Paramount Skydance Corporation
555 Melrose Ave.
Los Angeles, CA 90038

May 7, 2026

The Honorable Rob Bonta
Attorney General
State of California
1300 "I" Street
Sacramento, CA 95814-2919

Dear Attorney General Bonta:

We write this letter to reiterate our continued commitment and support to Californian movie theaters and audiences in light of Paramount's proposed acquisition of Warner Bros. Discovery, Inc. ("WBD") and in response to certain misinformation about the marketplace expressed in recent public commentary.

As we have expressed to you and the U.S. Department of Justice, Paramount firmly believes that movie theaters are a vital part of the entertainment business. To present films the way they were meant to be seen, to engage with audiences, to tap into shared cultural moments and create momentum that may last long after a film's original release window—movie theaters have been and always will be key partners for Paramount.[1] Paramount has not wavered from this view and is leading industry efforts to ensure increased theatrical releases and minimum window commitments.

Paramount also recognizes that the movie theater business has gone through hard times. The COVID-19 pandemic drove audiences out of theaters and into subscription streaming services ("SVODs")—particularly Netflix, and other leading services such as Disney+, and Amazon Prime—in a

[1] Theater industry leaders have directly voiced support for the deal. Cinemark CEO Sean Gamble noted that Paramount and WBD "have been longstanding supporters of theatrical exhibition and great partners for Cinemark" and have both shown a desire "to ramp up more into the space." Etan Vlessing, *Cinemark CEO Is Glad Paramount Won Warner Bros.*, The Hollywood Reporter (Mar. 3, 2026), https://www.hollywoodreporter.com/business/business-news/sean-gamble-paramount-warner-bros-1236520924/. In addition, legendary director James Cameron called Paramount the "best choice" to acquire WBD given its commitment to honoring traditional release windows. Winston Cho, *James Cameron Sounds Alarm Over Netflix-Warner Bros. Deal, Backs Paramount*, The Hollywood Reporter (Feb. 19, 2026), https://www.hollywoodreporter.com/business/business-news/james-cameron-netflix-warner-bros-deal-backs-paramount-1236510249/.

dramatic way, and while audiences are starting to find their way back, movie theaters still have not fully recovered, and a number of theater operators unfortunately have closed their doors.[2]

The disappearance of theaters is a shame, and a waste, and a lost opportunity. The headwinds facing the movie theater industry have also presented a real challenge for studios like Paramount and WBD, which have long depended upon theatrical releases as a marketing and cultural touchstone for the feature films they create and distribute.[3]

Paramount's proposed merger with WBD will help drive meaningful improvements for movie theaters and their audiences. To compete more effectively with Netflix, and others leading services, a combined Paramount-WBD will need to capture audiences' attention in fresh ways, and that includes broadening theatrical distribution to tap into the magic of the moviegoing experience and create momentum behind films before they reach streaming services.

The combined Paramount and WBD thus will have every incentive to get more films into wider distribution on more movie theater screens—it is how it will compete for audiences across the entertainment ecosystem. To that end, our Chairman and CEO, David Ellison. has committed to releasing at least 30 feature films annually post-acquisition (at least 15 films each from the Paramount and WBD studios) with a minimum 45-day theatrical release window for each film. Paramount has repeated that commitment unequivocally multiple times in several forums—an open letter to the creative community, a letter to members of Congress, and a statement to Paramount investors.[4] That pledge makes sense: theaters are a core part of the combined firm's strategy to drive engagement both on and off the big screen.[5]

We are not the only ones that recognize the special role that movie theaters play with audiences and in promoting the industry: Universal recently announced it would extend its feature film release

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[2] Drew DeSilver and Anna Jackson, *As the Academy Awards approach, a look at moviegoing habits in the United States*, Pew Research Center (Mar. 6, 2026), https://www.pewresearch.org/short-reads/2026/03/06/as-the-academy-awards-approach-a-look-at-moviegoing-habits-in-the-united-states/.

