

1. Public Notice

Documents:

[8-5-24 RULES.PDF](#)

2. County Legislative Rules Committee Meeting Agenda 08-05-2024

Documents:

[8-5-24R.PDF](#)

3. E-138-24 REDACTED

Documents:

[E-138-24 NCWEB.PDF](#)



## **PUBLIC NOTICE**

**PLEASE TAKE NOTICE THAT**

### **THE NASSAU COUNTY LEGISLATURE WILL HOLD A MEETING OF THE RULES COMMITTEE**

**ON**

**MONDAY, AUGUST 5, 2024 AT 1:00 PM**

**IN**

**THE PETER J. SCHMITT MEMORIAL LEGISLATIVE CHAMBER  
THEODORE ROOSEVELT EXECUTIVE AND LEGISLATIVE BUILDING  
1550 FRANKLIN AVENUE, MINEOLA, NEW YORK 11501**

As per the Nassau County Fire Marshal's Office, the Peter J. Schmitt Memorial Legislative Chamber has a maximum occupancy of 200 people.

Attendees who would like to address the Legislature must submit a slip to the Clerk's office staff. Public comment is limited to three minutes per person. At meetings of the full Legislature, public comment will be heard only during the pre-calendar public comment period and during public hearings that are on the calendar. At meetings of the Legislature's committees, there is no pre-calendar public comment period. Public comment will be heard on agenda items. Public comment on any item may be emailed to the Clerk of the Legislature at [LegPublicComment@nassaucountyny.gov](mailto:LegPublicComment@nassaucountyny.gov) and will be made part of the formal record of this Legislative meeting.

The Nassau County Legislature is committed to making its public meetings accessible to individuals with disabilities and every reasonable accommodation will be made so that they can participate. Please contact the Office of the Clerk of the Legislature at 571-4252, or the Nassau County Office for the Physically Challenged at 227-7101 or TDD Telephone No. 227-8989 if any assistance is needed. Every Legislative meeting is streamed live on <http://www.nassaucountyny.gov/agencies/Legis/index.html>

**MICHAEL C. PULITZER**  
**Clerk of the Legislature**  
**Nassau County, New York**

**DATED: JULY 29, 2024**  
**Mineola, NY**

**Scan the QR code to submit written public comment,  
which will be incorporated into the record of this meeting.**



# **NASSAU COUNTY LEGISLATURE**

## **15<sup>th</sup> TERM MEETING AGENDA**

# **RULES COMMITTEE**

**AUGUST 5th, 2024 1:00 PM**

**Howard Kopel – Chairman**

**Thomas McKevitt – Vice Chairman**

**John Ferretti**

**James Kennedy**

**Delia DeRiggi-Whitton– Ranking**

**Siela A. Bynoe**

**Arnold W. Drucker**

**Michael C. Pulitzer, Clerk of the Legislature**

**Scan the QR code to submit written public comment,  
which will be incorporated into the record of this meeting.**



<b>175-24</b>	<b>AT</b>	<b>R</b>	<p><b><u>RESOLUTION NO. – 2024</u></b>  A RESOLUTION AUTHORIZING THE COUNTY ATTORNEY TO COMPROMISE AND SETTLE THE CLAIMS OF THE HARRY FRANK GUGGENHEIM FOUNDATION AND THE COUNTY OF NASSAU PERTAINING TO THE FALAISE ESTATE IN SANDS POINT AND CERTAIN ASSOCIATED ARTWORK, PURSUANT TO THE COUNTY LAW, THE COUNTY GOVERNMENT LAW OF NASSAU COUNTY AND THE NASSAU COUNTY ADMINISTRATIVE CODE. 175-24(AT)</p>
<b>E-138-24</b>	<b>PK</b>	<b>R</b>	<p><b><u>RULES RESOLUTION NO. – 2024</u></b>  A RESOLUTION AUTHORIZING THE COUNTY EXECUTIVE TO EXECUTE AN AMENDMENT TO A PERMIT AGREEMENT BETWEEN THE COUNTY OF NASSAU, ACTING ON BEHALF OF THE NASSAU COUNTY DEPARTMENT OF PARKS, RECREATION &amp; MUSEUMS, AND HOME BOX OFFICE, INC. E-138-24(PK)</p>





Certified: --

**E-138-24**

FILED WITH THE NASSAU COUNTY CLERK OF THE LEGISLATURE JULY 29TH, 2024  
1:26 PM

**NIFS ID: CQPK24000016**

Capital:

Contract ID #: CQPK24000016

NIFS Entry Date: 07/18/2024

**Department: Parks**

Service: Filming production

Term: from 11/19/2019 to 03/15/2025

Contract Delayed: X

Slip Type: New		
CRP:		
Blanket Resolution:		
Revenue:	Federal Aid:	State Aid:
Vendor Submitted an Unsolicited Solicitation:		

1) Mandated Program:	<b>No</b>
2) Comptroller Approval Form Attached:	<b>Yes</b>
3) CSEA Agmt. & 32 Compliance Attached:	<b>No</b>
4) Significant Adverse Information Identified? (if yes, attach memo):	<b>No</b>
5) Insurance Required:	<b>Yes</b>

<b>Vendor/Municipality Info:</b>	
Name: <b>Home Box Office, Inc.</b>	ID#: <b>050545061</b>
Main Address: <b>30 Hudson Yards New York, NY 10001</b>	
Main Contact: <b>Joanne Bressler</b>	
Main Phone:	

<b>Department:</b>
Contact Name: <b>Darcy Belyea</b>
Address: <b>Administration Bldg. Eisenhower Park E. Meadow, NY 11554</b>
Phone: <b>(516) 572-0272</b>
Email: <b>ContractRoutingParks@nassaucountyny.gov</b>

**Contract Summary**

<b>Purpose:</b> Amended Term: To amend the term of the original permit to terminate on March 15, 2025 with two (2) additional six (6) month extensions. The Amendment will also add an option for HBO to construct temporary horse stables for the purpose of keeping and stabling approximately 36 horses on the Premises in accordance with the annexed plans for temporary stables; see Exhibit B.
<b>Procurement History:</b> n/q
<b>Description of General Provisions:</b> Amended Term: To amend the term of the original permit to terminate on March 15, 2025 with two (2) additional six (6) month extensions. The Amendment will also add an option for HBO to construct temporary horse stables for the purpose of keeping and stabling approximately 36 horses on the Premises in accordance with the annexed plans for temporary stables; see Exhibit B.
<b>Impact on Funding / Price Analysis:</b> None - Revenue Contract
<b>Change in Contract from Prior Procurement:</b> n/a
<b>Method of Source Selection:</b>

Contract amendment, extension, or renewal

Contract originally executed on: 11/19/2019

Original procurement method: sole source

**MWBE Participation:**

Participation of Minority-owned and Women-owned Business Enterprises in Nassau County Contracts: The selected contractor has agreed that it has an obligation to utilize best efforts to hire MWBE sub-contractors. Proof of the contractual utilization of best efforts as outlined in Exhibit EE may be requested at any time by the Comptroller's Office prior to the approval of claim vouchers. [Note: This box must be checked.]

Vendor will not require any subcontractors.

Contractor is a (check all that apply):

MWBE

SDVOB

**If this is a contract with an individual or with an entity that has only one or two employees, check if applicable:**

A review of the criteria set forth by the Internal Revenue Service, Revenue Ruling No. 87-41, 1987-1 C.B. 296, attached as Appendix A to the Comptroller's Memorandum, dated February 13, 2004, concerning independent contracts and employees indicates that the contractor would not be considered an employee for federal tax purposes.

**Recommendation:** Approve as Submitted

# Advisement Information

Fund	Control	Resp. Center	Object	Index Code	Sub Object	Budget Code	Line	Amount
GEN	30	3110	DE	PKGGEN3110	DE500	PKGGEN3110 DE500	01	\$0.01
<b>TOTAL</b>								<b>\$0.01</b>

Additional Info	
Blanket Encumbrance	
Transaction	
<b>Renewal</b>	
% Increase	
% Decrease	

Funding Source	Amount
Revenue Contract:	X
County	\$0.01
Federal	\$0.00
State	\$0.00
Capital	\$0.00
Other	\$0.00
<b>Total</b>	<b>\$0.01</b>

# Routing Slip

Department			
NIFS Entry	Patti Buffolino	07/24/2024 12:47PM	Approved
NIFS Final Approval	Linda Barker	07/24/2024 01:31PM	Approved
Final Approval	Linda Barker	07/24/2024 01:31PM	Approved
County Attorney			
Approval as to Form	Thomas Montefinise	07/25/2024 12:15PM	Approved
RE & Insurance Verification	Grady Farnan	07/24/2024 02:14PM	Approved
NIFS Approval	Mary Nori	07/26/2024 02:51PM	Approved
Final Approval	Mary Nori	07/26/2024 02:51PM	Approved
OMB			
NIFS Approval	Elizabeth Valerio	07/26/2024 10:31AM	Approved
NIFA Approval	Irfan Qureshi	07/26/2024 02:29PM	Approved
Final Approval	Irfan Qureshi	07/26/2024 02:29PM	Approved
Compliance & Vertical DCE			
Procurement Compliance Approval	Robert Cleary	07/26/2024 03:39PM	Approved
DCE Compliance Approval	Robert Cleary	07/26/2024 03:39PM	Approved
Vertical DCE Approval	Arthur Walsh	07/29/2024 01:03PM	Approved
Final Approval	Arthur Walsh	07/29/2024 01:03PM	Approved
Legislative Affairs Review			
Final Approval	Eleftherios Sempepos	07/29/2024 01:16PM	Approved
Legislature			
Final Approval			In Progress
Comptroller			
Claims Approval			Pending
Legal Approval			Pending

Accounting / NIFS Approval			Pending
Deputy Approval			Pending
Final Approval			Pending
<b>NIFA</b>			
NIFA Approval			Pending

RULES RESOLUTION NO. – 2024

A RESOLUTION AUTHORIZING THE COUNTY EXECUTIVE TO EXECUTE AN AMENDMENT TO A PERMIT AGREEMENT BETWEEN THE COUNTY OF NASSAU, ACTING ON BEHALF OF THE NASSAU COUNTY DEPARTMENT OF PARKS, RECREATION & MUSEUMS, AND HOME BOX OFFICE, INC.

WHEREAS, the County has negotiated an amendment to a use & occupancy permit agreement with Home Box Office, Inc. in relation to the use and occupancy of certain land at Old Bethpage Village Restoration in Old Bethpage, New York, for the purpose of constructing a temporary street set and filming of the series, “The Gilded Age,” a copy of which is on file with the Clerk of the Legislature; and

WHEREAS, acting in an advisory capacity to the Nassau County Legislature, the Nassau County Department of Public Works reviewed the proposed action, namely the grant of the use and occupancy permit to use the Premises, and recommends that the action be classified as a “Type I” action pursuant to the New York State Environmental Quality Review Act ("SEQRA"), and further reviewed the Expanded Environmental Assessment Form ("EEAF") for the proposed action and recommends that the Legislature, upon its review of the EEAF and any supporting documentation, if any, determine that the evidence before it indicates that the proposed action will

have no significant environmental impact and does not require further environmental review; NOW, THEREFORE, be it

RESOLVED, that the Rules Committee of the Nassau County Legislature authorizes the County Executive to execute the said amendment to the permit agreement Home Box Office, Inc.; and be it further

RESOLVED, that pursuant to the provisions of the State Environmental Quality Review Act ("SEQRA"), 8 N.Y.E.C.L. section 0101 *et seq.* and its implementing regulations, Part 617 of 6 N.Y.C.R.R., the proposed grant of a use and occupancy permit for the Premises has been determined not to have a significant effect on the environment and no further review is required.

**AMENDMENT NO. 1**

THIS AMENDMENT, dated on the 11<sup>th</sup> day of July, 2024 (together with the schedules, appendices, attachments and exhibits, if any, this "Amendment"), is entered into by and between (i) **Nassau County**, a municipal corporation having its principal office at 1550 Franklin Avenue, Mineola, New York 11501 (the "County"), and (ii) **Home Box Office Inc.**, with offices at 8900 Venice Boulevard, Culver City, CA 90232 ("HBO" or otherwise referred to in the "Permit" as the "Permittee").

WITNESSETH:

WHEREAS; pursuant to County permit between the County and HBO, executed on behalf of the County on or about the 19<sup>th</sup> day of November, 2019 (the "Permit"), the County permits HBO the non-exclusive right to use and occupy the premises as more fully described in the Permit; and

WHEREAS, the term of the Original Permit was for a period of eighteen months with the option to renew for four (4) additional one (1) year periods (the "Original Term"); and

WHEREAS, the County and HBO mutually agree to amend the Original Permit to extend the term of for an additional one (1) year period; and

WHEREAS, the County shall have an option to keep the Assets (as defined herein) and other improvements made to the Premises by HBO during the Term;

NOW, THEREFORE, in consideration of the promises and mutual covenants contained in this Amendment, the parties agree as follows:

1. GRANT/USE OF PROPERTY. Section 1, titled GRANT/USE OF PROPERTY, of the Permit shall be amended in pertinent to include the following:

a. The Permittee may construct temporary horse stables for the purpose of keeping and stabling approximately thirty (36) horses on the Premises in accordance with the annexed plans for temporary stables. See Temporary Stable Plans Annexed as **Exhibit B**. The construction of the stables must comply with Nassau County Fire Marshal inspections and Health Department inspections. The Permittee shall maintain a high level of cleanliness in the stables, and standards outlined by the American Humane Society for the treatment of horses and comply with all applicable federal, state, and local laws. Notwithstanding the aforementioned, the stables must be fire-retardant and same must be confirmed after inspection by the Nassau County Fire Marshal.

i. The Permittee shall also: (1) maintain twenty-four (24) hour security on the site; (2) maintain professional horse wranglers on the site twenty-four (24) hours a day; (3) horse wranglers must maintain a daily log depicting the condition of the horses and stables; (4) health certifications for all horses must be provided to the County in advance of their arrival; (5) the American Humane Society shall be notified in advance to send a representative anytime the horses are working; (6) a medic trained in horse care shall be on-call and reasonably available at all times

during which the horses are working; (7) the Nassau County SPCA must review and approve stables and provide the County with a checklist to evidence proper care is being taken; (8) the Permittee must have a liaison from the Nassau County SPCA on set to make weekly checks on the horses, stables, and to review the level of care; (9) the Permittee will need to provide a copy to the County, Humane Society, and Nassau County SPCA of the horses daily feeding schedule, daily/weekly maintenance schedule, weekly vet inspections, and proof of inspection for any trailers used to transport the horses; and (10) the Permittee must comply with the highest level of standard of care applicable to the stabling of horses under federal, state, and local laws, and under Humane Society and Nassau County SPCA guidelines.

2. TERM. Section 3, titled TERM, of the Permit shall be amended in pertinent so that the termination date of this agreement shall be March 15, 2025, with the option of HBO to extend for two (2) six (6) month extension periods (the first six (6) month extension commencing on March 16, 2025 and terminating on September 15, 2025 [the "First Extension"], and the second six (6) month extension commencing on September 16, 2025 and terminating on March 15, 2026 [the "Second Extension"]). The first extension shall be exercisable by HBO upon written notice to the County by February 15, 2025, and the second extension shall be exercisable by HBO upon written notice to the County by August 15, 2026, unless sooner terminated as provided for in the permit. In the event the County terminates the Permit for cause in accordance with the Permit prior to the expiration of the Term, then the ninety (90) day inspection period to assess whether to exercise their option pursuant to the Section 7 of the Permit agreement as amended by Section 4 herein shall commence on the date of such early termination.
3. USE FEE. Section 4, titled USE FEE, of the Permit shall be read to incorporate the following language: The Use Fee shall be prorated from May 20, 2023, through to May 19, 2024. As of May 20, 2024, the Use Fee shall be subject to the five percent (5%) increase, compounded for each extension exercised by HBO. All other terms and conditions of the Original Section 4 not expressly amended by the language under this Amended Section shall remain in full force and effect and govern the relationship of the parties for the term of the Amended Permit.
4. CONDITION OF PREMISES: TITLE: SURRENDER: POST-FILMING IMPROVEMENTS: Section 7, titled CONDITION OF PREMISES: TITLE: SURRENDER: POST-FILMING IMPROVEMENTS, of the Permit, in pertinent part, shall be amended in part to read that:
  - a. At the sole option of the Department and in conformity with Section 4(b) hereof, promptly following the expiration or earlier termination of the Permit Period, either (1) the County shall keep the improvements made on the Premises made by the Permittee and the Permittee will fund the cost of the County's future maintenance of the improvements in the amount of Three Hundred Thousand (\$300,000.00) Dollars, provided, however, that, notwithstanding the foregoing, in the event that this Permit is revoked, the Permittee's payment for maintenance will instead be reduced to an amount equal to Fifty Thousand (\$50,000.00) Dollars for each year of the Permittee's use of the Premises under this Permit (pro-rated for partial years); or (2) the Permittee will level the Premises sufficient for the construction of athletic/recreational fields and associated parking, and will fund the cost of the County's future construction of such fields and



associated parking in the amount of Three Hundred Thousand (\$300,000.00) Dollars (the "County's Options"), provided, however, that, notwithstanding the foregoing, in the event that this Permit is revoked, the Permittee's payment for the construction the athletic/recreational fields will instead be reduced to an amount equal to Fifty Thousand (\$50,000.00) Dollars for each year of the Permittee's use of the Premises under this Permit (pro-rated for partial years).

