





Dear Warner Bros. Discovery Stockholders,

Today the Warner Bros. Discovery ("WBD") Board sent a clear message to you, their stockholders. The WBD Board urges you to reject Paramount Skydance's ("PSKY") unsolicited, inferior and illusory tender offer.

After a robust and highly competitive strategic review process, the WBD Board had already recommended the transaction with Netflix. Today they have reaffirmed that this transaction is the best and most certain path forward for WBD and its stockholders and therefore recommend you vote to approve the Netflix Merger when the WBD stockholder meeting is convened.

We want to reiterate why we believe the <u>agreed-upon transaction</u> with Netflix is the right deal, with the right partner, at the right time – and to set the record straight on some key points.

Here's why our transaction is superior on multiple fronts:

- 1. Superior financing certainty and clear funding structure: Our deal structure is clean and certain, with committed debt financing from leading institutions. There are no contingencies, no foreign sovereign wealth funds, and no stock collateral or personal loans. We are a scaled company with a +\$400 billion market cap and a strong investment grade balance sheet. As WBD said, the PSKY offer has "numerous risks and uncertainties" associated with it, among which are PSKY's financial condition and creditworthiness.
- 2. Confidence in regulatory approvals: We plan to close the transaction in 12-18 months, after completing customary regulatory approvals. Netflix has submitted its HSR filing and is engaging with competition authorities, including the DOJ and EU Commission. Our financing structure is not subject to review by the Committee on Foreign Investment in the United States (CFIUS). Our \$5.8 billion reverse termination fee, which is the largest cash regulatory termination fee in a public M&A transaction, shows our confidence in our ability to obtain required regulatory approvals.
- 3. Less risk and greater flexibility for WBD stockholders: Our offer provides flexibility for WBD to run its business between now and close, as well as facilitate the separation of Discovery Global quickly, as previously determined by the WBD board to be the right strategic direction that ensures continued stockholder value creation. In contrast, PSKY's offer puts substantial limitations on WBD's operations between sign and close and requires WBD to abandon its planned separation of Discovery Global. As a result, if PSKY's offer ultimately fails to close, WBD's stockholders will have lost the opportunity to reposition the company and realize substantial benefits of the separation for a prolonged period.
- 4. Fully negotiated agreement designed for execution: This agreement is the result of thoughtful, collaborative work between our two companies. Together, we will work cooperatively to ensure a smooth and stable transition for our creators, employees, partners, and stockholders. Because of this preparation and our shared commitment to excellence, we're moving forward with clarity, accountability, and real momentum.

More Value for Stockholders

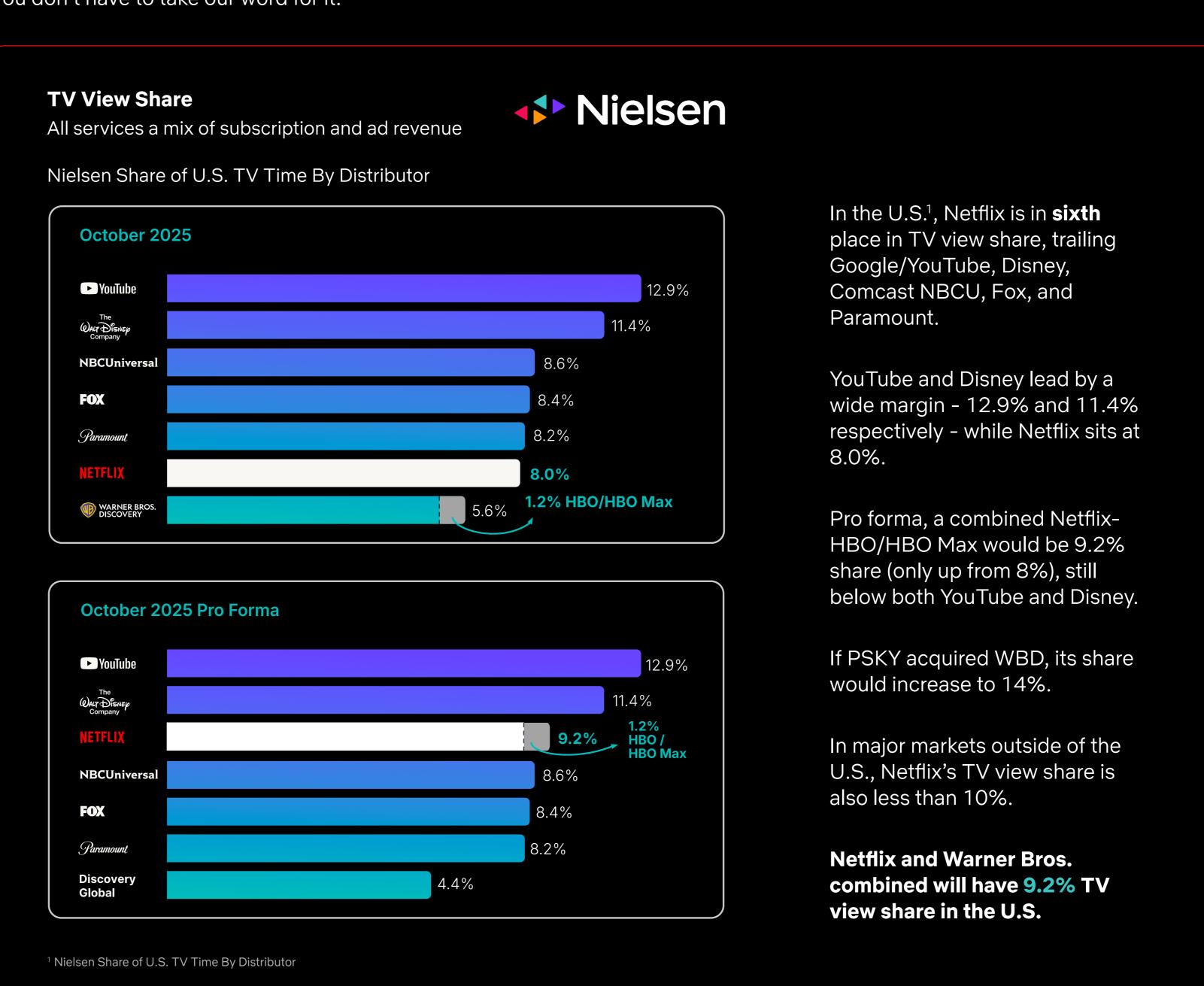
Our transaction is superior, with a total equity value per share for WBD stockholders of \$27.75 (comprised of \$23.25 per share in cash and \$4.50 per share in Netflix stock with a collar mechanism to protect stockholders as we move toward closing), **plus** the additional value of the shares of Discovery Global that WBD stockholders will receive pursuant to the separation of Discovery Global. As WBD addressed in its Schedule 14D-9, "the separation [of Discovery Global] will create additional value for WBD stockholders. The Separation will afford Discovery Global enhanced strategic, operating and financial flexibility, including to pursue accretive investments and M&A opportunities or realize a future control premium for stockholders."