[3] Both Paramount and WBD have acknowledged the decline of movie theater admissions as a risk to their core businesses. Paramount's 2025 Form 10-K identifies "reduced theater going" and "the evolution of consumer preferences toward streaming and other digital services" as potential risks to Paramount's business. Paramount Skydance Corp., Annual Report (Form 10-K), 11-13 (Feb. 20, 2026). WBD's Form 10-K identifies "reduced theatergoing" as a potential risk and states "If the film industry (of which we are a part) and exhibitors are unable to successfully create and market 'event' films and ultimately evolve and enhance the movie theater experience in response to shifting consumer preferences, the profitability, financial condition and results of operations of our studios business may be negatively impacted." Warner Bros. Discovery, Inc., Annual Report (Form 10-K), at 18 (Feb. 27, 2026).

[4] Naman Ramachandran, Elsa Keslassy*, Paramount's David Ellison Vows Anti-Monopoly Approach in Warner Bros. Discovery Bid, Pledges 30 Films Annually in Open Letter to Creative Community*, Variety (Feb. 4, 2026), https://variety.com/2026/film/news/paramount-david-ellison-anti-monopoly-approach-warner-bros-discovery-bid-1236653219/; Letter from David Ellison to The Honorable Adam Schiff and The Honorable Laura Friedman (Feb. 28, 2026), https://spectrumlocalnews.com/me/maine/entertainment/2026/03/19/david-ellison-paramount-warner-bros; Paramount Skydance Corporation, Paramount Skydance to Acquire Warner Bros. Discovery (March 2, 2026), https://ir.paramount.com/static-files/b2df9747-1012-49b7-ad0d-0be311a6f65b.

[5] AMC Entertainment Holdings CEO Adam Aron agreed that Paramount will fulfill its promises to release 30 films a year and that "in the end, this will prove to be a good thing for our company and our industry." Samantha Masunaga, *AMC's Adam Aron backs David Ellison's takeover of Warner Bros. Discovery*, Los Angeles Times (Apr. 16, 2026), https://www.latimes.com/entertainment-arts/business/story/2026-04-16/amc-adam-aron-backs-david-ellisons-takeover-of-warner-bros-discovery.

windows, Amazon-MGM has announced a slate of 14 feature films in 2026 (importantly, a substantial increase over what Amazon and MGM distributed separately before they combined in 2022), and even Netflix recently announced it will give Greta Gerwig's upcoming *Narnia: The Magician's Nephew* film a full global theatrical release with a standard release window in early 2027.[6] These investments and others by industry stakeholders help drive the value of theaters' "screen real estate," and theater operators and audiences alike will benefit.[7] Many credit Paramount's commitment to the theatrical window for having the competitive effect that has encouraged some studios to extend the theatrical window to 45 days.

We have seen some observers and competitors suggest that the 2019 Disney-Fox merger may be a cautionary tale for what the Paramount/WBD transaction might mean for theaters and audiences. Respectfully, that analogy is *flawed* for several reasons, which we describe below.

More fundamentally, though, pointing to a pre-pandemic merger between two very different studios seven years ago misses the point of the challenges that Paramount and WBD face independently today, the unique opportunity that this transaction creates, and the powerful, positive benefits the combination would generate for theater operators (backed by Paramount's public commitments to theatrical release) as the combined firm brings new competitive energy to the entertainment ecosystem.

We expand on each of these points briefly below.

A. To compete at scale across the entertainment ecosystem, Paramount-WBD will need to maximize output, which requires theatrical releases

The dramatic changes to how audiences consume feature film titles are well-documented and part of our shared experience. Historically, studios like Paramount and WBD distributed much of their film titles through first-run movie theaters, with 45-to-60-day release windows before turning to rental, premium channel, linear broadcast, and other outlets. The industry began a shift towards streaming distribution in the mid-2010s, and audiences radically shifted to SVODs for feature films during the COVID-19