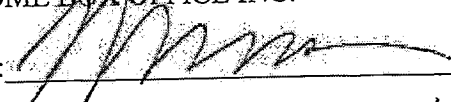
b. County Inspection and Exercise of Retaining Set Option.

- i. The County will have ninety (90) days to inspect the set, make an assessment and draft a report, and determine which of the County's Options, outlined in section 4(a) of this Amendment, titled "CONDITION OF PREMISES: TITLE: SURRENDER: POST-FILMING IMPROVEMENTS", the County will exercise. The County, by the Department, will notify HBO in writing of the County's decision on or before the end of the ninety (90) day inspection period. Failure of the County to notify in writing within ninety (90) days shall not be deemed fatal to the County's right, at the Department's sole discretion, to choose either of the County's Options. In the event the County fails to notify HBO the County shall be deemed to have elected the option set forth in section 4(a)(2).
- ii. The ninety (90) days to inspect will commence start on October 15, 2024, however, if HBO chooses to extend the Permit, the County will have no obligation to exercise either of the County's Options over the other outlined in section 4(a) of this Amendment, and/or the County will not be bound by their prior decision to select either of the County's Options outlined in section 4(a) of this Amendment,
- iii. In the event HBO exercises the First Extension, the County will have ninety (90) days commencing on June 1, 2025 and continuing through August 31, 2025 to inspect and elect the County's Options. The County will have no obligation to exercise either of the County's Options over the other outlined in section 4(a) of this Amendment, and/or the County will not be bound by their prior decision to select either of the County's Option outlined in section 4(a) of this Amendment.
- iv. In the event HBO exercises the Second Extension, the County will have ninety (90) day commencing on December 1, 2026 and continuing through February 28, 2026 to inspect and elect the County's Option. The County will have no obligation to exercise either of the County's Options over the other outlined in section 4(a) of this Amendment, and/or the County will not be bound by their prior decision to select either of the County's Option outlined in section 4(a) of this Amendment.
- v. If the County exercises the option to keep the improvements made by the Permittee on the Premises, from the time of notice through the transfer of the improvements, the Permittee must use their reasonable good-faith efforts to maintain the set in the same or similar condition. All other terms and conditions of the Original Section 7 not expressly amended by the language under this Amended Section shall remain in full force and effect and govern the relationship of the parties for the term of the Amended Permit.

5. FULL FORCE AND EFFECT. All other terms and conditions of the Original Permit not expressly amended by this Amendment shall remain in full force and effect and govern the relationship of the parties for the term of the Amended Permit.

IN WITNESS WHEREOF, HBO and the County have executed the amendment to this Permit as of the date first above written.

HOME BOX OFFICE INC.

By:   
Name: Joanne Bressler  
Title: SVP  
Date: 7/16/24

NASSAU COUNTY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: County Executive  
Deputy County Executive  
Date: \_\_\_\_\_

PLEASE EXECUTE IN BLUE INK



**CALIFORNIA ACKNOWLEDGMENT**

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Los Angeles }

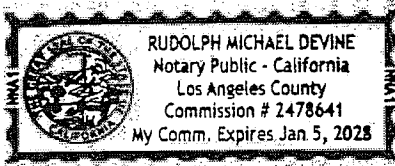
On July 16, 2024 before me, Rudolph Michael Devine, Notary Public  
Date Here Insert Name and Title of the Officer

personally appeared Joanne Nach Bressler  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Place Notary Seal and/or Stamp Above

Signature Rudolph Michael Devine  
Signature of Notary Public

**OPTIONAL**

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: Amendment No. 1

Document Date: 7/16/2024 Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

Corporate Officer – Title(s): \_\_\_\_\_

Corporate Officer – Title(s): \_\_\_\_\_

Partner –  Limited  General

Partner –  Limited  General

Individual  Attorney in Fact

Individual  Attorney in Fact

Trustee  Guardian or Conservator

Trustee  Guardian or Conservator

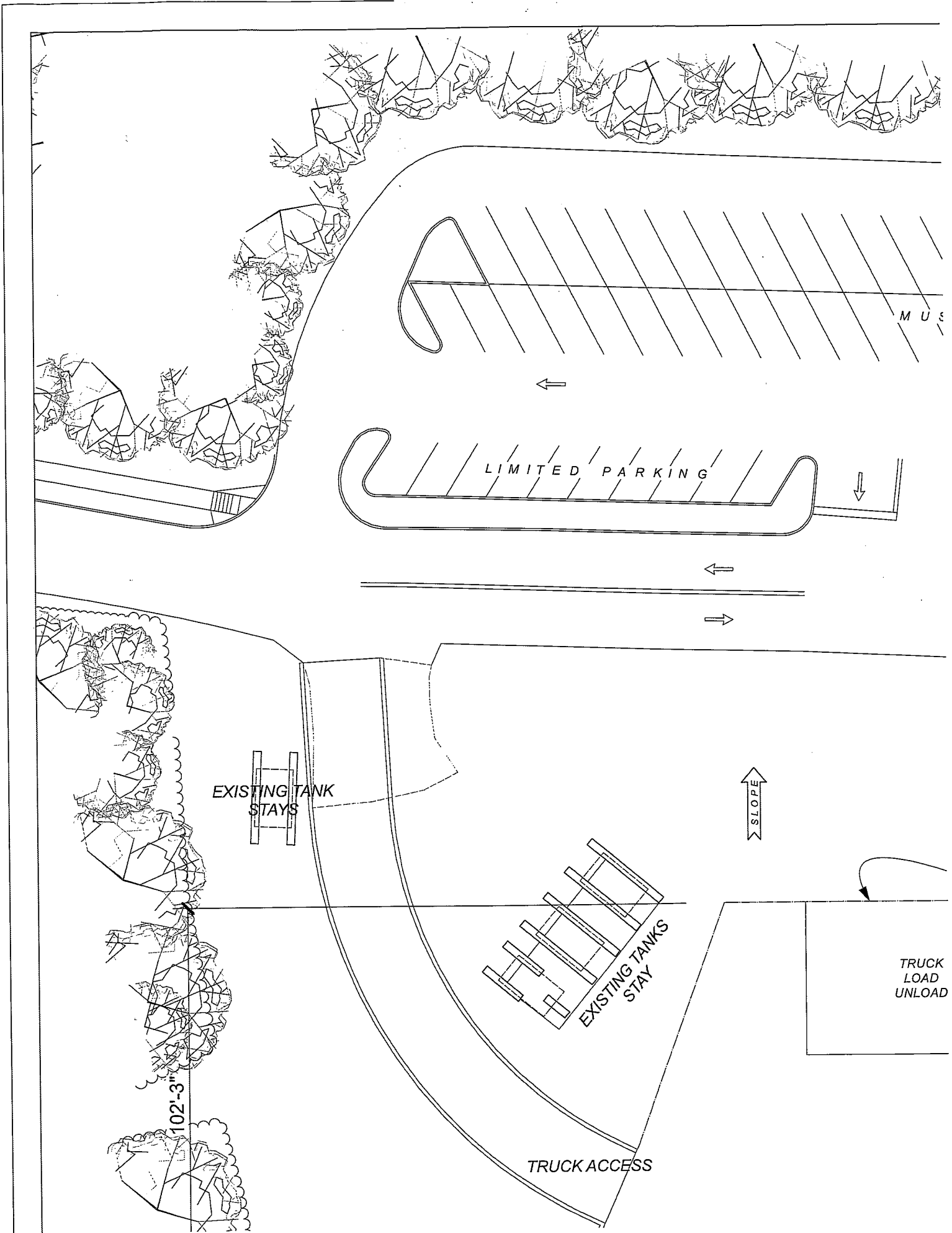
Other: \_\_\_\_\_

Other: \_\_\_\_\_

Signer is Representing: \_\_\_\_\_

Signer is Representing: \_\_\_\_\_

EXHIBIT "B"





Nassau County Interim Finance Authority

**Contract Approval Request Form (As of January 1, 2015)**

**1. Vendor: Home Box Office, Inc.**

**2. Amount requiring NIFA approval: \$0.01**

**Amount to be encumbered: \$0.01**

Slip Type: New

If new contract - \$ amount should be full amount of contract

If advisement - NIFA only needs to review if it is increasing funds above the amount previously approved by NIFA

If amendment - \$ amount should be full amount of amendment only

**3. Contract Term: 11/19/2019 to 03/15/2025**

Has work or services on this contract commenced? Yes

If yes, please explain: on-going contract

**4. Funding Source:**

General Fund (GEN)	X	Grant Fund (GRT)
Capital Improvement Fund (CAP)		Other
Federal %	0	
State %	0	
County %	100	

Is the cash available for the full amount of the contract? Yes

If not, will it require a future borrowing? No

Has the County Legislature approved the borrowing? N/A

Has NIFA approved the borrowing for this contract? N/A

**5. Provide a brief description (4 to 5 sentences) of the item for which this approval is requested:**

Amended Term: To amend the term of the original permit to terminate on March 15, 2025 with two (2) additional six (6) month extensions. The Amendment will also add an option for HBO to construct temporary horse stables for the purpose of keeping and stabling approximately 36 horses on the Premises in accordance with the annexed plans for temporary stables; see Exhibit B.

**6. Has the item requested herein followed all proper procedures and thereby approved by the:**

Nassau County Attorney as to form Yes

Nassau County Committee and/or Legislature

**Date of approval(s) and citation to the resolution where approval for this item was provided:**

**7. Identify all contracts (with dollar amounts) with this or an affiliated party within the prior 12 months:**

Contract ID	Posting Date	Amount Added in Prior 12 Months
-------------	--------------	---------------------------------

## AUTHORIZATION

To the best of my knowledge, I hereby certify that the information contained in this Contract Approval Request Form and any additional information submitted in connection with this request is true and accurate and that all expenditures that will be made in reliance on this authorization are in conformance with the Nassau County Approved Budget and not in conflict with the Nassau County Multi-Year Financial Plan. I understand that NIFA will rely upon this information in its official deliberations.

IQURESHI

07/26/2024

**Authenticated User**

**Date**

---

## COMPTROLLER'S OFFICE

To the best of my knowledge, I hereby certify that the information listed is true and accurate and is in conformance with the Nassau County Approved Budget and not in conflict with the Nassau County Multi-Year Financial Plan.

Regarding funding, please check the correct response:

I certify that the funds are available to be encumbered pending NIFA approval of this contract.

**If this is a capital project:**

I certify that the bonding for this contract has been approved by NIFA.

Budget is available and funds have been encumbered but the project requires NIFA bonding authorization.

**Authenticated User**

**Date**

---

## NIFA

Amount being approved by NIFA:

Payment is not guaranteed for any work commenced prior to this approval.

**Authenticated User**

**Date**

---

**NOTE: All contract submissions MUST include the County's own routing slip, current NIFS printouts for all relevant accounts and relevant Nassau County Legislature communication documents and relevant supplemental information pertaining to the item requested herein.**

**NIFA Contract Approval Request Form MUST be filled out in its entirety before being submitted to NIFA for review.**

**NIFA reserves the right to request additional information as needed.**



COUNTY OF NASSAU

POLITICAL CAMPAIGN CONTRIBUTION DISCLOSURE FORM

1. Has the vendor or any corporate officers of the vendor provided campaign contributions pursuant to the New York State Election Law in (a) the period beginning April 1, 2016 and ending on the date of this disclosure, or (b), beginning April 1, 2018, the period beginning two years prior to the date of this disclosure and ending on the date of this disclosure, to the campaign committees of any of the following Nassau County elected officials or to the campaign committees of any candidates for any of the following Nassau County elected offices: the County Executive, the County Clerk, the Comptroller, the District Attorney, or any County Legislator?

YES  NO  If yes, to what campaign committee?

Electronically signed and certified at the date and time indicated by:  
Joanne Bressler [JOANNE.BRESSLER@WBD.COM]

Dated: 07/22/2024 05:05:45 pm

Vendor: Home Box Office, Inc.

Title: Senior Vice President



**PRINCIPAL QUESTIONNAIRE FORM**

All questions on these questionnaires must be answered by all officers and any individuals who hold a ten percent (10%) or greater ownership interest in the proposer. Answers typewritten or printed in ink. If you need more space to answer any question, make as many photocopies of the appropriate page(s) as necessary and attach them to the questionnaire.

**COMPLETE THIS QUESTIONNAIRE CAREFULLY AND COMPLETELY. FAILURE TO SUBMIT A COMPLETE QUESTIONNAIRE MAY MEAN THAT YOUR BID OR PROPOSAL WILL BE REJECTED AS NON-RESPONSIVE AND IT WILL NOT BE CONSIDERED FOR AWARD**

1. Principal Name: Joanne Bressler  
Date of birth: 04/22/1972  
Home address: 17101 Strawberry Dr.  
City: Encino State/Province/Territory: CA Zip/Postal Code: 91436  
Country: US  
Business Address: 8900 Venice Blvd.  
City: Culver City State/Province/Territory: CA Zip/Postal Code: 90232  
Country: US  
Telephone: 3107458948  
Other present address(es):  
City: \_\_\_\_\_ State/Province/Territory: \_\_\_\_\_ Zip/Postal Code: \_\_\_\_\_  
Country: \_\_\_\_\_  
Telephone: \_\_\_\_\_

List of other addresses and telephone numbers attached

2. Positions held in submitting business and starting date of each (check all applicable)

President	_____	Treasurer	_____
Chairman of Board	_____	Shareholder	_____
Chief Exec. Officer	_____	Secretary	_____
Chief Financial Officer	_____	Partner	_____
Vice President	<u>07/01/2012</u>		
(Other)			

3. Do you have an equity interest in the business submitting the questionnaire?

YES  NO  If Yes, provide details.

As an employee I hold a de minimis number of restricted stock units in Proposer's ultimate parent company (Warner Bros. Discovery, Inc.) through a company equity/performance plan. The amount held is far less than 1%.

4. Are there any outstanding loans, guarantees or any other form of security or lease or any other type of contribution made in whole or in part between you and the business submitting the questionnaire?

YES  NO  If Yes, provide details.

---

---

5. Within the past 3 years, have you been a principal owner or officer of any business or notfor-profit organization other than the one submitting the questionnaire?  
YES  NO  If Yes, provide details.

---

6. Has any governmental entity awarded any contracts to a business or organization listed in Section 5 in the past 3 years while you were a principal owner or officer?  
YES  NO  If Yes, provide details.

---

NOTE: An affirmative answer is required below whether the sanction arose automatically, by operation of law, or as a result of any action taken by a government agency. Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.

7. In the past (5) years, have you and/or any affiliated businesses or not-for-profit organizations listed in Section 5 in which you have been a principal owner or officer:

a. Been debarred by any government agency from entering into contracts with that agency?  
YES  NO  If yes, provide an explanation of the circumstances and corrective action taken.

---

b. Been declared in default and/or terminated for cause on any contract, and/or had any contracts cancelled for cause?  
YES  NO  If yes, provide an explanation of the circumstances and corrective action taken.

---

c. Been denied the award of a contract and/or the opportunity to bid on a contract, including, but not limited to, failure to meet pre-qualification standards?  
YES  NO  If yes, provide an explanation of the circumstances and corrective action taken.

