiences to delay viewing until streaming becomes available, reducing theater attendance.

    c. During the congressional hearing, you committed that Netflix would not shorten Warner Bros.'s 45-day theatrical run. Can you clarify whether the 45- day commitment to theater release represents a fully exclusive theatrical window?

Netflix's commitment is an exclusive theatrical window for Warner Bros. films, consistent with current Warner Bros. practice.

    d. For Warner Bros. theatrical releases, will Netflix unequivocally support those films with a robust "see it in theaters" marketing campaign both before and during the exclusive theatrical window?

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[17] "Netflix Announces Plans to Open New U.S. Production Hub in Albuquerque," Oct. 8, 2018, https://about.netflix.com/en/news/netflix-announces-plans-to-open-new-u-s-production-hub-in-albuquerque ; "Made in America: How Netflix Contributes to the U.S. Economy," Apr. 23, 2025, https://about.netflix.com/en/news/made-in-america-how-netflix-contributes-to-the-us-economy.

Netflix intends to continue releasing Warner Bros.' films in theaters as they are released today. This includes marketing support consistent with Warner Bros.' current practices for theatrical releases.

e. Currently, the downstream release windows combined with the average subscription video on demand (SVOD) window is approximately 102 days. Does Netflix plan to maintain this window?

Netflix has committed to continue releasing Warner Bros.' films in the same manner as today, including an exclusive theatrical window. Downstream windows vary by title and distribution strategy, but our commitment is to preserve Warner Bros.' current windowed release approach across theatrical and Premium Video On-Demand (PVOD) rather than accelerating to streaming.

3. Last year the Department of Justice settled a lawsuit it brought to block a merger between Hewlett Packard Enterprise (HPE) and Juniper Networks. HPE allegedly retained White House-affiliated lobbyists without expertise in antitrust law to directly lobby the Attorney General and other political appointees, thereby circumventing the Department's antitrust enforcers. Skydance was able to acquire Paramount last year after Paramount entered into a $16 million settlement with President Trump related to the editing of a 60 Minutes interview with then-Vice President and presidential candidate Kamala Harris. Affinity Partners, the investment firm founded by President Trump's son-in-law, Jared Kushner, contributed $200 million to the initial offer.

f. Is it appropriate for corporations with transactions pending under the merger approval process to retain lobbyists to seek approval from political appointees, rather than communicating exclusively through the Department's Antitrust Division?

g. Has Netflix retained lobbyists to engage with DOJ political appointees outside the Antitrust Division in connection with this transaction?

Netflix has a skilled team of internal and external personnel who regularly engage with government stakeholders regarding the company's various policy priorities. These engagements are conducted through established and transparent processes and are intended to help promote a full and accurate understanding of the issues at stake. We believe it is important that policymakers have the benefit of various perspectives in formulating public policy. Netflix supports transparency, consistent with DOJ procedures and federal ethics requirements.

4. According to the Writers Guild of America, Netflix has engaged in business practices that adversely affect writers, including short-term employment arrangements and caps on compensation for experienced writers, which the Guild states have since spread among other employers and become industry standard.

h. How do you respond to the Guild's position regarding Netflix's employment and compensation practices for writers?

In the 2023 collective bargaining cycle, the Writers Guild of America (WGA) and the Alliance of Motion Picture and Television Producers (AMPTP) established and agreed to provisions that codified employment terms that ensured premium compensation when a writer is engaged in a shorter term contract. The industry, including Netflix, abide by these terms. It's also important to note that Netflix regularly engages writers on longer term guarantees.

i. Do you agree that compensation caps may artificially suppress writers' pay?

Netflix, as do other producers, pays writers under the terms and conditions of the Writers Guild of America collective bargaining agreement. The market typically dictates that we pay above and beyond the minimum rates and conditions under that Agreement.

5. Over the past two decades, the entertainment industry has experienced successive waves of large-scale mergers, often followed by significant layoffs and cost-cutting measures aimed at increasing short-term shareholder returns. Following Disney's acquisition of Fox in 2019, thousands of workers were laid off. By 2024, Disney released approximately half as many films as Disney and Fox had released combined in 2017, the year the transaction was announced.

j. Does Netflix anticipate any reductions in creative, production, or "below-the- line" employment as a result of the transaction?

k. How would Netflix ensure that any workforce restructuring following the transaction does not result in layoffs?

l. What measures will Netflix take to ensure workforce retention and job stability?