[6] Rebecca Rubin, *Movie Theaters, Rejoice! Universal Extends Theatrical Window to Five Weekends in 2026, Seven Weekends Starting in 2027*, Variety (Mar. 12, 2026), https://variety.com/2026/film/news/universal-pictures-extends-theatrical-window-1236685714/; Amazon Staff, *Amazon Aims to Release 14 Films In Theaters in 2026*, Amazon News (Apr. 2, 2025), https://www.aboutamazon.com/news/entertainment/amazon-movies-cinemacon; Nicole Sperling, *Netflix Plans First Wide Theatrical Release with 'Narnia'*, N.Y. Times (May 1, 2026), https://www.nytimes.com/2026/05/01/business/media/netflix-narnia-movie-theaters-release.html. AMC Entertainment Holdings CEO Adam Aron described the news as "the biggest opportunity our industry has ever had to embrace Netflix as a theatrical content provider" and that AMC "will find other opportunities to work with Netflix." Jill Goldsmith, *AMC Entertainment CEO Calls 'Narnia' "Biggest Opportunity Ever To Embrace Netflix" As Theatrical Content Provider*, Deadline (May 5, 2026), https://deadline.com/2026/05/amc-entertainment-ceo-embraces-netflix-narnia-wide-release-1236882248/.

[7] An industry report from National Research Group, summarized by Deadline, notes that the combined company releasing 25 films to theaters annually could "restore the volume missing" in the theatrical marketplace and drive a "meaningful increase in moviegoing." Anthony D'Alessandro, *CinemaCon Preview: How Paramount & Warner Bros' Crazy Plan For 30 Films A Year Could Be Taken Seriously*, Deadline (Apr. 12, 2026), https://deadline.com/2026/04/cinemacon-2026-paramount-warner-bros-merger-1236784013/.

pandemic.[8] Netflix, the current dominant service, along with leading players Amazon, and Disney are the largest SVOD services by far, and they operate at scales far larger than either Paramount or WBD.

Paramount and WBD introduced their own SVOD services to meet growing consumer demand for streaming optionality, as well as to offset the secular declines in their traditional channels, but both firms' platforms lack the scale to compete effectively against the leading SVODs: Paramount represents only 5.8% of US SVOD viewership, and WBD 5.0%.[9] By comparison, the top three streaming subscription platforms together capture 65% of all US SVOD viewers—Netflix with 32.5%, Disney 16.7%, and Amazon 15.3%.[10] Absent something transformative, neither party is positioned to grow to a scale where they would catch up to the leading streamers.

Combining Paramount and WBD creates a new opportunity for the parties to compete at scale. The combined firm will still lag behind the leading SVODs and will need to invest in efforts to capture audiences' attention with new titles and better access to existing titles in order to grow. But as a combined entity, the parties see a prospect of rivaling their much larger competitors, in part by leaning into theatrical releases to attract audiences and ultimately subscribers. Theatrically released films represent an important way for streaming services to attract new customers and reduce churn.[11]

Paramount's *Top Gun: Maverick* provides a good example. Following a theatrical run that grossed more than $1.4 billion worldwide ($692 million domestically), landing the film at the number one spot in 2022 and number six spot in domestic box office history, *Top Gun: Maverick* debuted on Paramount+ on December 22, 2022 and broke streaming viewership records from December 22 through 25, beating the prior record holder (*Sonic the Hedgehog 2*) by 60%.[12] The release also increased Paramount+ catalog engagement, boosting viewership of the original *Top Gun* by nearly 400% and the Tom Cruise-led *Mission: Impossible* franchise by 140%.[13] *Top Gun: Maverick* has remained a durable SVOD hit; it continues to rank among Paramount+'s most popular films and spent more than 550 days in Paramount+'s top 10 in

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[8] Lindsey Bahr & Amelia Thomson-Deveau, *Streaming is Overtaking Theaters For Movie Watchers, An AP-NORC Poll Finds*, AP News (Sept. 25, 2025), https://apnews.com/article/poll-movies-streaming-theaters-tickets-a1b6b6d48f47389f422ab7299c4e3e74.

[9] Nielsen, The Gauge (Dec. 2025). "WBD" includes HBO Max and Discovery+. "Disney" includes Disney+, Hulu, and ESPN+. Total viewership as reported under the "Total SVOD – Streaming" category in Nielsen data. The viewership of AVODs (Ad-Supported Video on Demand), vMVPD/MVPD services (virtual Multichannel Video Programming Distributors), and other streaming categories (Gaming, Social, Network) is reported in separate groups within the data.

[10] *Id*.

[11] As one metric, theater exit polling conducted by Comscore revealed that in-theater marketing (e.g., trailers, movie posters) was the top way that audiences first heard about the film they just watched, above YouTube and TikTok. Charles Grant, *In-Cinema Marketing is Key to Attracting Audiences, Says Comscore Study*, ScreenDaily.com (June 21, 2024), https://www.screendaily.com/news/in-cinema-marketing-is-key-to-attracting-audiences-says-comscore-study/5194742.article.