---

d. Been suspended by any government agency from entering into any contract with it; and/or is any action pending that could formally debar or otherwise affect such business's ability to bid or propose on contract?  
YES  NO  If yes, provide an explanation of the circumstances and corrective action taken.

---

8. Have any of the businesses or organizations listed in response to Question 5 filed a bankruptcy petition and/or been the subject of involuntary bankruptcy proceedings during the past 7 years, and/or for any portion of the last 7 year period, been in a state of bankruptcy as a result of bankruptcy proceedings initiated more than 7 years ago and/or is any such business now the subject of any pending bankruptcy proceedings, whenever initiated?  
YES  NO  If 'Yes', provide details for each such instance. (Provide a detailed response to all questions check "Yes". If you need more space, photocopy the appropriate page and attached it to the questionnaire.)

---

9. a. Is there any felony charge pending against you?  
YES  NO  If yes, provide an explanation of the circumstances and corrective action taken.

---

- b. Is there any misdemeanor charge pending against you?  
YES  NO  If yes, provide an explanation of the circumstances and corrective action taken.
- c. Is there any administrative charge pending against you?  
YES  NO  If yes, provide an explanation of the circumstances and corrective action taken.
- d. In the past 10 years, have you been convicted, after trial or by plea, of any felony, or of any other crime, an element of which relates to truthfulness or the underlying facts of which related to the conduct of business?  
YES  NO  If yes, provide an explanation of the circumstances and corrective action taken.
- e. In the past 5 years, have you been convicted, after trial or by plea, of a misdemeanor?  
YES  NO  If yes, provide an explanation of the circumstances and corrective action taken.
- f. In the past 5 years, have you been found in violation of any administrative or statutory charges?  
YES  NO  If yes, provide an explanation of the circumstances and corrective action taken.

10 In addition to the information provided in response to the previous questions, in the past 5 years, have you been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency and/or the subject of an investigation where such investigation was related to activities performed at, for, or on behalf of the submitting business entity and/or an affiliated business listed in response to Question 5?  
YES  NO  If yes, provide an explanation of the circumstances and corrective action taken.

11 In addition to the information provided, in the past 5 years has any business or organization listed in response to Question 5, been the subject of a criminal investigation and/or a civil anti-trust investigation and/or any other type of investigation by any government agency, including but not limited to federal, state, and local regulatory agencies while you were a principal owner or officer?  
YES  NO  If yes, provide an explanation of the circumstances and corrective action taken.

12 In the past 5 years, have you or this business, or any other affiliated business listed in response to Question 5 had any sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held?  
YES  NO  If yes, provide an explanation of the circumstances and corrective action taken.

13 For the past 5 tax years, have you failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges?  
YES  NO  If yes, provide an explanation of the circumstances and corrective action taken.

I, Joanne Bressler , hereby acknowledge that a materially false statement willfully or fraudulently made in connection with this form may result in rendering the submitting business entity and/or any affiliated entities non-responsible, and, in addition, may subject me to criminal charges.

I, Joanne Bressler , hereby certify that I have read and understand all the items contained in this form; that I supplied full and complete answers to each item therein to the best of my knowledge, information and belief; that I will notify the County in writing of any change in circumstances occurring after the submission of this form; and that all information supplied by me is true to the best of my knowledge, information and belief. I understand that the County will rely on the information supplied in this form as additional inducement to enter into a contract with the submitting business entity.

**CERTIFICATION**

A MATERIALLY FALSE STATEMENT WILLFULLY OR FRAUDULENTLY MADE IN CONNECTION WITH THIS QUESTIONNAIRE MAY RESULT IN RENDERING THE SUBMITTING BUSINESS ENTITY NOT RESPONSIBLE WITH RESPECT TO THE PRESENT BID OR FUTURE BIDS, AND, IN ADDITION, MAY SUBJECT THE PERSON MAKING THE FALSE STATEMENT TO CRIMINAL CHARGES.

Home Box Office, Inc.

Name of submitting business

Electronically signed and certified at the date and time indicated by:

Joanne Bressler JOANNE.BRESSLER@WBD.COM

Senior Vice President

Title

07/22/2024 05:07:39 pm

Date

**Business History Form**

The contract shall be awarded to the responsible proposer who, at the discretion of the County, taking into consideration the reliability of the proposer and the capacity of the proposer to perform the services required by the County, offers the best value to the County and who will best promote the public interest.

In addition to the submission of proposals, each proposer shall complete and submit this questionnaire. The questionnaire shall be filled out by the owner of a sole proprietorship or by an authorized representative of the firm, corporation or partnership submitting the Proposal.

**NOTE: All questions require a response, even if response is "none" or "not-applicable." No blanks.**

(USE ADDITIONAL SHEETS IF NECESSARY TO FULLY ANSWER THE FOLLOWING QUESTIONS).

Date: 07/18/2024

1) Proposer's Legal Name: Home Box Office, Inc.

2) Address of Place of Business: 30 Hudson Yards

City: New York State/Province/Territory: NY Zip/Postal Code: 10001

Country: US

3) Mailing Address (if different): 8900 Venice Blvd

City: Culver City State/Province/Territory: CA Zip/Postal Code: 90232

Country: US

Phone: \_\_\_\_\_

Does the business own or rent its facilities? Both If other, please provide details: \_\_\_\_\_

\_\_\_\_\_

4) Dun and Bradstreet number: \_\_\_\_\_

5) Federal I.D. Number: 050545061

6) The proposer is a: Corporation (Describe) \_\_\_\_\_

7) Does this business share office space, staff, or equipment expenses with any other business?

YES [X] NO [ ] If yes, please provide details: \_\_\_\_\_

Shares with affiliated entities, such as Warner Bros. Entertainment Inc. and Warner Bros. Discovery, Inc.

8) Does this business control one or more other businesses?

YES  NO  If yes, please provide details:

It controls many other entities. For the purposes of producing THE GILDED AGE television series, Heydey Productions, LLC is the most relevant.

- 9) Does this business have one or more affiliates, and/or is it a subsidiary of, or controlled by, any other business?

YES  NO  If yes, please provide details:

Proposer is part of Warner Bros. Discovery, Inc., a major publicly-held entertainment conglomerate with hundreds of affiliated entities.

- 10) Has the proposer ever had a bond or surety cancelled or forfeited, or a contract with Nassau County or any other government entity terminated?

YES  NO  If yes, state the name of bonding agency, (if a bond), date, amount of bond and reason for such cancellation or forfeiture: or details regarding the termination (if a contract).

- 11) Has the proposer, during the past seven years, been declared bankrupt?

YES  NO  If yes, state date, court jurisdiction, amount of liabilities and amount of assets

- 12) In the past five years, has this business and/or any of its owners and/or officers and/or any affiliated business, been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency? And/or, in the past 5 years, have any owner and/or officer of any affiliated business been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency, where such investigation was related to activities performed at, for, or on behalf of an affiliated business.

YES  NO  If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

- 13) In the past 5 years, has this business and/or any of its owners and/or officers and/or any affiliated business been the subject of an investigation by any government agency, including but not limited to federal, state and local regulatory agencies? And/or, in the past 5 years, has any owner and/or officer of an affiliated business been the subject of an investigation by any government agency, including but not limited to federal, state and local regulatory agencies, for matters pertaining to that individual's position at or relationship to an affiliated business.

YES  NO  If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

- 14) Has any current or former director, owner or officer or managerial employee of this business had, either before or during such person's employment, or since such employment if the charges pertained to events that allegedly occurred during the time of employment by the submitting business, and allegedly related to the conduct of that business:

a) Any felony charge pending?

YES  NO  If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

b) Any misdemeanor charge pending?

YES  NO  If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

c) In the past 10 years, you been convicted, after trial or by plea, of any felony and/or any other crime, an element of which relates to truthfulness or the underlying facts of which related to the conduct of business?  
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

d) In the past 5 years, been convicted, after trial or by plea, of a misdemeanor?  
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

e) In the past 5 years, been found in violation of any administrative, statutory, or regulatory provisions?  
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

15) In the past (5) years, has this business or any of its owners or officers, or any other affiliated business had any sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held?  
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

16) For the past (5) tax years, has this business failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges?  
YES [ ] NO [X] If yes, provide details for each such year. Provide a detailed response to all questions checked 'YES'. If you need more space, photocopy the appropriate page and attach it to the questionnaire.

17 Conflict of Interest:

a) Please disclose any conflicts of interest as outlined below. NOTE: If no conflicts exist, please expressly state "No conflict exists."

(i) Any material financial relationships that your firm or any firm employee has that may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County.

No conflict exists.

(ii) Any family relationship that any employee of your firm has with any County public servant that may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County.

No conflict exists.

(iii) Any other matter that your firm believes may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County.

No conflict exists.

b) Please describe any procedures your firm has, or would adopt, to assure the County that a conflict of interest would not exist for your firm in the future.

Proposer is part of Warner Bros. Discovery, Inc., which has adopted comprehensive conflict of interest guidelines and directives that Proposer is subject to.

- A. Include a resume or detailed description of the Proposer's professional qualifications, demonstrating extensive experience in your profession. Any prior similar experiences, and the results of these experiences, must be identified.

Have you previously uploaded the below information under in the Document Vault?

YES [ ] NO [X]

Is the proposer an individual?

YES [ ] NO [X] Should the proposer be other than an individual, the Proposal MUST include:

- i) Date of formation;

05/07/2003

- ii) Name, addresses, and position of all persons having a financial interest in the company, including shareholders, members, general or limited partner. If none, explain.

Proposer is a large, publicly-traded company (NASDAQ) with at least tens of thousands of shareholders. A copy of the company's most recent form 10-K filing with the Securities and Exchange Commission is attached.

1 File(s) uploaded: 2024 10K.pdf

- iii) Name, address and position of all officers and directors of the company. If none, explain.

Todd Davis, President  
Fraser Woodford, Treasurer  
Clare Conroy, Secretary  
All may be reached through Joanne Bressler, SVP of Legal, HBO & Max  
Tel: 310-745-8948; email: joanne.bressler@wbd.com

- iv) State of incorporation (if applicable);

DE

- v) The number of employees in the firm;

740

- vi) Annual revenue of firm;

10150000000

- vii) Summary of relevant accomplishments

vii above represents the direct-to-consumer revenue.  
Leading television studio which has won numerous awards, including Emmys, Golden Globes, etc. Recently released the successful TV series House of the Dragon, Succession, The White Lotus and the first two season of The Gilded Age.

- viii) Copies of all state and local licenses and permits.

- B. Indicate number of years in business.

51



- C. Provide any other information which would be appropriate and helpful in determining the Proposer's capacity and reliability to perform these services.

Proposer is part of a large multi-national corporation with hundreds of affiliated companies and does not have visibility into those affiliates' operations. As such, with respect to Questions 10 - 17, Proposer has answered those questions only with respect to Proposer itself (Home Box Office, Inc.), to the best of its knowledge, and not any other entity.

- D. Provide names and addresses for no fewer than three references for whom the Proposer has provided similar services or who are qualified to evaluate the Proposer's capability to perform this work.

Company	Wiggin LLP		
Contact Person	Chris Hammond, Partner		
Address	Met Building 22 Percy Street W1T 2BU		
City	London	State/Province/Territory	
Country	GB		
Telephone	(442) 076-1296		
Fax #			
E-Mail Address	chris.hammond@wiggin.co.uk		

Company	Katten Muchin Rosenman LLP		
Contact Person	Michael Hobel, Partner		
Address	2121 Avenue of the Stars, Suite 1100		
City	Los Angeles	State/Province/Territory	CA
Country	US		
Telephone	(310) 788-4787		
Fax #			
E-Mail Address	michael.hobel@katten.com		

Company	Bruns Brennam Berry Pikulin Jacobs PC		
Contact Person	Matthew Jacobs, Partner		
Address	401 Wilshire Boulevard 12th Floor		
City	Santa Monica	State/Province/Territory	CA
Country	US		
Telephone	(310) 401-3171		
Fax #			
E-Mail Address	MJACOBS@3BLAW.COM		

I, Joanne Bressler , hereby acknowledge that a materially false statement willfully or fraudulently made in connection with this form may result in rendering the submitting business entity and/or any affiliated entities non-responsible, and, in addition, may subject me to criminal charges.

I, Joanne Bressler , hereby certify that I have read and understand all the items contained in this form; that I supplied full and complete answers to each item therein to the best of my knowledge, information and belief; that I will notify the County in writing of any change in circumstances occurring after the submission of this form; and that all information supplied by me is true to the best of my knowledge, information and belief. I understand that the County will rely on the information supplied in this form as additional inducement to enter into a contract with the submitting business entity.

**CERTIFICATION**

A MATERIALLY FALSE STATEMENT WILLFULLY OR FRAUDULENTLY MADE IN CONNECTION WITH THIS QUESTIONNAIRE MAY RESULT IN RENDERING THE SUBMITTING BUSINESS ENTITY NOT RESPONSIBLE WITH RESPECT TO THE PRESENT BID OR FUTURE BIDS, AND, IN ADDITION, MAY SUBJECT THE PERSON MAKING THE FALSE STATEMENT TO CRIMINAL CHARGES.

Name of submitting business: Home Box Office, Inc.

Electronically signed and certified at the date and time indicated by:  
Joanne Bressler JOANNE.BRESSLER@WBD.COM

Senior Vice President  
Title

07/22/2024  
Date

COUNTY OF NASSAU

CONSULTANT'S, CONTRACTOR'S AND VENDOR'S DISCLOSURE FORM

1. Name of the Entity: Home Box Office, Inc.

Address: 30 Hudson Yard

City: New York State/Province/Territory: NY Zip/Postal Code: 10001

Country: US

2. Entity's Vendor Identification Number: none

3. Type of Business: Public Corp (specify) \_\_\_\_\_

4. List names and addresses of all principals; that is, all individuals serving on the Board of Directors or comparable body, all partners and limited partners, all corporate officers, all parties of Joint Ventures, and all members and officers of limited liability companies (attach additional sheets if necessary):

5. List names and addresses of all shareholders, members, or partners of the firm. If the shareholder is not an individual, list the individual shareholders/partners/members. If a Publicly held Corporation, include a copy of the 10K in lieu of completing this section.

If none, explain.

Form 10k is attached

1 File(s) uploaded: 2024 10K.pdf

6. List all affiliated and related companies and their relationship to the firm entered on line 1. above (if none, enter "None"). Attach a separate disclosure form for each affiliated or subsidiary company that may take part in the performance of this contract. Such disclosure shall be updated to include affiliated or subsidiary companies not previously disclosed that participate in the performance of the contract.

Proposer has hundreds of affiliated companies, all of which are owned and/or controlled by Warner Bros. Discovery, Inc., a public traded company. Please see the Form 10-K for a description of certain of those entities and the associated businesses.

7. List all lobbyists whose services were utilized at any stage in this matter (i.e., pre-bid, bid, post-bid, etc.). If none, enter "None." The term "lobbyist" means any and every person or organization retained, employed or designated by any client to influence - or promote a matter before - Nassau County, its agencies, boards, commissions, department heads, legislators or committees, including but not limited to the Open Space and Parks Advisory Committee and Planning Commission. Such matters include, but are not limited to, requests for proposals, development or improvement of real property subject to County regulation, procurements. The term "lobbyist" does not include any officer, director, trustee, employee, counsel or agent of the County of Nassau, or State of

New York, when discharging his or her official duties.

Are there lobbyists involved in this matter?  
YES [ ] NO [X]

(a) Name, title, business address and telephone number of lobbyist(s):

---

(b) Describe lobbying activity of each lobbyist. See below for a complete description of lobbying activities.

---

(c) List whether and where the person/organization is registered as a lobbyist (e.g., Nassau County, New York State):

---

8. VERIFICATION: This section must be signed by a principal of the consultant, contractor or Vendor authorized as a signatory of the firm for the purpose of executing Contracts.

The undersigned affirms and so swears that he/she has read and understood the foregoing statements and they are, to his/her knowledge, true and accurate.