Clear, Timely Path to Close

We are highly confident that regulators will see this deal for what it is: pro-consumer, pro-innovation, pro-worker, pro-creator, pro-growth, and pro-competition.

The global entertainment market is highly competitive and dynamic. Consumers have more ways than ever to spend their time, whether it's with streaming services, linear TV, cable, gaming, social media, user-generated content, or all the big tech video platforms. And creators have more choices than ever for how to bring their vision to life.

You don't have to take our word for it:



25+ Year Track Record of Stockholder Value Creation, Operational Excellence, and **Trusted Creative Partnerships**

Netflix has a demonstrated track record of disciplined investment, creative collaboration, and responsible ownership of a global entertainment company. We believe enduring value in this industry is built through sustained commitment to storytelling, talent, and brand integrity, and this transaction reflects those principles. We built Netflix through continuous improvement, innovation, consumer focus, and bold ambition - whether it was going from DVDs to streaming; licensing to originals; or Hollywood programming to hits from all around the world. Over the years, our deeply experienced management team has proven that they can successfully navigate an ever-changing, highly dynamic entertainment marketplace to create incredible value for consumers and the creative industry. And we've created over \$400 billion in stockholder value.

We're fans first. We love film and television, and the creative talent that fuel this industry, which is why we've built a reputation for encouraging creative freedom. With Warner Bros., our track record of launching careers and supporting the creative community will continue.

More Value for Consumers Worldwide

Together, Netflix and Warner Bros. have some of the greatest shows and movies in the world, from The Big Bang Theory and The Sopranos to Game of Thrones, The Wizard of Oz, the DC Universe, Wednesday, Squid Game, Bridgerton, Adolescence and KPop Demon Hunters.

At Netflix, we can help Warner Bros.' iconic franchises generate even more value by connecting them to audiences in over 190 countries. And it's not just about reach: with approximately 75% of HBO Max subscribers also being Netflix members, the significant overlap creates an opportunity to offer consumers more tailored, better optimized subscription plans depending on their specific preferences.

More Opportunity for the Entertainment Industry

Unlike any other potential combination, Netflix and Warner Bros. truly complement each other.

Warner Bros. has three core businesses that Netflix doesn't: a successful theatrical film division, a world-class television studio that is a leading supplier to the industry, and HBO – the gold standard in prestige television. By combining them with Netflix's innovation, IP, global reach, and best-in-class streaming service, we'll be able to offer more opportunities to creators and strengthen the entire entertainment industry.

With Netflix, there is minimal overlap with the existing Warner Bros. business. In fact, it's almost entirely incremental and additive. With Warner Bros.' studio capabilities, we'll be able to ramp up our investment in original programming and production in the U.S. This will mean more and steadier work for crews, post-production teams, creative professionals, and on-screen talent. With wider global distribution, both established and emerging storytellers will have a bigger stage on which to showcase their films and series. And we'll continue to produce shows for third parties and be a leading supplier to the industry.

There's been a lot of talk about theatrical distribution, so we want to set the record straight: we are 100% committed to releasing Warner Bros. films in theaters with industry-standard windows. While this hasn't been part of our business model until now, we are looking forward to bringing this expertise from Warner Bros. to Netflix.

Netflix is the Right Home for Warner Bros.

For all these reasons, we believe Netflix is the right home for Warner Bros. and the legacy it has built over the last century.

As we move forward, we are committed to working closely with WBD, regulators, and all stakeholders to ensure a smooth and successful transaction. Our focus will remain on execution, delivering exceptional storytelling, investing in creative talent, and strengthening a vibrant, competitive global entertainment industry.

We are dedicated to preserving Warner Bros.' incredible library, keeping movies on the big screen, and introducing their iconic films and series to even more audiences around the world. Together, we have the opportunity to inspire and entertain the world like never before. We look forward to partnering with David Zaslav and his team to make this vision a reality.

Sincerely,