[12] Todd Spangler, '*Top Gun: Maverick' Breaks U.S. Sales Record for Week-One Digital Sales, Paramount Says*, Variety (Sep. 2, 2022), https://variety.com/2022/digital/news/top-gun-maverick-breaks-digital-sales-record-1235358416/; Hunter Bolding, *Top Gun: Maverick Shatters Paramount+ Records In First Week On Streaming*, THS (Dec. 28, 2022) https://www.thathashtagshow.com/movie-news/top-gun-maverick-shatters-paramount-streaming-records/.

[13] Bolding, *supra* note 12.

2025 and 2026, years after its original release.[14] Similarly, the theatrical release of WBD's *Dune: Part Two* drove a restreaming surge for *Dune: Part One;* and once released on HBO Max, *Part Two* accumulated 711 million minutes watched in its first six days on the platform, landing it on Nielsen's top ten most-streamed titles from May 20-26, 2024.[15] Theatrical runs increase awareness and anticipation through marketing and word-of-mouth, and then help convert that demand into viewing when the title later becomes available (and promoted) on the platform. With a continued focus on theatrical distribution, Paramount gains opportunities to cross-promote and engage new audiences for future releases.

Driving audience engagement is the plan of record. Our CEO David Ellison's public commitment to release a minimum of 30 films per year in theaters prior to making them available on streaming platforms follows his demonstrated mission to expand Paramount's theatrical slate. Mr. Ellison's commitment to increasing film releases is not just forward-looking wishful thinking—there is concrete evidence based on what has happened since the closing of the Paramount-Skydance merger in August 2025. In that time, Paramount has almost doubled its expected feature film output, from 8 to 15 feature films per year.[16] Mr. Ellison has also publicly expressed plans to maintain both the Paramount and WBD lots to support the increased film production.[17] And, as you may have read, AMC theater's CEO Adam Aron, an industry veteran, has come out and offered his public support for the proposed merger of Paramount and WBD.

In short, Paramount and WBD are deeply committed to the success of the entertainment business, and we recognize that movie theaters serve as vital cultural, social, and economic hubs that benefit every group in the lifecycle of a movie: producers, distributors, exhibitors, talent, and consumers. Paramount and WBD echo comments that Ryan Gosling offered at the opening night of *Project Hail Mary*—Amazon-MGM's smash theatrical hit that debuted to a $140.9 million global opening weekend—when he said, "It's not your job to keep [theaters] open, it's our job to make things that make it worth you coming out."[18] Paramount, like every other film distribution company, has a direct financial and strategic interest in a thriving theatrical marketplace: movies that excite audiences enough to leave their homes drive bigger box office returns, elevate the talent attached to them, and generate the cultural momentum needed for a movie to maintain success over multiple generations and distribution channels.[19] That incentive aligns

[14] Archie Fenn, *Tom Cruise's Hit Action Sequel Flies High on Streaming*, Movie Web (Mar. 15, 2026), https://movieweb.com/top-gun-maverick-streaming-success-paramount-march-2026/.

[15] While *Part Two* was still in theatres, *Part One* became the number one movie on any streaming platform for the week of February 29, 2024. *See* Brennan Klein, *Dune: Part 1 Was Most Streamed Movie On Any Service Last Week (& Only 1 TV Show Beat It)*, ScreenRant (Mar. 11, 2024), https://screenrant.com/dune-movie-streaming-popularity-viewership-audience/; Selome Hailu, *Nielsen Streaming Top 10: 'Atlas' Debuts at No. 5 With 795 Million Minutes Watched While 'Dune: Part Two' Has Solid Max Opening*, Variety (June 20, 2024), https://variety.com/2024/tv/news/nielsen-top-10-ratings-streaming-may-20-1236058478/ .

[16] Letter from David Ellison to The Honorable Adam Schiff and The Honorable Laura Friedman, *supra* note 4.

[17] *Id*.