Netflix is committed to growing production. We have steadily increased our investments in content—an increase of $8 billion since 2018. In 2026, we will invest a further $20 billion, an increase of 10% from 2025. We remain committed to growing our investment in content following our acquisition of Warner Bros.

In contrast to our deal, we note that a potential Paramount-Skydance merger with Warner Bros. Discovery in its entirety would be a classic horizontal merger—with redundancies, significant job losses, and reduced output.

Furthermore, a Paramount-Warner Bros. Discovery deal would be the largest leveraged buy-out in history. The deal would likely see $16 billion taken out of the combined companies—accelerating job cuts and reductions in output—as it tries to rapidly de-lever itself in the immediate aftermath of a deal.

With last year's Paramount-Skydance deal—3,000 jobs lost and counting—the impacts on the U.S. entertainment industry of a Paramount-Warner Bros. Discovery deal are clear. Its net effect would be fewer theatrical releases, which would hurt American theaters and significantly reduce jobs for entertainment industry workers.

6. Please explain Netflix's position that the relevant market for purposes of reviewing the proposed transaction includes YouTube?

The relevant market for reviewing the Netflix-Warner Bros. transaction includes YouTube. There is no credible definition of the market that excludes YouTube. Across streaming, broadcast, cable television, and online video, YouTube is the single largest platform by viewing time. Indeed, Netflix competes with YouTube for creators, for content, for ad dollars, and for time. YouTube carries football games, including the NFL Sunday Ticket, just won the exclusive rights to the Oscars telecast, and recently announced a partnership with the BBC to produce original scripted and unscripted content.

A growing number of YouTube's creators are operating like major studios, producing high-quality, serialized, professionally-financed content that directly competes for attention with traditional Hollywood film and television. These efforts are recognized as "[a] new studio system being built next to the old one."[18] For example, YouTube features professional content creators like *Mark Rober* and *Mr. Beast*, with millions of subscribers and production budgets bigger than most traditional studio TV shows. YouTube has also produced numerous creators that migrate between streaming services. In fact, some of Netflix's bigger hits, like *Cobra Kai* or *Cocomelon*, originated on YouTube and many other shows have moved back and forth. Although some view YouTube as programming principally watched on mobile, more than 50% of YouTube is now viewed on TV. As a result of this exponential growth, YouTube is now the market leader at nearly 13% of total TV viewing—nearly 50% more than Netflix, which is only about 9% of total U.S. TV viewing, currently #3 behind YouTube and Disney.

YouTube characterizes itself as a provider of TV viewing. Its Annual Letter states that "YouTube is the new TV" and "[i]n the past four years alone, [YouTube has] paid over $100 billion to creators, artists, and media companies." And according to its CEO Neal Mohan, "YouTubers are buying studio-sized lots in Hollywood and beyond to pioneer new formats and produce beautifully produced, must-see TV. The era of dismissing this content as simply 'UGC' is long over."[19]

m. If Instagram or another social media platform were to begin streaming original content, would those companies be considered part of the relevant market for purposes of this review?

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[18] "Creators are Building Their Own Supersized Studio System as Hollywood Cuts Back", *The Hollywood Reporter*, Alex Weprin, May 8, 2025, accessed at: https://www.hollywoodreporter.com/business/business-news/hollywood-new-studio-system-creators-1236209435/.

[19] Just this month, YouTube itself reportedly argued that YouTube is more accurately characterized as an entertainment provider like Netflix than a social network like Facebook. *See "YouTube Argues It isn't Social Media in Landmark Tech Addiction Trial"*, *The New York Times*, Feb. 10, 2026, accessed at: https://www.nytimes.com/2026/02/10/technology/youtube-social-media-addiction-trial.html.

Social media applications like Instagram have announced[20] investments to drive engagement on TV, but these initiatives are nascent and not yet comparable to YouTube's broad set of video offerings. To the extent that they or other social media or video sharing platforms acquire and stream professionally-produced content, scripted and unscripted programming, or broadcast professionally produced events, as YouTube does today across its ad-free offering, YouTube Premium, and YouTube TV, these companies could also be part of the relevant market and are obvious potential entrants.