Electronically signed and certified at the date and time indicated by:  
Joanne Bressler [JOANNE.BRESSLER@WBD.COM]

---

Dated: 07/22/2024 05:10:02 pm

Title: Senior Vice President

---

**The term lobbying shall mean any attempt to influence:** any determination made by the Nassau County Legislature, or any member thereof, with respect to the introduction, passage, defeat, or substance of any local legislation or resolution; any determination by the County Executive to support, oppose, approve or disapprove any local legislation or resolution, whether or not such legislation has been introduced in the County Legislature; any determination by an elected County official or an officer or employee of the County with respect to the procurement of goods, services or construction, including the preparation of contract specifications, including but not limited to the preparation of requests for proposals, or solicitation, award or administration of a contract or with respect to the solicitation, award or administration of a grant, loan, or agreement involving the disbursement of public monies; any determination made by the County Executive, County Legislature, or by the County of Nassau, its agencies, boards, commissions, department heads or committees, including but not limited to the Open Space and Parks Advisory Committee, the Planning Commission, with respect to the zoning, use, development or improvement of real property subject to County regulation, or any agencies, boards, commissions, department heads or committees with respect to requests for proposals, bidding, procurement or contracting for services for the County; any determination made by an elected county official or an officer or employee of the county with respect to the terms of the acquisition or disposition by the county of any interest in real property, with respect to a license or permit for the use of real property of or by the county, or with respect to a franchise, concession or revocable consent; the proposal, adoption, amendment or rejection by an agency of any rule having the force and effect of law; the decision to hold, timing or outcome of any rate making proceeding before an agency; the agenda or any determination of a board or commission; any determination regarding the calendaring or scope of any legislature oversight hearing; the issuance, repeal, modification or substance of a County Executive Order; or any determination made by an elected county official or an officer or employee of the county to support or oppose any state or federal legislation, rule or regulation, including any determination made to support or oppose that is contingent on any amendment of such legislation, rule or regulation, whether or not such legislation has been formally introduced and whether or not such rule or regulation has been formally proposed.

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

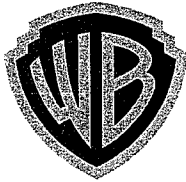
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

OR  TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-34177



WARNER BROS.  
DISCOVERY

Warner Bros. Discovery, Inc.  
(Exact name of Registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)  
  
230 Park Avenue South  
New York, New York  
(Address of principal executive offices)

35-2333914  
(I.R.S. Employer  
Identification No.)  
  
10003  
(Zip Code)

(212) 548-5555  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class  
Series A Common Stock

Trading Symbols  
WBD

Name of Each Exchange on Which Registered  
The Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act:  
None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of voting and non-voting common stock held by non-affiliates of the Registrant computed by reference to the last sales price of such stock, as of the last business day of the Registrant's most recently completed second fiscal quarter, which was June 30, 2023, was approximately \$30 billion.

Total number of shares outstanding of each class of the Registrant's common stock as of February 8, 2024 was:  
Series A Common Stock, par value \$0.01 per share 2,439,687,237

#### DOCUMENTS INCORPORATED BY REFERENCE

Certain information required in Item 10 through Item 14 of Part III of this Annual Report on Form 10-K is incorporated herein by reference to the Registrant's definitive Proxy Statement for its 2024 Annual Meeting of Stockholders, which shall be filed with the Securities and Exchange Commission pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended.

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WARNER BROS. DISCOVERY, INC.  
FORM 10-K  
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## PART I

### CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business, marketing and operating strategies, integration of acquired businesses, new product and service offerings, financial prospects and anticipated sources and uses of capital. Words such as “anticipate,” “assume,” “believe,” “continue,” “estimate,” “expect,” “forecast,” “future,” “intend,” “plan,” “potential,” “predict,” “project,” “strategy,” “target” and similar terms, and future or conditional tense verbs like “could,” “may,” “might,” “should,” “will” and “would,” among other terms of similar substance used in connection with any discussion of future operating or financial performance identify forward-looking statements. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be accomplished. The following is a list of some, but not all, of the factors that could cause actual results or events to differ materially from those anticipated:

- more intense competitive pressure from existing or new competitors in the industries in which we operate;
- reduced spending on domestic and foreign television advertising, due to macroeconomic, industry or consumer behavior trends or unexpected reductions in our number of subscribers;
- uncertainties associated with product and service development and market acceptance, including the development and provision of programming for new television and telecommunications technologies, and the success of our streaming services;
- market demand for foreign first-run and existing content libraries;
- negative publicity or damage to our brands, reputation or talent;
- realizing direct-to-consumer subscriber goals;
- industry trends, including the timing of, and spending on, sports programming, feature film, television and television commercial production;
- the possibility or duration of an industry-wide strike, such as the strikes of the Writers Guild of America (“WGA”) and Screen Actors Guild-American Federation of Television and Radio Artists (“SAG-AFTRA”) in 2023, player lock-outs or other job action affecting a major entertainment industry union, athletes or others involved in the development and production of our sports programming, television programming, feature films and interactive entertainment (e.g., games) who are covered by collective bargaining agreements;
- disagreements with our distributors or other business partners;
- continued consolidation of distribution customers and production studios;
- potential unknown liabilities, adverse consequences or unforeseen increased expenses associated with the WarnerMedia Business or our efforts to integrate the WarnerMedia Business;
- adverse outcomes of legal proceedings or disputes related to our acquisition of the WarnerMedia Business;
- changes in, or failure or inability to comply with, laws and government regulations, including, without limitation, regulations of the Federal Communications Commission and similar authorities internationally and data privacy regulations, and adverse outcomes from regulatory or legal proceedings;
- inherent uncertainties involved in the estimates and assumptions used in the preparation of financial forecasts;
- our level of debt, including the significant indebtedness incurred in connection with the acquisition of the WarnerMedia Business, and our future compliance with debt covenants;
- threatened or actual cyber-attacks and cybersecurity breaches;
- theft of our content and unauthorized duplication, distribution and exhibition of such content; and
- general economic and business conditions, fluctuations in foreign currency exchange rates, global events such as pandemics, and political unrest in the international markets in which we operate.

Forward-looking statements are subject to various risks and uncertainties which change over time, are based on management’s expectations and assumptions at the time the statements are made and are not guarantees of future results.

These risks have the potential to impact the recoverability of the assets recorded on our balance sheets, including goodwill or other intangibles. Management's expectations and assumptions, and the continued validity of any forward-looking statements we make, cannot be foreseen with certainty and are subject to change due to a broad range of factors affecting the U.S. and global economies and regulatory environments, factors specific to Warner Bros. Discovery and other factors described under Item 1A, "Risk Factors" and elsewhere in this Annual Report on Form 10-K, including under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Actual outcomes and results may differ materially from what is expressed in our forward-looking statements and from our historical financial results due to the factors discussed in this section and elsewhere in this Annual Report on Form 10-K or disclosed in our other SEC filings. These forward-looking statements and such risks, uncertainties, and other factors speak only as of the date of this Annual Report on Form 10-K, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

#### **ITEM 1. Business.**

For convenience, the terms "Warner Bros. Discovery", "WBD", the "Company," "we," "us" or "our" are used in this Annual Report on Form 10-K to refer to both Warner Bros. Discovery, Inc. and collectively to Warner Bros. Discovery, Inc. and one or more of its consolidated subsidiaries, unless the context otherwise requires.

##### ***Merger with the WarnerMedia Business of AT&T***

On April 8, 2022 (the "Closing Date"), Discovery, Inc. ("Discovery") completed its merger (the "Merger") with the WarnerMedia business (the "WarnerMedia Business", "WM Business" or "WM") of AT&T Inc. ("AT&T") and changed its name to Warner Bros. Discovery, Inc. On April 11, 2022, the Company's shares started trading on the Nasdaq Global Select Market ("Nasdaq") under the trading symbol WBD.

The Merger was executed through a Reverse Morris Trust type transaction, under which WM was distributed to AT&T's shareholders via a pro rata distribution, and immediately thereafter, combined with Discovery. (See Note 3 and Note 4 to the accompanying consolidated financial statements). Prior to the Merger, WarnerMedia Holdings, Inc. ("WMH") distributed \$40.5 billion to AT&T (subject to working capital and other adjustments) in a combination of cash, debt securities, and WM's retention of certain debt. Discovery transferred purchase consideration of \$42.4 billion in equity to AT&T shareholders in the Merger. In August 2022, the Company and AT&T finalized the post-closing working capital settlement process, which resulted in the Company receiving a \$1.2 billion payment from AT&T in the third quarter of 2022 in lieu of adjusting the equity issued as consideration in the Merger. AT&T shareholders received shares of WBD Series A common stock ("WBD common stock") in the Merger representing 71% of the combined Company and the Company's pre-Merger shareholders continued to own 29% of the combined Company, in each case on a fully diluted basis.

Discovery was deemed to be the accounting acquirer of the WM Business for accounting purposes under U.S. generally accepted accounting principles ("U.S. GAAP"); therefore, Discovery is considered the Company's predecessor and the historical financial statements of Discovery prior to April 8, 2022, are reflected in this Annual Report on Form 10-K as the Company's historical financial statements. Accordingly, the financial results of the Company as of and for any periods prior to April 8, 2022 do not include the financial results of the WM Business and current and future results will not be comparable to results prior to the Merger.

##### ***Industry Trends***

The WGA and SAG-AFTRA went on strike in May and July 2023, respectively, following the expiration of their respective collective bargaining agreements with the Alliance of Motion Picture and Television Producers ("AMPTP"). The WGA strike ended on September 27, 2023, and a new collective bargaining agreement was ratified on October 9, 2023. The SAG-AFTRA strike ended on November 9, 2023, and a new collective bargaining agreement was ratified on December 5, 2023.

The strikes had a material impact on the operations and results of the Company, including a pause on certain theatrical and television productions. Effects included a positive impact on cash flow from operations attributed to delayed production spend, and a negative impact on the results of operations attributed to timing and performance of the 2023 film slate, as well as the Company's ability to produce, license, and deliver content.

Other headwinds in the industry, such as continued pressures on linear distribution and soft advertising markets in the U.S., have had, and are expected to continue to have, a material impact on the operations and results of the Company, including a negative impact on the results of operations attributed to declines in linear advertising revenue.

We continue to closely monitor the ongoing impact of industry trends to our business; however, the full effects on our operations and results will depend on future developments, which are highly uncertain and cannot be predicted.

### *Description of Business*

Warner Bros. Discovery is a premier global media and entertainment company that provides audiences with a differentiated portfolio of content, brands and franchises across television, film, streaming, and gaming. Some of our iconic brands and franchises include Warner Bros. Motion Picture Group, Warner Bros. Television Group, DC, HBO, HBO Max, Max, discovery+, CNN, Discovery Channel, HGTV, Food Network, TNT Sports, TBS, TLC, OWN, Warner Bros. Games, Batman, Superman, Wonder Woman, Harry Potter, Looney Tunes, Hanna-Barbera, Game of Thrones, and The Lord of the Rings.

We are home to powerful creative engines and one of the largest collections of owned content in the world. WBD has one of the strongest hands in the industry in terms of the completeness and quality of assets and intellectual property across sports, news, lifestyle, and entertainment in virtually every region of the globe and in most languages. We serve audiences and consumers around the world with content that informs, entertains, and, when at its best, inspires.

Our asset mix positions us to drive a balanced approach to creating long-term value for shareholders. It represents the full entertainment ecosystem, and the ability to serve consumers across the entire spectrum of offerings from domestic and international networks, premium pay-TV, streaming, production and release of feature films and original series, related consumer products and themed experience licensing, and interactive gaming.

We generate revenue from the sale of advertising on our networks and digital platforms (advertising revenue); fees charged to distributors that carry our network brands and programming, including cable, direct-to-home (“DTH”) satellite, telecommunication and digital service providers, as well as through direct-to-consumer (“DTC”) subscription services (distribution revenue); the release of feature films for initial exhibition in theaters, the licensing of feature films and television programs to various television, subscription video on demand (“SVOD”) and other digital markets, distribution of feature films and television programs in the physical and digital home entertainment markets, sales of console games and mobile in-game content, sublicensing of sports rights, and licensing of intellectual property such as characters and brands (content revenue); and other sources such as studio tours and production services (other revenue).

### *Segments*

As of December 31, 2023, we classified our operations in three reportable segments:

- **Studios** - Our Studios segment primarily consists of the production and release of feature films for initial exhibition in theaters, production and initial licensing of television programs to our networks/DTC services as well as third parties, distribution of our films and television programs to various third party and internal television and streaming services, distribution through the home entertainment market (physical and digital), related consumer products and themed experience licensing, and interactive gaming.
- **Networks** - Our Networks segment primarily consists of our domestic and international television networks.
- **DTC** - Our DTC segment primarily consists of our premium pay-TV and streaming services.

Our segment presentation aligns with our management structure and the financial information management uses to make decisions about operating matters, such as the allocation of resources and business performance assessments. Financial information for our segments and the geographical areas in which we do business is set forth in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 23 to the consolidated financial statements included in Item 8, “Financial Statements and Supplementary Data” in this Annual Report on Form 10-K.

### *Studios*

WBD’s Studios business includes the Warner Bros. Motion Picture Group (“WBMPG”), DC Studios, Warner Bros. Television Group (“WBTVG”), Consumer Products, Themed Entertainment and Brand Licensing, DC Comics Publishing, Content Licensing, Home Entertainment, Studio Operations, and Interactive Gaming.

WBMPG is comprised of **Warner Bros. Pictures, New Line Cinema, and Warner Bros. Pictures Animation**. WBMPG partners with captivating storytellers to create filmed entertainment for a global audience.

**DC Studios**, tasked with developing properties licensed from DC Comics for film, television and animation, continues the tradition of high-quality storytelling within the DC Universe, while building a sustainable growth business out of the iconic characters.

WBTVG consists of **Warner Bros. Television**, the Company’s flagship television production unit for live-action scripted programming, as well as **Warner Bros. Unscripted Television**, which produces unscripted and alternative programming through its four production units – **Warner Horizon Unscripted Television, Telepictures, Warner Bros. International Television Production, and Shed Media**. WBTVG also includes **Warner Bros. Animation, Cartoon Network Studios, and Hanna-Barbera Studios Europe**.

Among the Studios segment's content highlights for 2023 were *Barbie*, the #1 movie of the year globally based on worldwide gross revenue, *Wonka*, *Aquaman and the Lost Kingdom*, and *The Nun II* on the film side and award-winning TV titles including *Abbott Elementary*, *Ted Lasso*, *Night Court*, *Shrinking*, *Gemdy Tartakovsky's Primal*, *The Golden Bachelor*, and *The Voice*.

Beyond its production operations, the Studios segment includes various businesses that facilitate consumer interaction with the intellectual property it creates.

**Global Consumer Products, Themed Entertainment and Brand Licensing**, and world-renowned comic and publishing powerhouse **DC Comics**, all drive opportunities for consumers to engage with WBD's leading entertainment brands and franchises.

Global distribution of most of WBD's content is handled by **Content Sales**, which provides content for viewers across streaming, cable, satellite and broadcast networks, local television stations, and airlines. **Warner Bros. Home Entertainment** oversees the global distribution of content through physical goods (Blu-ray Disc™ and DVD) and digital media in the form of electronic sell-through and video-on-demand via cable, satellite, online, and mobile channels.

The Studios segment also includes **Warner Bros. Games**, a worldwide publisher, developer, licensor, and distributor of content for the interactive space across all platforms, including console, handheld, mobile, and PC-based gaming for both internal and third-party game titles. Based on the Wizarding World of Harry Potter franchise, Warner Bros. Games launched *Hogwarts Legacy* in 2023, which became the #1 game of the year globally.

Part of the **Worldwide Studio Operations group**, Warner Bros. Studio Tour London – The Making of Harry Potter and Warner Bros. Studio Tour Hollywood attract visitors from around the world, giving fans the opportunity to get closer to the entertainment they love. In June of 2023, the Worldwide Studios Operations group opened the Warner Bros. Studio Tour Tokyo – The Making of Harry Potter, a new experience that was the first Warner Bros. Studio Tour to open in Asia.

For the year ended December 31, 2023, content and other revenues were 93% and 7%, respectively, of total revenues for this segment.

#### **Networks**

WBD's linear network operations include general entertainment, lifestyle, and news networks in the U.S., as well as a host of international media networks and global sports networks.