[18] Ethan Shanfeld, *Ryan Gosling Tells Hollywood It's Not Moviegoers' Job to Keep Theaters Open: 'It's Our Job to Make Things' That Are 'Worth' Viewers Coming Out*, Variety (Mar. 25, 2026), https://variety.com/2026/film/news/ryan-gosling-saving-movie-theaters-good-movies-1236697953/.

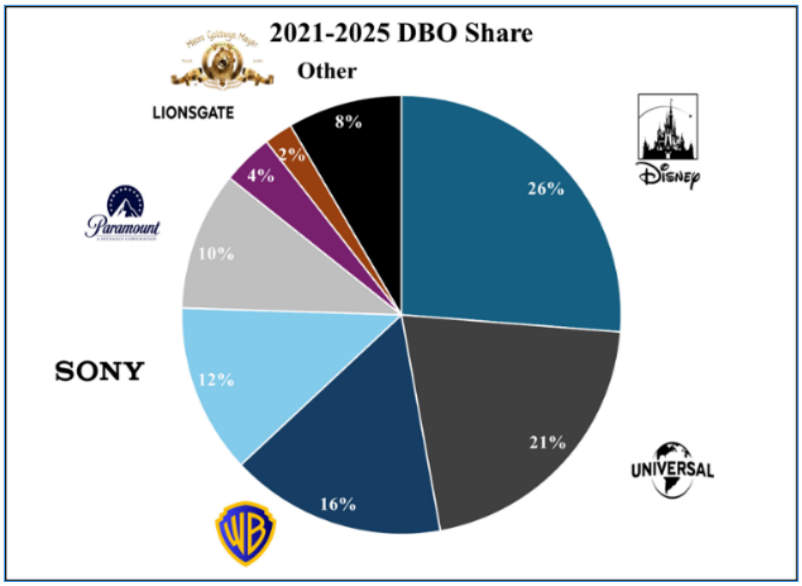
[19] Some industry stakeholders have questioned whether Paramount-WBD releasing 30+ films for theatrical distribution a year is realistic given the potential for calendar conflicts. The short answer is yes, it is doable and the company has thought through the logistics. Paramount and WBD both understand how to navigate the theatrical calendar and will build release slates that ensure moviegoers have consistent, diverse film options throughout the year. Other stakeholders understand that 30+ films per year is not only entirely feasible, but also necessary for the

Paramount's economic interests with theaters' interests for consistent, diverse theatrical supply and audience demand for high-quality live experiences.

B. Paramount will not have the power to extract more favorable terms from theaters in distribution deals

Paramount's relationship with theater operators will not materially change after the merger. Combined, Paramount and WBD only represent about 25% of the domestic box office, with at least a half dozen other distributors competing to show their films in theaters.[20] Theater operators will continue to enjoy the benefits of that competition as the parties, Disney, Universal, Sony, Amazon-MGM, Lionsgate and other distributors continue to push more feature films into broad theatrical release. And Netflix, of course, is also a new entrant.

Figure 1: 2021-2025 DBO[21]



Given the taste-driven nature of the entertainment industry, studios' "shares" of the domestic box office can fluctuate significantly year to year. However, as **Figure 1** (above) reflects, when looking at domestic box office performance for 4,000 films over the past five years, Paramount and WBD have historically combined for about 25% of domestic box office receipts. Competition for the box office and for exhibitors' screen real estate is fierce. Disney, Universal, and Sony maintain robust theatrical slates and compete with the parties for screentime during all major release periods. Other key distributors—including

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combined company's SVOD to build a base of strong feature films that can rival competitors' libraries. D'Alessandro, *supra* note 7.

[20] Paramount is aware of a letter by Cinema United that asserts the combined parties will hold a 35% domestic box office market share. The article Cinema United references does not state the source for its market share figures. Further, the article was published in early September 2025, and thus only captures box office revenues for the first half of 2025. By this same logic, Amazon-MGM would be considered the 2026 box office market share leader based off its strong first quarter anchored by *Project Hail Mary*. This would be an inappropriate way to evaluate the theatrical release market, as box office shares fluctuate substantially with the release of tentpole films.

[21] OpusData, *Movie Summary Table*, https://opusdata.com (retrieved on Mar. 3, 2026).