[20] "Introducing Instagram for TV", December 16, 2025, accessed at: https://about.instagram.com/blog/announcements/instagram-tv-app.

**Response to Questions from Senator Richard Blumenthal**

1. After this merger, Americans will have fewer independent options for 'on-demand streaming services,' no matter how you define the market. One recent, similar case involved an attempted merger in book publishing. In 2021, Penguin Random House tried to buy Simon & Schuster. At the time, Penguin Random House was the biggest book publisher in the United States. Simon & Schuster was also part of the "Big Five" that dominated the market. The Department of Justice successfully blocked the proposed deal on the basis that the acquisition would create a behemoth publisher with too much influence over the market for anticipated best sellers. On its face, this proposal looks a lot like Penguin Random House (as would a Paramount acquisition of Warner Brothers Discovery.) Why do you believe this merger is distinct from Penguin Random House?

There are major differences between the Netflix-Warner Bros. merger and the attempted Penguin Random House merger, most notably that the market for streaming entertainment is extremely competitive among many players.  In contrast, a Paramount-Warner Bros. Discovery merger would be squarely within the Penguin Random House precedent as it would reduce the small set of blockbuster theatrically released movie producers from 5 to 4, with impacts very similar to the creative community and theatrical owners as was the issue in Penguin House.

2. Critics of your merger have claimed that the combination of Netflix and Warner Bros. would create a company with as much as a 40% market share in 'on-demand streaming services.' Under the 2023 Merger Guidelines and Philadelphia National Bank, that makes this deal presumptively unlawful. On the other hand, YouTube is mentioned 50 times in the written testimonies offered by yourself and Netflix CEO Ted Sarandos. You seem to take the position that anything someone can watch in a theater or on their television, phone, or computer is within the same market. This implies that under your expansive definition, TikTok, YouTube, Instagram, cable services, and every app that offers video exists in the same hypothetical market. Wouldn't that broad definition essentially eviscerate antitrust enforcement against future media, cable, or social network mergers?

The relevant market is TV viewing. Nielsen, the industry standard, defines the market this way because television consumers do not choose between Netflix and Amazon Prime, for example, in isolation. Instead, they divide their time and spending across subscription video-on-demand, ad-based video-on-demand, free ad-supported streaming TV, online video, traditional broadcast (CBS, NBC, ABC, and Fox), hundreds of cable channels, and satellite .

YouTube is part of this market: according to Nielsen it has been the #1 media distributor in the U.S. for nearly three years, with over half of its viewership happening on the TV. It carries football games, including the NFL Sunday Ticket; it recently won the exclusive rights to the Oscars telecast; and it is partnering with the BBC to distribute original scripted and unscripted content. A growing number of YouTube's creators operate like major studios, producing high-quality, serialized, professionally-financed content that directly competes for attention with traditional Hollywood film and television.

Social media applications like Instagram have also announced[21] investments to drive engagement on TV, but these initiatives are nascent and not yet comparable to YouTube's broad set of video offerings. To the extent that they or other social media or video sharing platforms acquire and stream professionally-produced content, scripted and unscripted programming, or broadcast professionally produced events, for TV viewing as YouTube does today across its ad-fee offering, YouTube Premium, and YouTube TV, these companies could also be part of the relevant market and are obvious potential entrants.

3. Streaming seems more and more like the cable industry: increasingly expensive, with less and less choice. Consolidation has only worsened that frustration. When Disney bought Hulu in 2025, the price of both Disney+ and Hulu quickly rose. Disney also cut back on theatrical releases after it acquired Fox's movie studio business, in 2019. Since the merger of WarnerMedia and Discovery Inc. less than four years ago, Warner Brothers has also repeatedly raised prices for customers. What's stopping you from gesturing at lower prices now for good will, and then raising them after the transaction closes?

Consumers have never had more choices for great entertainment: streaming, broadcast, and cable providers such as ABC, Amazon Prime Video, Apple TV, CBS, Disney+, ESPN, Google's YouTube, HBO Max, Hulu, Netflix, NBC, Paramount+, and Peacock, just to name a few.