General entertainment networks in the U.S. include **TNT**, cable's #1 entertainment network; **TBS**, a top-rated destination for television among young adults; and **Turner Classic Movies**. WBD's other entertainment networks include **OWN**, **Discovery Channel**, **Cartoon Network**, **Adult Swim**, and **truTV** among many others.

Leading the lifestyle category are **Magnolia Network**, comprised of a collection of inspiring original series curated by Chip and Joanna Gaines featuring some of the U.S.'s most talented names in home and design, food, gardening, and the arts; **HGTV**, with relatable stories, real estate and renovation experts and home transformations; and **Food Network**, which connects viewers to the power and joy of food. Additional lifestyle networks include **Travel Channel**, **Science Channel**, **TLC**, and **Hogar de HGTV** among many others.

In 2023, **CNN**, our global news brand, launched **CNN Max** in the U.S., giving audiences the ability to access a combination of on-air CNN content and exclusive programming on WBD's streaming service, **Max**.

**WBD Sports** (rebranded in January 2024 as **TNT Sports**) is a global leader in premium sports content across multiple platforms, engaging fans in the U.S. and internationally. **TNT Sports' U.S.** sports rights include the National Basketball Association ("NBA"), Major League Baseball ("MLB"), National Collegiate Athletic Association ("NCAA"), National Hockey League ("NHL"), and United States Soccer Federation ("USFS"). **WBD Sports Europe** features Eurosport, a leading sport destination and the home of the Olympic Games in Europe, as well as the Global Cycling Network ("GCN"), and Global Mountain Bike Network ("GMBN").

**TNT Sports' owned-and-operated platforms** include *Bleacher Report*, *Eurosport.com*, *House of Highlights*, *HighlightHER*, and a full suite of digital and social brands. In 2023, WBD exited its regional sports business ("AT&T SportsNets") in the U.S.

In addition to the global networks described above, we operate networks internationally. **TVN** operates a portfolio of free-to-air and pay-TV lifestyle, entertainment, and news networks in Poland.

For the year ended December 31, 2023, distribution, advertising, content, and other revenues were 54%, 39%, 5%, and 2%, respectively, of total revenues for this segment.

## DTC

WBD's DTC business includes our streaming services, such as **Max**, **HBO Max**, and **discovery+**, and premium pay-TV services, such as **HBO**. Our streaming services are available on most mobile and connected TV devices. As of December 31, 2023, we had 97.7 million DTC subscribers<sup>1</sup>.

**HBO** is one of the most respected and innovative entertainment brands in the world, serving iconic, award-winning programming through the HBO linear channels and our DTC streaming service, **Max**.

In May 2023, WBD launched **Max**, creating a new destination for HBO Originals, Warner Bros. films, Max Originals, the DC universe, the Wizarding World of Harry Potter, CNN, an expansive offering of kids' content, and among the best programming across food, home, reality, lifestyle and documentaries from leading brands like HGTV, Food Network, Discovery Channel, TLC, ID and more. **Max** initially launched in the U.S. and will roll out in international territories, starting in Latin America and the Caribbean in the first quarter of 2024, with more markets in EMEA and APAC to follow later in the year.

**discovery+** is WBD's non-fiction, real-life subscription-based streaming service. **discovery+** features a wide range of exclusive, original series across popular passion verticals, including lifestyle and relationships; home and food; true crime; paranormal; adventure and natural history; science, tech, and the environment; and a slate of high-quality documentaries.

**Max**, **HBO Max**, and **discovery+** currently feature both ad-free and ad-lite versions.

For the year ended December 31, 2023, distribution, advertising, and content revenues are 86%, 5%, and 9%, respectively, of total revenues for this segment.

## COMPETITION

Providing content across various distribution platforms is a highly competitive business worldwide. We experience competition for the development and acquisition of content, distribution of our content, sale of commercial time on our networks and viewership. There is competition from other production studios, other television networks, and online-based content providers for the acquisition of content and creative talent such as writers, producers and directors. In addition, the composition of our competitors has evolved with the entrance of new market participants, including companies in adjacent sectors with significant financial, marketing, and other resources, greater efficiencies of scale, fewer regulatory burdens and more competitive pricing. Our ability to produce and acquire popular content is an important competitive factor for the distribution of our content, attracting viewers and the sale of advertising. Our success in securing popular content and creative talent depends on various factors such as the number of competitors providing content that targets the same genre and audience, the distribution of our content, viewership, and the production, marketing and advertising support we provide.

Our networks compete with other television networks, including broadcast, cable and local, for the distribution of our content and fees charged to cable television operators, DTH satellite service providers, and other distributors that carry our content. Our ability to secure distribution agreements is necessary to ensure the retention of our audiences. Our contractual agreements with distributors are renewed or renegotiated from time to time in the ordinary course of business. Growth in the number of networks distributed, consolidation and other market conditions in the cable and satellite distribution industry, and increased popularity of other platforms may adversely affect our ability to obtain and maintain contractual terms for the distribution of our content that are as favorable as those currently in place. The ability to secure distribution agreements is dependent upon the production, acquisition and packaging of content, viewership, the marketing and advertising support and incentives provided to distributors, the product offering across a series of networks within a region, and the prices charged for carriage.

<sup>1</sup> Direct-to-Consumer subscriber - We define a "Core DTC Subscription" as:

(i) a retail subscription to **discovery+**, **HBO**, **HBO Max**, **Max**, or a Premium Sports Product (defined below) for which we have recognized subscription revenue, whether directly or through a third party, from a direct-to-consumer platform; (ii) a wholesale subscription to **discovery+**, **HBO**, **HBO Max**, **Max**, or a Premium Sports Product for which we have recognized subscription revenue from a fixed-fee arrangement with a third party and where the individual user has activated their subscription; (iii) a wholesale subscription to **discovery+**, **HBO**, **HBO Max**, **Max**, or a Premium Sports Product for which we have recognized subscription revenue on a per subscriber basis; (iv) a retail or wholesale subscription to an independently-branded, regional product sold on a stand-alone basis that includes **discovery+**, **HBO**, **HBO Max**, **Max**, and/or a Premium Sports Product, for which we have recognized subscription revenue (as per (i)-(iii) above); and (v) users on free trials who convert to a subscription for which we have recognized subscription revenue within the first seven days of the calendar month immediately following the month in which their free trial expires.

The Company defines a "Premium Sports Product" as a strategically prioritized, sports-focused product sold on a stand-alone basis and made available directly to consumers. The current "independently-branded, regional products" referred to in (iv) above consist of TVN/Player and BluTV. We may refer to the aggregate number of DTC Subscriptions as "subscribers".

The reported number of "subscribers" included herein and the definition of "DTC Subscription" as used herein excludes: (i) individuals who subscribe to DTC products, other than **discovery+**, **HBO**, **HBO Max**, **Max**, a Premium Sports Product, and independently-branded, regional products (currently consisting of TVN/Player and BluTV) that may be offered by us or by certain joint venture partners or affiliated parties from time to time; (ii) a limited number of international **discovery+** subscribers that are part of non-strategic partnerships or short-term arrangements as may be identified by the Company from time to time; (iii) domestic and international Cinemax subscribers, and international basic HBO subscribers; and (iv) users on free trials except for those users on free trial that convert to a DTC Subscription within the first seven days of the next month as noted above.

Our networks and streaming services, which include Max, HBO Max, and discovery+, compete for the sale of advertising with other television networks, including broadcast, cable, local networks, and other content distribution outlets for their target audiences and the sale of advertising. Our success in selling advertising is a function of the size and demographics of our audiences, quantitative and qualitative characteristics of the audience of each network, the perceived quality of the network and of the particular content, the brand appeal of the network and ratings as determined by third-party research companies, prices charged for advertising and overall advertiser demand in the marketplace.

Our networks and streaming services also compete for their target audiences with all forms of content and other media provided to viewers, including broadcast, cable and local networks, streaming services, pay-per-view and video-on-demand ("VOD") services, online activities and other forms of news, information and media entertainment.

#### **INTELLECTUAL PROPERTY**

We are one of the world's leading creators, owners and distributors of intellectual property. Our intellectual property assets include copyrights in films, television programs, software, comic books and mobile apps; trademarks in names, logos and characters; patents or patent applications for inventions related to products and services; websites; and licenses of intellectual property rights of various kinds from third parties. We have made and will continue to make investments in developing technology platforms to support our digital products and streaming services, including Max, HBO Max, and discovery+, and consider these platforms to be intellectual property assets as well.

We are a global media and entertainment company and the protection of our content and brands is of primary importance. To protect our intellectual property assets, we rely upon a combination of copyright, trademark, patent, unfair competition, and internet/domain name statutes and laws, and contract provisions. However, there can be no assurance of the degree to which these measures will be successful. Moreover, effective intellectual property protection may be either unavailable or limited in certain foreign territories, and new legislative or regulatory initiatives could impact our operations.

We seek to limit unauthorized use of our intellectual property through a combination of approaches. However, the steps taken to prevent the infringement of our intellectual property by unauthorized third parties may not be effective. Piracy, which encompasses the theft of our signals, and the unauthorized use of our intellectual property in the digital environment, continues to present a threat to revenues from products and services based on our intellectual property. Piracy also includes the unauthorized use of our intellectual property on physical goods. We have a team dedicated to disrupting and curbing piracy and other forms of intellectual property infringement and use external vendors to detect and remove infringements, whether digital in nature or on physical goods. We also engage with intermediaries that facilitate piracy, leverage our membership in a range of industry groups, and initiate enforcement actions, including litigation, to address piracy issues. In general, policing unauthorized use of our products and services and related intellectual property is difficult and costly. Further, new technologies such as generative AI and their impact on our intellectual property rights remain uncertain, and development of the law in this area could impact our ability to protect against infringing uses or result in infringement claims against us.

Third parties may challenge the validity or scope of our intellectual property from time to time, and the success of any such challenges could result in the limitation or loss of intellectual property rights. Irrespective of their validity, such claims may also result in substantial costs and diversion of resources which could have an adverse effect on our operations.

#### **REGULATORY MATTERS**

Our businesses are subject to and affected by regulations of U.S. federal, state and local government authorities, and our international operations are subject to laws and regulations of the countries and international bodies, such as the E.U., in which we operate. Content networks, such as those owned by us, are regulated in certain limited respects by the Federal Communications Commission ("FCC"), including some regulations that only apply to content networks affiliated with a cable television operator. Other FCC regulations, although imposed on cable television operators and direct broadcast satellite ("DBS") operators and other distributors, affect content networks indirectly. The rules, regulations, policies and procedures affecting our businesses are constantly subject to change. These descriptions are summary in nature and describe only the most significant regulations we face; they do not purport to describe all present and proposed laws and regulations affecting our businesses.

#### **Program Access**

The Communications Act (the "Act") and the FCC's program access rules prevent a content vendor in which a cable operator has an "attributable" ownership interest from discriminating against unaffiliated multichannel video programming distributors ("MVPDs"), such as cable and DBS operators, in the rates, terms and conditions for the sale or delivery of the vendor's content networks, on the basis of the non-affiliation. These rules permit the unaffiliated MVPD to initiate a complaint to the FCC against the content vendor and content networks if it believes this rule has been violated.

#### **Program Carriage**

The Act and the FCC's program carriage rules prohibit MVPDs from favoring their affiliated content networks over unaffiliated, similarly situated content networks in the rates, terms and conditions of their carriage agreements in a manner that unreasonably restrains the ability of the unaffiliated content network to compete fairly. These rules permit the unaffiliated content network to initiate a complaint to the FCC against the MVPD if it believes these rules have been violated, but court decisions interpreting the regulations have made it difficult for us to challenge a distributor's decision to decline to carry one of our content networks or discriminate against one of our content networks.

#### **"Must-Carry"/Retransmission Consent**

The Act imposes "must-carry" regulations on cable systems, requiring them to carry the signals of most local broadcast television stations in their market if they elect mandatory carriage. DBS systems are also subject to their own must-carry rules. The FCC's implementation of "must-carry" obligations requires cable operators and DBS providers to give broadcasters preferential access to channel space and favorable channel positions. This reduces the amount of channel space that is available for carriage of our content networks by cable and DBS operators. The Act also gives certain broadcasters the choice of opting out of must-carry and invoking the right to retransmission consent, which refers to a broadcaster's right to require MVPDs, such as cable and satellite operators, to obtain the broadcaster's consent before distributing the broadcaster's signal to the MVPDs' subscribers, often at a substantial cost that reduces the content funds available for independent programmers not affiliated with broadcasters, such as us.

#### **Accessibility, Children's Advertising Restrictions, Emergency Alerts and CALM Act**

Certain of our content networks and some of our IP-delivered video content must provide closed-captioning and audio description of some of their programming and comply with other regulations designed to make our content more accessible to persons with disabilities. The U.S. Congress, the FCC, and the U.S. Department of Justice periodically consider proposals to implement additional accessibility requirements, and are considering a number of such proposals now, some of which would increase our obligations substantially. Our television programming intended primarily for children 12 years of age and under must comply with certain limits on the amount and type of permissible advertising, and certain regulations extend to our digital products when they are referenced by web address in our television programming. We may not include actual or simulated emergency alert tones or signals in our content. Commercials embedded in our networks' television content stream also must adhere to certain standards for ensuring that those commercials are not transmitted at louder volumes than our program material.

#### **Obscenity Restrictions**

MVPDs are prohibited from transmitting obscene content, and our distribution agreements generally require us to refrain from including such content on our networks.

#### **Regulation of Digital Products and Services**

We operate a variety of free, advertising-based and subscription-based digital products and streaming services providing news, information and entertainment to consumers in the U.S. and international markets via web, mobile and connected TV platforms. In some cases, those products and services are provided directly to consumers, and in other cases, they can be used and/or purchased through a third-party distributor, such as Xfinity or Hulu. Our digital products and services are subject to federal and state regulation in the U.S. relating to the privacy and security of personal information collected from our users, including laws pertaining to the acquisition of personal information from children under 16. Some examples of these laws include the federal Children's Online Privacy Protection Act (COPPA), the federal Controlling the Assault of Non-Solicited Pornography and Marketing Act, the Video Privacy Protection Act (VPPA), and the California Consumer Privacy Act ("CCPA"). Many additional U.S. state and federal regulations impose data security and data breach obligations on the Company. These laws and their public and private enforcement are continually evolving, with several comprehensive U.S. state privacy laws that took effect in 2023, or that will take effect in 2024, and many more introduced and expected to pass in the coming year, and novel litigation theories related to privacy advancing in the courts. Additional federal and state laws and regulations apply or may be adopted with respect to our digital products and services, covering such issues as data privacy and security, child safety, oversight of user-generated content, advertising, competition, pricing, content, copyrights and trademarks, access by persons with disabilities, distribution, taxation and characteristics and quality of products and services. The scope of regulation may differ depending on how these products and services are used and/or purchased. In addition, the FCC from time to time considers whether some or all digital services should be considered MVPDs and regulated as such.

### **Intellectual Property Laws and Regulations**

Our intellectual property assets are discussed under “Business – Intellectual Property” above. Our content, whether distributed over broadcast, cable, DBS, wireless, or internet-based services, or through other means, is protected under intellectual property law, including copyright, trademark, patent, unfair competition, and internet/domain name statutes and laws and license agreements. Changes to these laws and regulations could either strengthen or weaken our ability to license and protect our content and combat its theft or misuse.

### **Foreign Laws and Regulations**

The foreign jurisdictions in which our products and services are offered have, in varying degrees, laws and regulations governing our businesses, including relating to the production, monetization and distribution of content. By way of example, our digital offerings available to consumers in international jurisdictions are subject to laws and regulations relating to, without limitation, consumer protection, data privacy and security, advertising, competition, intellectual property, and content limitations.

Similar to the U.S., new laws and regulations in international jurisdictions may be adopted with respect to our intellectual property, products and services. In particular, we face increased efforts in international jurisdictions to regulate streaming services, which may constrain our offerings. Further, international laws and regulations around intellectual property could limit our ability to license and protect our content, as well as impose additional burdens on our business.

### **HUMAN CAPITAL**

As of December 31, 2023, we had approximately 35,300 employees, including full-time and part-time employees of our wholly-owned subsidiaries and consolidated ventures, with 53% located in the U.S. and 47% located outside of the U.S.