Amazon-MGM, Lionsgate, A24, NEON, Angel Studios, and a long tail of others—send films to theaters in major windows alongside the legacy players. In this environment, Paramount must continue to compete aggressively to find outlets for its films, with many other substitutes available for theaters to fill their screens.

C. Disney-Fox is not a good benchmark for predicting the impact of Paramount-WBD on theatrical releases and exhibitor bargaining dynamics

Some industry observers have suggested that the 2019 Disney-Fox merger—and Disney's subsequent reductions in their number of theatrical releases—may be a cautionary tale for the present transaction. Respectfully, this analogy does not hold up to scrutiny, for a number of reasons.

- Even before it acquired Fox, Disney started reducing its theatrical releases, releasing only 7 and 10 films theatrically in 2017 and 2018, respectively.[22] Paramount, in contrast, has already increased its theatrical releases dramatically and has committed to distributing 30+ feature films following the WBD merger. Paramount and WBD's studios will each release at least 15 films per year, and maintain full staff to support production and distribution, to ensure this target is hit. No such commitment was made when Disney acquired Fox.

- Disney acquired Fox just a year before the 2020 pandemic, shortly before launching Disney+, a sea-change event that forced massive changes to every film distributor's go-to-market strategy. Paramount's strategy, in contrast, is informed by the marketplace as it exists in the wake of the pandemic—with three streaming giants dominating audience attention on the one hand, and theaters slowly reemerging as a critical marketing engine and cultural phenomenon that can support Paramount-WBD's efforts to compete in the entertainment ecosystem on the other.

- Disney's motivation for acquiring Fox was largely about acquiring majority control of Hulu.[23] Paramount's motivation for acquiring WBD, in contrast, is maximizing output across the entertainment ecosystem (including theatrical release) to compete more effectively with much larger competitors in Netflix, Disney, and Amazon. Increasing production and distribution volume is a key lever that Paramount has identified to achieve internal revenue targets for the combined company.

- Once the deal closed, Disney struggled to fit Fox's IP into its existing ecosystem, which relies heavily on Disney's family-friendly theatrical pipeline to drive revenue for its consumer products and theme park segments.[24] Paramount and WBD have no such "fit" issues, and in contrast with Disney's retiring of the Fox brand, Paramount CEO David Ellison has previously committed to maintaining the Paramount and WBD studios separately with full creative staffs precisely to achieve its output goals.[25]

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[22] OpusData, *Movie Summary Table*, https://opusdata.com (retrieved on Mar. 3, 2026).

[23] Investor Presentation, The Walt Disney Company and 21st Century Fox, at 7 (Dec. 14, 2017).

[24] Disney's "Experiences" segment, which includes theme park and consumer products revenues, comprises 57% of Disney's operating income. The Walt Disney Company, Form 10-K 2025, at 37.

[25] Letter from David Ellison to The Honorable Adam Schiff and The Honorable Laura Friedman, *supra* note 4.

Given all the obvious flaws with using a dated, pre-pandemic, structurally different merger as an analogy for the present transaction, we do not see any viable conclusions that one can draw from Disney-Fox.[26] Indeed, as noted above, the more recent combination of Amazon and MGM's studios led to a substantial *increase* rather than decrease of theatrical releases.

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We look forward to continuing to answer your questions regarding the Paramount-WBD transaction. We value the ongoing dialogue we have had with your office and are committed to continued constructive engagement to answer any questions. Needless to repeat, theaters will continue to be an essential part of the moviemaking business and social fabric long beyond when the parties consummate their transaction. Paramount and WBD have every intention, and, importantly, incentive to keep filling California theaters (and theaters across the world) with a wide range of titles as we look to raise the standard for content production and distribution to unprecedented levels. The combined company will also continue to collaborate with our theater partners on strategies to achieve our common goal of bringing more audiences back to the movies.

Makan Delrahim
Chief Legal Officer, Paramount
Makan Delrahim

[26] If anything, the Disney-Fox analogy proves too much. If Disney acquiring Fox led to a measurable reduction in the number of feature films Disney-Fox released, then other distributors should have enjoyed a corresponding reduction in the amount of competition they were facing, and a corresponding bump in their take rates with theaters. There is no empirical evidence that this occurred, however, and indeed Paramount's take rates have remained consistent both pre- and post-Disney-Fox.