According to Nielsen's The Gauge, Netflix has a less than 9% share of TV viewing in the U.S.; that share would rise to around 10% after the combination with Warner Bros. YouTube has a nearly 13% share of TV view time in the U.S. It is an intensely competitive environment with very low barriers to switching: Netflix makes it easy to cancel a subscription and never requires long-term contractual commitments.

Netflix must provide consumers ever greater value in order to stand out in a crowded field. This means investing billions of dollars every year in great content—up an additional $2 billion to $20 billion in 2026—and continuing to add new offerings to give our subscribers more bang for their buck, such as live events and games—all as part of the same monthly subscription. And three years ago, we launched a lower-priced ad-supported plan for any consumers seeking an even lower price point. Netflix already delivers a ton of value to our members. In fact, according to leading research firm Moffett Nathanson, Netflix is twice as affordable per hour of content than our nearest streaming competitor, and nearly three times more affordable than Paramount+.[22]

Our long-standing efforts to give consumers great value will be further enhanced by this transaction. The two services are complementary in nature—around 80% of HBO Max subscribers, for example, also subscribe to Netflix, and consumers to both Netflix and HBO Max will get more great content per subscription dollar than they do today.

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[21] "Introducing Instagram for TV"

[22] "Streaming Wars: Paths to Success", Moffett Nathanson Research.

4. Mergers like this tend to result in layoffs. This pattern is evident across recent entertainment industry mergers. In 2019, Walt Disney Co. purchased Fox's entertainment assets. Over 4,000 employees were laid off. In 2022, Discovery took over Warner Brothers. Thousands were laid off, over multiple rounds of firings. And in August of 2025, less than a year ago, Skydance purchased Paramount. More than 2,000 workers have already lost their jobs. When T-Mobile testified before the Senate Judiciary in 2018 regarding their proposed merger with Sprint, they promised that the merger would be "jobs positive." They never bothered to keep their word, and cut thousands of jobs as soon as they could. What's stopping you from gesturing at retaining workers now, and then engaging in layoffs after the transaction closes?

Netflix is committed to growing production. We have steadily increased our investments in content - an increase of $8 billion since 2018. In 2026, we will invest a further $20 billion, an increase of 10% from 2025. We remain committed to growing our investment in content following our acquisition of Warner Bros.

In contrast to our deal, we note that a potential Paramount-Skydance merger with Warner Bros. Discovery in its entirety would be a classic horizontal merger—with redundancies, significant job losses, and reduced output.

Furthermore, it would be the largest leveraged buy-out in history. The deal would likely require $16 billion in cost reductions from the combined companies—accelerating job cuts and reductions in output—as it tries to rapidly de-lever itself in the immediate aftermath of a deal.

With last year's Paramount-Skydance deal—3,000 jobs lost and counting—the impacts on the U.S. entertainment industry of a Paramount-WBD deal are clear. The net effect of a Paramount-WBD deal would be fewer theatrical releases which would hurt American theaters and significantly fewer jobs for entertainment industry workers.

**Response to Questions from Senator Peter Welch**

1. During the hearing, Warner Bros, Chief Revenue and Strategy Officer Bruce Campbell acknowledged that after the Warner Bros.-Discovery merger in 2022 the merged firm wrote off about $2 billion in content. Following that exchange you agreed that past entertainment mergers have fared poorly, but stated that this merger would be different. A merger of this size can affect directors, creatives, writers, below-the-line workers, and consumers. These concerns are reflected in a letter I submitted for the record from the Directors Guild who represents more than 19,500 directors and members of the directorial team who work on feature films, television programs, commercials, documentaries, news, sports and other motion picture productions. Please describe Netflix's plan to independently operate Warner Bros. divisions following the acquisition and how this merger will be different from past entertainment mergers that ultimately resulted in lost jobs and decreased content production.

The outcome of the sale of Warner Bros. Discovery will directly impact the future of the American film and television industry. The entertainment industry is reeling from a few tumultuous years—the COVID-19 pandemic, an extended strike, and the horrific fires in Southern California just one year ago. Some mergers, including the recent Paramount-Skydance merger, have resulted in thousands of job cuts, fueling further uncertainty.

This transaction differs from recent mergers for several reasons. First, we are in the business of entertainment and understand the industry very well. Second, we have a healthy business and will continue to increase our investments in content—$20 billion in 2026. Third, this is a primarily vertical transaction; Warner Bros.' assets and IP are a great complement to our distribution and global audience. We are buying assets that we do not currently have.