We are a talent-driven business, aiming to attract, develop, and motivate top talent throughout our company. To support these objectives, our human resources programs are designed to provide competitive, locally-relevant benefits, performance-based pay, and nonfinancial support and incentives. We also strive to enhance our culture through efforts aimed at making our workplace diverse, engaging and inclusive, and to develop our talent to prepare them for critical roles and leadership positions for the future. We also provide opportunities for our employees to make an impact in their communities through social good initiatives around the world.

Some examples of our human resources programs and initiatives are described below.

#### **Compensation**

Our compensation philosophy is to pay for performance, encourage excellence and reward employees who innovate and deliver high-quality results. Our compensation programs are designed to implement our compensation philosophy by:

- paying competitively, across salary grades and geographies;
- applying compensation policies in an internally consistent manner; and
- incentivizing our employees to deliver on our short- and long-term objectives.

#### **Benefits**

We provide an array of benefits and programs that support our employees in their personal and professional lives. Highlights include:

- local medical, dental, and vision plans in many countries around the world to support our employees with access to health care, supplementing any state-provided health care;
- on-site wellness centers in our New York, Los Angeles, Atlanta and Chiswick (London) offices, a fully-equipped fitness center in our New York, Los Angeles and Atlanta offices, and access to virtual fitness classes and wellbeing programs;
- family support programs, including on-site childcare in certain offices, childcare locator services, back-up childcare, maternity/paternity leave, adoption assistance and elder care;
- tools and resources to support the mental wellbeing of our employees and their families, including mental health counselors in our on-site wellness centers and a confidential, dedicated line for employees to contact and speak with a counselor in the event they need mental health support;



- products and services to support employees' financial wellbeing, including life, accident, and disability insurance plans, discount benefits, financial planning tools, a 401(k) savings plan in the U.S. and retirement/pension plans in over 20 countries, with competitive contributions from the Company for employees at all levels;
- offering an employee stock purchase plan, which allows certain employees globally (where legislation permits) an opportunity to buy WBD common stock at a discounted price through convenient after-tax payroll deductions with no commission charges; and
- flexible working arrangements around the globe to enable our employees to better balance work and personal commitments.

**Diversity, Equity and Inclusion (“DE&I”)**

Our DE&I objective is to promote diversity, remove barriers, and create space for all to share ideas and be heard. DE&I at WBD is overseen by our Chief Global Diversity, Equity & Inclusion Officer. We implement our DE&I initiatives and pipeline programs through our global and regional DE&I team that partners with internal and external stakeholders across our brands, business units and regions. We have established a Business and Creative Council, made up of our most senior leaders, to address and champion DE&I in our corporate and content production businesses. We seek to support our employees through the sponsorship of 16 Business Resource Groups (“BRGs”) globally, comprised of over 40 chapters. BRGs are intended to enable employees with shared pursuits, purpose, identities, and interests to lead, contribute and build community for all.

**Learning and Development**

Our Global Learning & Development (“L&D”) team provides learning opportunities for employees around the world. The L&D team uses a variety of delivery methods suitable to the content and audience, including live in-person sessions, virtual workshops, webinars, and asynchronous online learning through our global learning management platform. The L&D team also provides tuition reimbursement for eligible courses.

**AVAILABLE INFORMATION**

All of our filings with the U.S. Securities and Exchange Commission (the “SEC”), including reports on Form 10-K, Form 10-Q and Form 8-K, and all amendments to such filings are available free of charge at the investor relations section of our website, [ir.wbd.com](http://ir.wbd.com), as soon as reasonably practicable after such material is filed with, or furnished to, the SEC. Our annual report, corporate governance guidelines, code of business ethics, audit committee charter, compensation committee charter, and nominating and corporate governance committee charter are also available on our website. In addition, we will provide a printed copy of any of these documents, free of charge, upon written request to: Investor Relations, Warner Bros. Discovery, Inc., 230 Park Avenue South, New York, NY 10003. Additionally, the SEC maintains a website at [www.sec.gov](http://www.sec.gov) that contains quarterly, annual and current reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including the Company.

We also routinely post on our website news releases, announcements and other statements about our business and results of operations, some of which may contain information that may be deemed to be material to investors. Therefore, we encourage investors to monitor our website and review the information we post there. The information contained on our website is not part of this Annual Report on Form 10-K and is not incorporated by reference herein.

#### **ITEM 1A. Risk Factors.**

Investing in our securities involves risk. In addition to the other information contained in this Annual Report on Form 10-K, you should consider the following risk factors before investing in our securities. Additional risks and uncertainties not presently known to us or that we currently believe not to be material may also adversely impact our business, results of operations, financial position and cash flows.

##### **Risks Related to Our Business and Industry**

**Our businesses operate in highly competitive industries and if we are unable to compete effectively, our business, financial condition and results of operations could suffer.**

The media and entertainment industries in which we compete for viewers, distribution and advertising are highly competitive. We face increased competitive pressure for talent, content, audiences, subscribers, service providers, advertising spending and production infrastructure. We compete with a broad range of companies engaged in media, entertainment and communications services, some of whom have interests in multiple media and entertainment businesses that are often vertically integrated, all vying for consumer time, attention and discretionary spending. In addition, the composition of our competitors has evolved with the entrance of new market participants, including companies in adjacent sectors with significant financial, marketing and other resources, greater efficiencies of scale, fewer regulatory burdens and more competitive pricing. Such competitors could also have preferential access to important technologies, customer data or other competitive information. Our competitors may also consolidate or enter into business combinations or alliances that strengthen their competitive positions. Our ability to compete successfully depends on a number of factors, including our ability to consistently acquire and produce high quality content amidst a rapidly evolving competitive landscape. In addition, new technology, including generative artificial intelligence ("AI"), is evolving rapidly and our ability to compete could be adversely affected if our competitors gain an advantage by using such technologies. There can be no assurance that we will be able to compete successfully in the future against existing or new competitors, or that competition in the marketplace will not have an adverse effect on our business, financial condition or results of operations.

**Our advertising revenues have been, and may continue to be, adversely impacted by several factors, including the changing landscape of television advertising spending and advertising market conditions.**

We derive substantial revenues from the sale of advertising, and a continuing decline in advertising revenues could have a material adverse effect on our business, financial condition or results of operations.

Shifting consumer preferences toward streaming services and other digital products and the increasing number of entertainment choices has intensified audience fragmentation and reduced content viewership through traditional linear distribution models. This has changed the landscape of traditional television advertising spending, prompting advertisers to shift their strategies, and ultimately advertising spend, toward streaming services and other digital products to reach target audiences. In addition, a number of other streaming services with larger subscriber bases and greater household penetration have recently introduced ad-supported tiers. The increase of digital advertising available in the marketplace, due to both the introduction of ad-supported tiers in competing streaming services and the expansion of free ad-supported television ("FAST") products, has increased the competition we face for advertising expenditures for both our traditional linear networks and the ad-supported tiers in our streaming services, and also limited our ability to demand higher rates for our linear and digital advertising inventory or even the same rates that we previously charged for our advertising inventory prior to the surge in digital advertising. There can be no assurance that we can successfully navigate the evolving streaming and digital advertising market or that the advertising revenues we generate in that market will replace the declines in advertising revenues generated from our traditional linear business.

The advertising market is also sensitive to general economic conditions and consumer buying patterns. Financial instability or a general decline in economic conditions in the U.S. and other countries where our content is distributed could adversely affect the spending priorities of our advertising partners who might reduce their spending, which could result in a decrease in advertising rates and volume and in our overall advertising revenues. Natural and other disasters, pandemics, acts of terrorism, political uncertainty or hostilities could also lead to a reduction in domestic and international advertising expenditures, which could also have an adverse effect on our advertising revenues.

Our advertising revenues are also dependent on our ability to measure viewership and audience engagement across all platforms and in all geographic regions. Although audience measurement systems have evolved and improved to capture the viewership of programming across multiple platforms, they still do not fully capture all viewership across streaming and other digital platforms and advertisers may not be willing to pay advertising rates based on the viewership that is not being measured. In certain geographic regions, our ability to fully capture viewership information may be limited by local laws and regulations.

As further discussed in other parts of this Item 1a. Risk Factors, our ability to generate advertising revenue is also dependent on our ability to compete in highly competitive, rapidly evolving industries, our ability to respond to changes in consumer behavior and our ability to consistently achieve audience acceptance of our content and brands.

**Changes in consumer behavior, as well as evolving technologies and distribution models, may negatively affect our business, financial condition or results of operations.**

Our success depends on our ability to anticipate and adapt to changes in consumer behavior and shifting content consumption patterns. The ways in which viewers consume content, and technology and distribution models in the media and entertainment industries, continue to evolve, and new distribution platforms, as well as increased competition from new entrants and emerging technologies, have added to the complexity of maintaining predictable revenues. Technological advancements have empowered consumers to seek more control over how they consume content and have affected the options available to advertisers for reaching target audiences. This trend has impacted certain traditional distribution models, as demonstrated by industry-wide declines in cable ratings, declines in subscribers to the traditional cable bundle, the development of alternative distribution platforms for content, and reduced theatergoing.

Declines in linear television viewership are expected to continue and possibly accelerate, which could adversely affect our advertising and distribution revenues. In order to respond to this decline, changing consumer behavior, increasing preferences to watch on demand, and changes in content distribution models in the media and entertainment industries, we have invested in, developed and launched streaming services including Max, HBO Max and discovery+. We have incurred and will likely continue to incur significant costs to develop and market our streaming services, including costs related to international expansion, technological enhancements, and subscriber acquisition. There can be no assurance, however, that consumers and advertisers will embrace our offerings, that subscribers will activate or renew a subscription, particularly given the significant number of streaming services in the marketplace, or that our DTC business will be as successful or as profitable as our traditional linear television business.

The film industry has also been impacted by shifting consumer preferences and technological innovation. While restrictions on theatergoing from the COVID-19 pandemic have largely lifted, in some markets, box office performance and movie theater attendance may be slower to rebound to pre-pandemic levels due to, among other things, consumer preferences for consuming movies at home, a vast library of which is available to them through one or more streaming subscriptions, and shorter theatrical release windows. As a response to changing consumer preferences and to return theater attendance towards pre-pandemic levels, film studios such as ours can seek to invest in creating compelling films and seek to promote events in connection with feature films in order to enhance the consumer's movie theater experience. If the film industry 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.

Each distribution model has different risks and economic consequences for us, and the rapid evolution of consumer preferences may have an economic impact that is not ultimately predictable. Further, technology in the media and entertainment industries continues to evolve rapidly. For example, AI is a new technology for which the advantages and risks associated with its use in such industries are currently largely uncertain and unregulated. If we are not able to access our targeted audience with appealing category-specific content and adapt to new technologies, distribution methods, platforms and business models, we may experience a decline in viewership and ultimately a decline in the demand for our programming, which could lead to lower distribution and advertising revenues, materially and adversely affecting our business, financial condition and results of operations.

**The success of our business depends on the acceptance of our content and brands by our U.S. and international viewers, which may be unpredictable and volatile.**

The production and distribution of television programs, feature films, sports and news content are inherently risky businesses because the revenue we derive and our ability to distribute our content depend primarily on consumer tastes and preferences that often change in unpredictable ways. The appeal, success and performance of our content with consumers, as well as with third-party licensees and other distribution partners, are critical factors that can affect the revenue that we receive with respect to our content-related business. Our success depends on our ability to consistently create and acquire content that meets the changing preferences of viewers in general, in special interest groups, in specific demographic categories and in various international marketplaces. For example, generally, feature films that perform well upon initial release also have commercial success in subsequent distribution channels. Therefore, the underperformance of a feature film, especially an "event" film, upon its public release can result in lower-than-expected revenues for our business which could limit our ability to create future content. We need to invest substantial amounts in the production or acquisition and marketing of our television programs, feature films, sports and news content before we learn whether such content will reach anticipated levels of popularity with consumers. Failing to gain the level of audience acceptance we expect for our content may negatively impact our business, financial condition and results of operations.

The commercial success of our content also depends upon the quality and acceptance of competing content available in the applicable marketplace. For example, as some foreign film and filmmaking industries grow and the availability of popular local content rises, the demand from foreign audiences for American films may decrease, which could negatively impact our revenue. Other factors, including the availability of alternative forms of entertainment and leisure time activities, piracy, and our ability to develop strong brand awareness may also affect the audience demand for our content. Consequently, reduced public acceptance of our television programs, feature films, sports and news content or negative publicity regarding individuals or operations associated with our content or brands may decrease our audience share and customer/viewer reach and adversely affect our business, financial condition and results of operations.

**If our DTC products fail to attract and retain subscribers, our business, financial condition and results of operations may be adversely impacted.**

Our Max, HBO Max and discovery+ offerings are subscription-based streaming services and are among many such services in a crowded and highly competitive landscape. Their success and the success of other subscription-based streaming services we may offer in the future will be largely dependent on our ability to initially attract, and ultimately retain, subscribers. If we are unable to effectively market our DTC products or if consumers do not perceive the pricing and related features of our DTC products to be of value versus our competitors, we may not be able to attract and retain subscribers. In particular, decreases in consumer discretionary spending in the markets where our DTC products are offered may reduce our ability to attract and retain subscribers to our services, which could have a negative impact on our business. Relatedly, a decrease in viewing subscribers on our advertising-supported DTC products could also have a negative impact on the rates we are able to charge advertisers for advertising-supported services. The ability to attract and retain subscribers will also depend in part on our ability to provide compelling content choices that are differentiated from that of our competitors and that are more attractive than other sources of entertainment that consumers could choose in their free time. Furthermore, our ability to provide a quality subscriber experience and our relative service levels, may also impact our ability to attract and retain subscribers. If existing subscribers, including those who receive subscriptions through wireless and broadband bundling arrangements with third parties or through wholesale arrangements with MVPDs, cancel or discontinue their subscriptions for any reason, including as a result of selecting an alternative wireless or broadband plan that does not bundle our products, canceling or discontinuing their MVPD subscription, or due to the availability of competing offerings that are perceived to offer greater value compared to our DTC products, our business may be adversely affected. We would need to add new subscribers both to replace subscribers who cancel or discontinue their subscriptions and to grow our business. If we are unable to attract and retain subscribers and offset the losses of subscribers who cancel or discontinue their subscriptions to our DTC products, our business, financial condition and results of operations could be adversely affected.

**Failure to renew, renewal with less favorable terms, or termination of our content licenses and similar distribution agreements may cause a decline in our revenue.**

Because our content and pay-TV networks are licensed to and distributed through third parties, such as traditional television and pay-TV broadcasters (such as cable and satellite operators) and operators of digital platforms, which in turn make such content available, directly and indirectly, to consumers, we are dependent upon the maintenance of such licensing and distribution agreements with such third parties. These agreements generally provide for the scope of licensed rights, including geographic territory, exploitation rights, holdbacks and/or other restrictions, including exclusivity or non-exclusivity, window(s) of exploitation (including first and second pay-TV and free to air broadcast), for the level of carriage our networks will receive, such as channel placement and programming package inclusion (widely distributed, broader programming packages compared to lesser distributed, specialized programming packages), and for payment of a license fee to us based on a number of factors, including the scope of the rights granted, the popularity of the content (as measured in the case of films, for example, by box office performance for certain downstream exploitation) and the date of its first theatrical or pay-TV exhibition.

Our agreements generally have a limited term which varies by territory and distributor, and there can be no assurance that these agreements will be renewed in the future or that they will be renewed on terms that are favorable to us. Whether or not a distributor is willing to renew an agreement on terms that are favorable to us may be dependent upon our decision to make our content available on both our linear networks and our streaming platforms. Failure to renew an agreement prior to its expiration could lead to service blackout, which could in turn affect both our revenues and our reputation with viewers.

While the number of subscribers associated with our networks impacts our ability to generate advertising revenue (as further described elsewhere in this Item 1A), subscription-based revenue also represents a significant portion of our revenue. The license fees and other commercial terms that we receive are dependent, among other factors, on the acceptance and performance of our content with consumers. A reduction in the license fees that we receive or in the number of subscribers for which we are paid, including as a result of a loss or reduction in carriage for our networks or a reduction in distributor penetration, or as a result of changes in consumer habits, could adversely affect our distribution revenue. Such a loss or reduction in carriage could also decrease the potential audience for our programs thereby adversely affecting our advertising revenue. Changes in distribution strategy and variations on traditional theatrical distribution and other licensing models, such as shortening traditional windows, may also drive changes in the license fees that distributors and other downstream licensees in the value chain may be willing to pay for content, which may in turn negatively affect our revenue. As a result of industry consolidation, our distributors have become and may continue to become larger, and as a result have gained or could gain additional market power. Such consolidation gives these distributors leverage in negotiating their distribution agreements with us which could subject our affiliate fee revenue to reduction or discounts, which could have an adverse effect on our financial condition.

In addition, content distribution and license agreements are complex and individually negotiated. For example, some of our distribution agreements contain "most favored nation" clauses, which typically provide that if we enter into an agreement with another distributor which contains certain more favorable terms, we must offer some of those terms to our existing distributors. If we were to disagree with one of the counterparties on the interpretation of a content distribution and license agreement, it could damage our relationship with that counterparty as well as materially adversely impact our business, financial condition and results of operations.

**We invest significant resources to acquire and maintain licenses to produce sports programming and there can be no assurance that we will continue to be successful in our efforts to obtain or maintain licenses to recurring sports events or recoup our investment when the content is distributed.**

We face significant competition to acquire and maintain licenses to sports programming, which leads to significant expenditure of funds and resources. As a result of an increasing number of market entrants in the programming space, we have seen upward pressure on programming costs in recent years, particularly in connection with the licensing and acquisition of sports content from third parties. We may also be impacted by such upward pressures driven by increasing investment in programming by competitors. In certain international markets, regulations concerning content quotas or content investment requirements may be a further factor driving increasing programming costs. In addition, businesses, including ours, that offer multiple services or that may be vertically integrated and offer both video distribution and programming content, may face closer regulatory review from the competition authorities in the countries in which we currently have operations. If our distributors have to pay higher rates to other holders of sports broadcasting rights, it might be difficult for us to negotiate higher rates for the distribution of our networks. There can be no assurance that we will be able to compete successfully in the future against existing or new competitors to obtain and/or maintain licenses to recurring sports events, or that increasing competition for programming licenses and regulatory review from competition authorities will not have a material adverse effect on our business, financial condition or results of operations.

There can also be no assurance that we will recoup our investment in sports programming, including realizing any anticipated benefits of our joint ventures. The impact of these contracts on our results of operations over the term of the contracts depends on a number of factors, including the strength of advertising markets and subscription levels and rates for programming. Our success with sports programming is highly dependent on consumer acceptance of this content and the size of our viewing audience. If viewers do not find our sports programming content acceptable, we could see low viewership, which could lead to low distribution and advertising revenues and adversely affect our business, financial condition and results of operations.

**Our businesses have been, and in the future may be, subject to labor disruption.**

We and some of our suppliers and business partners retain the services of writers, directors, actors, announcers, athletes, technicians, trade employees and others involved in the development and production of our television programs, feature films and interactive entertainment (e.g., games) who are covered by collective bargaining agreements. If negotiations to renew expiring collective bargaining agreements are not successful or become unproductive, the affected unions could take, and have taken, actions such as strikes, work slowdowns or work stoppages. Strikes, work slowdowns, work stoppages, or the possibility of such actions, including the 2023 WGA and SAG-AFTRA strikes and potential future strikes by other unions involved in development and production, have resulted in, and could in the future result in, delays in the production of, or the release of, our television programs, feature films, and interactive entertainment. For example, the 2023 WGA and SAG-AFTRA strikes caused delays in the production of our television programs and feature films and in the release of certain programming. The impact of these strike-related delays and other consequences of these strikes have continued, and are expected to continue to, impact our business even after the strikes were ultimately resolved.

If the media and entertainment industries experience prolonged strikes, work slowdowns or work stoppages, we may be unable to produce, distribute or license programming, feature films, and interactive entertainment, which could result in reduced revenue and have a material adverse effect on our business, financial condition and results of operations. For example, the 2023 WGA and SAG-AFTRA strikes had a material impact on the operations and results of the Company. See the discussion under “Business – Industry Trends” that appears above. In addition, the pausing and restarting of certain productions resulted in incremental costs, delayed the completion and release of some of our content (films, television programs, and licensed programs) and could cause an impairment of our investment in film, television programs, or licensed program rights if the incremental costs are significant or we are unable to efficiently complete the production of the film, television show or program or decide to abandon the production.

We may also enter into new collective bargaining agreements or renew collective bargaining agreements on less favorable terms and incur higher costs as a result of prolonged strikes, work slowdowns, or work stoppages. Many of the collective bargaining agreements that cover individuals providing services to the Company are industry-wide agreements, and we may lack practical control over the negotiations and terms of these agreements. Union or labor disputes or player lock-outs relating to certain professional sports leagues may preclude us from producing and telecasting scheduled games or events and could negatively impact our promotional and marketing opportunities. Depending on their duration, union or labor disputes or player lock-outs could have a material adverse effect on our business, financial condition and results of operations.

**We have recognized, and could continue to recognize, impairment charges related to goodwill and other intangible assets.**

We have a significant amount of goodwill and other intangible assets on our consolidated balance sheet. In accordance with U.S. GAAP, management periodically assesses these assets to determine if they are impaired. Significant negative industry or economic trends, including the continued decline of traditional linear television viewership and linear ad revenues, disruptions to our business, inability to effectively integrate acquired businesses, underperformance of our content, unexpected significant changes or planned changes in use of the assets, including in connection with restructuring initiatives, divestitures and market capitalization declines may impair goodwill and other intangible assets. Any charges relating to such impairments could materially adversely affect our results of operations in the periods recognized.

**We rely on platforms owned by our competitors for digital and linear distribution of our content.**

We rely on platforms owned by third parties, some of which compete directly with us or have investments in competing streaming services, to make our content available to our subscribers and viewers. If these third parties do not continue to provide access to our service on their platforms or are unwilling to do so on terms acceptable to us, our business could be adversely affected. If we are not successful in maintaining existing or creating new relationships with these third parties, our ability to retain subscribers and grow our business could be adversely impacted.

**Service disruptions or the failure of communications satellites or transmitter facilities we rely upon could adversely impact our business, financial condition and results of operations.**

We rely on communications satellites and transmitter facilities and other technical infrastructure, including fiber, to transmit programming to affiliates and other distributors. Shutdowns of communications satellites and transmitter facilities or service disruptions will pose significant risks to our operations. Such disruptions may be caused by power outages, natural disasters, extreme weather, terrorist attacks, war, failures or impairments of communications satellites or on-ground uplinks or downlinks or other technical facilities and services used to transmit programming, failure of service providers to meet contractual requirements, or other similar events. If a communications satellite or other transmission means (e.g., fiber) is not able to transmit our programming, or if any material component thereof fails or becomes inoperable, we may not be able to secure an alternative communications path in a timely manner because, among other factors, there are a limited number of service providers and other means available for the transmission of programming, and any alternatives may require lead time and additional technical resources and infrastructure to implement. If such an event were to occur, there could be a disruption in the delivery of our programming, which could harm our reputation and materially adversely affect our business, financial condition and results of operations.

#### **Risks Related to Our Acquisition and Integration of the WarnerMedia Business**

**We have incurred and expect to continue to incur significant costs relating to the integration of the WarnerMedia business, and we may not realize the anticipated benefits of the Merger because of difficulties related to integration and other challenges faced by the combined Company.**

On April 8, 2022, we completed the Merger in which we acquired the business, operations and activities that constitute the WarnerMedia Business from AT&T. We incurred significant costs following the closing of the Merger, including costs relating to organization restructuring, facility consolidation activities and other contract termination costs, which costs we believe were necessary to realize the anticipated cost synergies from the Merger. Additional unanticipated costs may also be incurred in connection with the continued integration of the legacy business, operations and activities of Discovery prior to the Merger (the "Discovery Business") and the WarnerMedia Business, including due to the resources required for integration. The amount and timing of any such costs could materially adversely affect our business, financial condition and results of operations.

Prior to the Merger, the Discovery Business and the WarnerMedia Business operated independently, and while we have spent the last 23 months since the closing of the Merger on integration activities, there can be no assurances that our businesses will ultimately be combined in a manner that allows for the achievement of any or all anticipated financial, strategic or other benefits. If we are not able to successfully complete the integration of the Discovery Business and the WarnerMedia Business, the anticipated benefits of the Merger may not be realized fully, if at all, or may take longer than expected to be realized. Our integration efforts could result in a loss of key employees, loss of customers, business disruption or unexpected issues, higher than expected costs and an overall process that takes longer than originally anticipated. Specifically, the following issues, among others, must be addressed in order to realize the anticipated benefits of the Merger:

- continuing and finalizing the integration of the Discovery Business and the WarnerMedia Business in the time frame currently anticipated;
- integrating the businesses' administrative, accounting and information technology infrastructure;
- continuing to align and expand the geographic footprint of the DTC products for global customers; and
- resolving potential unknown liabilities, adverse consequences and unforeseen increased expenses associated with the integration of the Discovery Business and the WarnerMedia Business.

Even if the integration is completed successfully, the full benefits of the Merger may not be achieved within the anticipated time frame or at all. Further, following the Merger, the size and complexity of the business of the combined Company increased significantly. Our future success depends, in part, upon our ability to continue to manage this expanded business, which could pose substantial challenges for management, including challenges related to the management and monitoring of diverse, complex operations and associated increased costs. All of these factors could materially adversely affect our stock price, business, financial condition, results of operations or cash flows.

**We have been engaged in legal proceedings and disputes related to the Merger and could be subject to additional legal proceedings and disputes related to the Merger, the outcomes of which are uncertain and could negatively impact our business, financial condition and results of operations.**

In connection with the Merger, multiple putative class action lawsuits relating to the Merger were filed on behalf of stockholders of the Company against the Company and/or certain of our directors and executive officers seeking damages and other relief, and we have been engaged in other disputes arising out of definitive agreements entered into in connection with the Merger. Additional lawsuits relating to the Merger, or disputes arising out of definitive agreements entered into in connection with the Merger, could arise in the future. The outcomes of Merger-related lawsuits and disputes are uncertain and could negatively and materially impact our business, financial condition and results of operations. Even if we ultimately prevail in a lawsuit or dispute, defending against the claim or resolving the dispute could be time-consuming and costly and divert our management's attention and resources away from our business, which could negatively and materially impact our business, financial condition and results of operations.

**Risks Related to Domestic and Foreign Laws and Regulations; Other Risks Related to International Operations**

**Changes in domestic and foreign laws and regulations and other risks related to international operations could adversely impact our business, financial condition and results of operations.**

Programming services like ours, and the distributors of our services, including cable operators, satellite operators and other multi-channel video programming distributors, are regulated by U.S. federal laws and regulations issued and administered by various federal agencies, including the FCC, as well as by state and local governments, in ways that affect the daily conduct of our video content business. These obligations and regulations, among other things, require closed captioning of programming for the hearing impaired, require certain content providers to make available audio descriptions of programming for the visually impaired, limit the amount and content of commercial matter that may be shown during programming aimed primarily at an audience of children aged 12 and under, and require the identification of (or the maintenance of lists of) sponsors of political advertising. See the discussion under “Business – Regulatory Matters” that appears above. The U.S. Congress, the FCC, the Federal Trade Commission (“FTC”), U.S. state legislatures, and the courts currently have under consideration, and may adopt or interpret in the future, new laws, regulations and policies regarding a wide variety of matters that could, directly or indirectly, affect the operations of our U.S. media properties or modify the terms under which we offer our services and operate.

In addition, we distribute programming outside the U.S. As a result, our business is, and may increasingly be, subject to certain risks inherent in international business, many of which are beyond our control. These risks include:

- laws and policies affecting trade and taxes, including laws and policies relating to the repatriation of funds and withholding taxes, and changes in these laws;
- local regulatory requirements (and any changes to such requirements), including restrictions on content, censorship, imposition of local content quotas, local production levies and investment obligations, and restrictions or prohibitions on foreign ownership, outsourcing, consumer protection, targeted advertising, intellectual property and related rights, including copyright and rightsholder rights and remuneration;
- our ability to obtain the appropriate licenses and other regulatory approvals we need to distribute content in foreign countries as well as regulatory intervention on how we currently operate, including how we license and distribute content;
- differing degrees of protection for intellectual property and varying attitudes towards the piracy of intellectual property;
- foreign exchange regulations, or significant fluctuations in foreign currency value and foreign exchange rates, as further described below in this Item 1A;
- capital, currency exchange and central banking controls;
- the instability of foreign economies and governments;
- the potential for political, social, or economic unrest, terrorism, hostilities, cyber-attacks or war, including the ongoing conflicts in Europe and the Middle East;
- anti-corruption laws and regulations such as the Foreign Corrupt Practices Act and the U.K. Bribery Act that impose stringent requirements on how we conduct our foreign operations and changes in these laws and regulations;
- sanction laws and regulations such as those administered by the Office of Foreign Assets Control that restrict our dealings with certain sanctioned countries, territories, individuals and entities; these laws and regulations are complex, frequently changing, and increasing in number, and may impose additional prohibitions or compliance obligations on our dealings in certain countries and territories, including sanctions imposed on Russia and certain Ukrainian territories as well as sanctions imposed on China;
- challenges implementing effective controls to monitor business activities across our expanded international operations;
- foreign privacy and data protection laws and regulations and changes in these laws and regulations; and
- shifting consumer preferences regarding the viewing of video programming and consumption of entertainment content overall.

Events or developments related to these and other risks associated with international trade could adversely affect our revenues from non-U.S. sources as well as our costs, which could have a material adverse effect on our business, financial condition and results of operations. Furthermore, some foreign markets where we and our partners operate may be more adversely affected by current economic conditions than the U.S. We also may incur substantial expense as a result of changes, including the imposition of new restrictions, in the existing regulatory, economic or political environment in the regions where we do business.



This is of particular concern in Poland, where we own and operate TVN, a portfolio of free-to-air and pay-TV lifestyle, entertainment, and news networks, which faces legislative and regulatory risk. In the past, said risk has manifested itself in draft legislation, now abandoned, which would have precluded non-EEA ownership of Polish national broadcasters, and in delays in renewing broadcast licenses. Such regulatory pressure on TVN and/or similar developments could, directly or indirectly, affect the future operations of our Polish media properties and/or modify the terms under which we offer our services and operate in that market in the future.

The evolving regulatory environment in international markets may also impact strategy, costs and results of operations, including with respect to local programming levies and investment obligations, satisfaction of local content quotas, access to local production incentive schemes, and direct and indirect digital taxes or levies on internet-based programming services.

**We are subject to domestic and international privacy and data protection laws, which impact our ability to collect, manage, and use personal information. Our efforts to comply with such laws, which are continually evolving, could impose costly obligations on us and generate additional regulatory and litigation risk.**

We are subject to domestic and international laws associated with the acquisition, storage, disclosure, use and protection of personal data, including under the E.U. General Data Protection Regulation, several U.S. federal and state privacy laws, including, but not limited to, the CCPA, and many other international laws and regulations. These laws and regulations are continually evolving and many more U.S. state and federal laws and international laws may pass this year and over the next few years. See the discussion above in "Business – Regulatory Matters". These evolving privacy, security, and data protection laws may require us to expend significant resources to implement additional data protection measures, and our actual or alleged failure to comply with such laws could result in legal claims, regulatory enforcement actions and significant fines and penalties.

**Environmental, social and governance laws and regulations may adversely impact our businesses.**

U.S. state and federal regulators, international regulators, investors, consumers and other stakeholders are increasingly focused on environmental, social, and governance considerations. For example, new domestic and international laws and regulations relating to environmental, social and governance matters, including environmental sustainability and climate change, human capital management, and cybersecurity, are under consideration or have been adopted. Many such laws, including new greenhouse gas emission regulations that have already been adopted in the State of California and in the European Union and have been proposed in other jurisdictions, include specific, quantitative disclosures regarding our global operations, both upstream and downstream. These increased disclosure obligations have required and may continue to require us to implement new practices and reporting processes, and have created and may continue to create additional compliance risk. They may also result in increased costs relating to tracking, reporting and compliance.