Alternatively, a Paramount acquisition of Warner Bros. Discovery would see the combination of: two of the "big five" Hollywood studios (five would become four); two major theatrical distribution channels; two of the major TV studios; two major news networks; and two major sports distributors. Inevitably, it would lead to significant job losses, reduced output, and suppressed wages.

2. If Netflix were to acquire Warner Bros., do you expect the combined company's creative workforce to be smaller, larger, or the same size twelve months after the transaction closes? If smaller, approximately how many positions do you expect to eliminate?

This transaction is pro-growth and pro-creator. We will increase—not reduce—production investments, supported by a stronger combined business and balance sheet. Increased investments will lead to the creation of more jobs.

3. Currently, Netflix does not produce films for other studios. If this merger is approved, does Netflix plan to start producing and distributing films for other studios to increase content?

It has not been in Netflix's business model to produce or distribute films or series for other studios. However, post-merger, Warner Bros. will largely operate as it does today and continue to produce for and license content to other studios.

4. Television and film production in the United States is at a historic low with increasing U.S. scripted productions being shot abroad. What is Netflix's plan for domestic film production?

While others have cut back, Netflix has continued to increase its investments in film and TV production—$20 billion slated for 2026 and a majority of that in the United States. This is an increase of $2 billion over last year, and up from $12 billion since 2018. We're doubling down on the United States: our investments in production facilities in New Mexico, announced in 2018, have yielded more than $1 billion in productions and even more in economic impact in the area.[23] And recently, we broke ground on a new production facility in New Jersey, where we are investing approx. $1.2 billion to convert the former Ft. Monmouth military base, which was closed during the Base Realignment and Closure (BRAC) process, into a state-of-the-art production facility. We have already filmed in all fifty states. We are buying Warner Bros.' streaming and studio assets precisely so that we can make more great movies and television series for our subscribers.

5. At the hearing you stated that writers will be able to pitch to multiple teams within Netflix. Please describe how teams within Netflix compete for projects.

Many content buying teams at Netflix have the independent ability to acquire and greenlight projects. Sometimes, these teams compete with one another for the same project. Creators can of course choose the Netflix option—or an option from one more or third parties—that is best for their commercial and creative goals.

6. What assurances can you give theater owners and the public that Netflix will stay committed to offering 45-day theatrical release windows?

Netflix plans to invest in and grow Warner Bros.' theatrical business. We are not buying these assets "to shut them down, but to build them up," including continuing to put Warner Bros. movies in theaters with a traditional 45-day theatrical window. Accordingly, we reiterate our commitment that Warner Bros.' movies will continue to receive theatrical releases with an exclusive window, as they do today.

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[23] "Netflix Announces Plans to Open New U.S. Production Hub in Albuquerque," Oct. 8, 2018, https://about.netflix.com/en/news/netflix-announces-plans-to-open-new-u-s-production-hub-in-albuquerque; "Made in America: How Netflix Contributes to the U.S. Economy," Apr. 23, 2025, https://about.netflix.com/en/news/made-in-america-how-netflix-contributes-to-the-us-economy.

7. Local theaters will often show popular Warner Bros. movies, like Harry Potter or Lord of the Rings during times when there are not many films out. With Netflix potentially becoming the owner of some of the highest-grossing hits of all time, will Netflix continue to offer theaters the option to show these films?

Netflix will release Warner Bros.' movies in theaters as they are released today. The company operates a highly successful theatrical business. With this deal, we will continue to invest in Warner Bros.' continued theatrical success.

8. If Netflix does not acquire Warner Bros. Discovery, does Netflix still plan to increase content production and distribution by bringing more films to theaters and producing films for outside studios?

Netflix, as has been its historical practice, seeks to collaborate with theater owners to find opportunities for fans to experience their favorite Netflix films and TV on the silver screen. Our combined company will be more materially involved in the theatrical business model through Warner Bros.' theatrical distribution expertise, and we would continue to seek out opportunities to partner with theater owners. Without Warner Bros., we are unlikely to bring more films to theaters as one of the outcomes from a Netflix-Warner Bros transaction was our expansion into a new operating business that we do not currently have.