Additionally, we have adopted several initiatives and programs focused on environmental, social and governance issues, which may not achieve their intended outcomes. If we are unable to meet our enterprise objectives, or live up to evolving stakeholder expectations and industry standards for environmental, social and governance issues, or if we are perceived by consumers, stockholders or employees to have not responded appropriately with respect to these issues, our reputation, and therefore our ability to sell our products and services, could be negatively impacted. If, as a result of their assessment of our performance on environmental, social, and governance matters, certain investors are unsatisfied with our actions or progress, they may reconsider their investment in our Company. Providers of debt and equity financing may also consider our performance in these areas and the ratings of external firms (which we have limited ability to influence) in their decisions involving our Company, which could impact our cost of capital and adversely affect our business.

**Foreign exchange rate fluctuations may adversely affect our operating results and financial conditions.**

We have significant operations in a number of foreign jurisdictions and certain of our operations are conducted and certain of our debt obligations are denominated in foreign currencies. The value of these foreign currencies fluctuates relative to the U.S. dollar. As a result, we have exposure to foreign currency risk as we enter into transactions and make investments denominated in multiple currencies. Adverse business performance and financial results from unforeseen changes in foreign currency exchange rates could increase our cost of borrowing or make it more difficult for us to obtain future financing, which could materially adversely affect our operating results and financial conditions. We manage our exposure to foreign currency risk by entering into derivative instruments with counterparty banks, which exposes us to counterparty credit risk.

Our consolidated financial statements are denominated in U.S. dollars, and to prepare those financial statements we must translate the amounts of the assets, liabilities, net sales, other revenues and expenses of our operations outside of the U.S. from local currencies into U.S. dollars using exchange rates for the current period. This exposure to exchange rate fluctuations could have an adverse effect on our reported results of operations and net asset balances.

**Increasing complexity of global tax policy and regulations could increase our tax liability and adversely impact our business and results of operations.**

We continue to face the increasing complexity of operating a global business, and we are subject to ever-changing tax policy and regulations around the world. Many foreign jurisdictions are contemplating additional taxes and/or levies on over-the-top services, as well as on media advertising. Other changes in tax laws and the interpretations thereof could have a material impact on our tax liability. In addition, many foreign jurisdictions have increased scrutiny and have either changed, or plan to change, their international tax systems due to the Organisation for Economic Co-operation and Development's Base Erosion and Profit Shifting recommendations. These recommendations include, among other things, profit reallocation rules and a 15% global minimum corporate income tax rate. Certain countries in which we operate have adopted legislation, and other countries are expected to introduce legislation, to implement these recommendations. The application of this legislation is evolving, and we continue to assess the potential impact on our future tax liability.

Additional complexity has also arisen with respect to state aid; i.e., state resources used to provide recipients an advantage on a selective basis that has or could distort competition and affect trade between European member states. In recent years the European Commission has increased their scrutiny of state aid and has deviated from historical E.U. state aid practices. We receive material amounts of financial incentives for conducting our content production activities in various jurisdictions that offer such incentives. If the E.U. were to restrict our ability to receive these incentives, such restrictions could have a material impact on our results of operations.

**Risks Related to Our Financial, Capital and Corporate Structure**

**Forecasting our financial results requires us to make judgements and estimates which may differ materially from actual results.**

Given the dynamic nature of our business, the current uncertain economic climate and the inherent limitations in predicting the future, forecasts of our revenues, adjusted earnings before interest, taxes, depreciation, and amortization (as defined in Note 23 to the accompanying consolidated financial statements, "Adjusted EBITDA"), free cash flow and subscriber growth, and other financial and operating data, may differ materially from actual results, including as a result of events outside of our control and other risks and uncertainties described herein. Such discrepancies could cause a decline in the trading price of our common stock.

**We have a significant amount of debt and may incur significant amounts of additional debt, which could adversely affect our financial health and our ability to react to changes in our business and our ability to incur debt, and the use of our funds could be limited by the restrictive covenants in the agreements governing our revolving credit facility and senior notes.**

Our consolidated indebtedness as of December 31, 2023 was \$41,889 million, of which \$1,780 million is current. In addition, we have the ability to draw down on a \$6.0 billion revolving credit facility in the ordinary course, which would have the effect of further increasing our debt to the extent drawn. We are also permitted, subject to certain restrictions under our existing debt agreements, to obtain additional long-term debt and working capital lines of credit to meet future financing needs. This would have the effect of further increasing our leverage ratio.

Our loan agreements contain restrictive covenants, as well as requirements to comply with certain leverage ratio and other financial maintenance tests. These covenants and requirements could limit our ability to take various actions, including incurring additional debt, guaranteeing indebtedness and engaging in various types of transactions, including mergers, acquisitions and sales of assets, or to take advantage of other opportunities, which could have an adverse effect on our business.

In addition, as a result of our significant indebtedness, our corporate or debt-specific credit rating could be downgraded, which may increase our borrowing costs or subject us to even more restrictive covenants when we incur new debt in the future, which could reduce profitability and diminish operational flexibility.

If we are unable to effectively reduce and sustain our leverage ratio, it could have significant negative consequences on our financial condition and results of operations, including:

- impairing our ability to meet one or more of the financial ratio covenants contained in our revolving credit facility or to generate cash sufficient to pay the interest or principal, which could result in an acceleration of some or all of our outstanding debt in the event that an uncured default occurs;
- increasing our vulnerability to adverse economic and market conditions;
- limiting our ability to obtain additional debt or equity financing;
- requiring the dedication of a substantial portion of our cash flow from operations to service our debt, thereby reducing the amount of cash flow available for other purposes such as capital expenditures, investments, share repurchases, and mergers and acquisitions;

- requiring us to sell debt or equity securities or to sell some of our core assets, possibly on unfavorable terms, to meet payment obligations;
- limiting our flexibility in planning for, or reacting to, changes in our business and the markets in which we compete; and
- placing us at a possible competitive disadvantage with less leveraged competitors and competitors that may have better access to capital resources.

**We could be unable to obtain cash in amounts sufficient to meet our financial obligations or other commitments.**

Our ability to meet our financial obligations and other contractual commitments will depend upon our ability to access cash. We are a holding company, and our sources of cash include our available cash balances, net cash from the operating activities of our subsidiaries, any dividends and interest we may receive from our investments, availability under our credit facilities or any credit facilities that we may obtain in the future and proceeds from any asset sales we may undertake in the future. The ability of our subsidiaries, including WarnerMedia Holdings, Inc., Scripps Networks Interactive, Inc., and Discovery Communications, LLC to pay dividends or to make other payments or advances to us will depend on their individual operating results and any statutory, regulatory or contractual restrictions, including restrictions under our credit facilities, to which they may be or may become subject. Under the 2017 Tax Cuts and Jobs Act, we were subject to U.S. taxes for the deemed repatriation of certain cash balances held by foreign corporations. The Company intends to continue to permanently reinvest these funds outside of the U.S., and current plans do not demonstrate a need to repatriate them to fund our U.S. operations.

**Certain of our businesses are conducted through joint ventures or partnerships with one or more third parties, in which we share ownership, management and profits of the business operation to varying degrees.**

Certain of our businesses are conducted through joint ventures or partnerships with one or more third parties, where we have varying degrees of ownership and influence. From time to time, we may disagree with our joint venture partners on the strategy or management of a joint venture business but may be constrained in our ability to make decisions unilaterally as a result of legal or contractual obligations to our joint venture partners, which could adversely affect our business, financial condition and results of operations. In addition, we believe our relationship with our third-party partners is an important factor in the success of any joint venture or partnership. If a partner changes, our relationship may be adversely affected and we may not realize the anticipated benefits from such joint venture or partnership.

**We have directors that are also related persons of Advance/Newhouse Programming Partnership (“Advance/Newhouse”) and that overlap with those of Liberty Media Corporation (“Liberty Media”), Liberty Global plc (“Liberty Global”), Qurate Retail Group f/k/a Liberty Interactive Corporation (“Qurate Retail”), Liberty Broadband Corporation (“Liberty Broadband”), and Liberty Latin America Ltd (“LLA”), which may lead to conflicting interests for those directors or result in the diversion of business opportunities or other potential conflicts.**

Advance/Newhouse owns shares representing approximately 8% of our outstanding common stock. Our board of directors includes Steven A. Miron, the Chief Executive Officer of Advance/Newhouse and Steven O. Newhouse, Co-President of Advance Publications, Inc., which holds interests in Advance/Newhouse and Charter Communications, Inc. (“Charter”). Pursuant to a consent agreement entered into between Advance/Newhouse and the Company in connection with the Merger, the Company designated Mr. Miron and Mr. Newhouse to our board of directors with terms ending in 2025. Mr. Miron is also a member of the board of directors of Charter, of which Liberty Broadband and Advance Publications, Inc. own equity interests.

In addition, Dr. John C. Malone, chairman of Liberty Media, Liberty Global and Liberty Broadband and member of the board of directors of Qurate Retail, serves on our board of directors. Our board of directors also currently includes one other person who is currently a member of the board of directors of Liberty Global, and a member of the board of directors of LLA. The respective parent companies of Advance/Newhouse and of Liberty Media, Liberty Global, Qurate Retail, Liberty Broadband, and LLA (together, the “Liberty Entities”) own interests in various U.S. and international media, communications and entertainment companies, such as Charter, that have subsidiaries that own or operate domestic or foreign content services that may compete with the content services we offer. We have no rights in respect of U.S. or international content opportunities developed by or presented to the subsidiaries of any Liberty Entities, and the pursuit of these opportunities by such subsidiaries may adversely affect our interests and those of our stockholders.

None of the Liberty Entities own any interest in us. Dr. Malone beneficially owns: shares of Liberty Media representing approximately 48% of the aggregate voting power of its outstanding stock, shares representing approximately 30% of the aggregate voting power of Liberty Global, shares representing approximately 6% of the aggregate voting power of Qurate Retail, shares representing approximately 48% of the aggregate voting power of Liberty Broadband and shares representing less than 1% of our outstanding common stock. Our other directors who are also directors of the Liberty Entities hold stock and stock-based compensation in the Liberty Entities and hold our stock and stock-based compensation.

These ownership interests and/or business positions could create conflicts of interest or the appearance of conflicts of interest when these individuals are faced with decisions that could have different implications for us, Advance/Newhouse and/or the Liberty Entities. For example, there may be the potential for a conflict of interest when we, on the one hand, or Advance/Newhouse and/or one or more of the Liberty Entities, on the other hand, consider acquisitions and other corporate opportunities that may be suitable for the other.

The members of our board of directors have fiduciary duties to us and our stockholders. Likewise, those persons who serve in similar capacities at Advance/Newhouse or a Liberty Entity have fiduciary duties to those companies. Therefore, such persons may have conflicts of interest or the appearance of conflicts of interest with respect to matters involving or affecting both respective companies, and there can be no assurance that the terms of any transactions will be as favorable to us or our subsidiaries as would be the case in the absence of a conflict of interest.

**It may be difficult for a third party to acquire us, even if such acquisition would be beneficial to our stockholders.**

In connection with the Merger, we agreed with AT&T that for a two-year period following the Merger, we would not, among other things and subject to certain exceptions, enter into any transaction or series of transactions as a result of which one or more persons would acquire an amount of stock of our Company that, when combined with certain other changes in ownership of our stock (including the Merger), would equal or exceed 45% of the outstanding stock of our Company. Further, certain provisions of our charter and bylaws may discourage, delay or prevent a change in control that a stockholder may consider favorable. These provisions include the following:

- authorizing the issuance of “blank check” preferred stock without stockholder approval, which could be issued by our board of directors to increase the number of outstanding shares and thwart a takeover attempt;
- classifying our board of directors with staggered three-year terms until the election of directors at our 2025 annual meeting of stockholders, which may lengthen the time required to gain control of our board of directors;
- limiting who may call special meetings of stockholders;
- prohibiting stockholder action by written consent, thereby requiring stockholder action to be taken at a meeting of the stockholders;
- establishing advance notice requirements for nominations of candidates for election to our board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings;
- the existence of authorized and unissued stock which would allow our board of directors to issue shares to persons friendly to current management, thereby protecting the continuity of our management, or which could be used to dilute the stock ownership of persons seeking to obtain control of us.

In addition, under our charter, we have not opted out of the protections of Section 203 of the Delaware General Corporation Law (the “DGCL”), and we are therefore governed by Section 203. Accordingly, it is expected that Section 203 will have an anti-takeover effect with respect to transactions that our board of directors does not approve in advance and that Section 203 may discourage takeover attempts that might result in a premium over the market price of WBD capital stock.

These provisions are intended to protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our board of directors and by providing our board of directors with more time to assess any acquisition proposal. These provisions are not intended to make us immune from takeovers. As noted above, these provisions apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our board of directors determines is not in our best interests and the best interests of our stockholders. Accordingly, if our board of directors determines that a potential business combination transaction is not in our best interests and the best interests of our stockholders, but certain stockholders believe that such a transaction would be beneficial to us and our stockholders, such stockholders may elect to sell their shares in WBD and the market price of WBD common stock could decrease.

**If Advance/Newhouse were to sell its shares following the exercise of its registration rights, it may cause a significant decline in our stock price, even if our business is doing well.**

Advance/Newhouse and Advance Newhouse Partnership (“ANP”) have been granted registration rights covering all of the shares of common stock now held or hereafter acquired by them. Subject to certain limitations and restrictions, including customary “blackout periods”, Advance/Newhouse and ANP have the right to assign any or all of their registration rights to their affiliates and successors, as well as a specified family foundation. The shares held by Advance/Newhouse and ANP are registered for resale pursuant to our registration statement on Form S-3 filed April 22, 2022. Any future exercise of registration rights or sale of large amounts of our common stock in the public market could materially and adversely affect the market price of our common stock.

## **General Risks**

**We face cybersecurity and similar risks, which could result in the disclosure of confidential information, disruption of our programming services, damage to our brands and reputation, legal exposure and financial losses.**

We and our partners rely on various technology systems in connection with the production, distribution and broadcast of our programming, and our online, mobile and app offerings, as well as our internal systems, involve the storage and transmission of personal and proprietary information. In the ordinary course of our business, cyber criminals and other malicious actors consistently target us and our service providers. Our systems and our service providers' systems have been breached in the past due to cybersecurity attacks. These systems may continue to be breached in the future due to employee error or misconduct, system vulnerabilities, malicious code, hacking and phishing attacks, or otherwise. The risk of cyberattacks may continue to increase as technologies evolve and cyber criminals conduct their attacks using more sophisticated methods, including those which use AI. The risk of cyberattacks has also increased and is expected to continue to increase in connection with geopolitical events and dynamics, including ongoing conflicts in Europe and the Middle East and tensions with Russia, China, North Korea, Iran and other states. State-sponsored parties or their supporters may launch retaliatory cyberattacks, and may attempt to cause supply chain disruptions, or carry out other geopolitically motivated retaliatory actions that may adversely disrupt or degrade our operations and may result in data compromise. Cybersecurity threats originate from a wide variety of sources/malicious actors, including, but not limited to, persons who constitute an insider threat, who are involved with organized crime, or who may be linked to terrorist organizations or hostile foreign governments. Those same parties may also attempt to fraudulently induce employees, customers, or other users of our systems to disclose sensitive information in order to gain access to our data systems or that of our service providers, customers or clients through social engineering, phishing, mobile phone malware, account takeovers, SIM card swapping, or similar methods.

We have implemented processes, strategies and incident response plans designed to identify, assess and manage cyber risks and information security vulnerabilities (as further described in Item 1C. Cybersecurity). However, our procedures may not be sufficient to adequately mitigate the negative impacts of a cyber breach or adverse event. If our or our service providers' information security systems or data are compromised, such compromises could result in a disruption of services or a reduction of the revenues we are able to generate from such services, damage to our brands and reputation, a loss of confidence in the security of our offerings and services, and significant legal, regulatory and financial exposure, each of which could potentially have an adverse effect on our business.

**Theft of our intellectual property and unauthorized duplication, distribution and exhibitions of our intellectual property may decrease revenues and adversely affect our business, financial condition, and results of operations.**

The success of our business depends in part on effective and deterrent laws efficiently implemented by law enforcement to enable our ability to maintain and enforce the intellectual property rights underlying our content and brands. We are a global media and entertainment company, and piracy or other infringement of our intellectual property (including digital content, feature films, television programming, gaming, and other content), brands and other intellectual property has the potential to materially adversely affect us. Piracy is particularly prevalent in parts of the world that do not effectively enforce intellectual property rights and laws. Even in territories like the U.S. that have stronger intellectual property laws, legal frameworks that are unresponsive to modern realities, combined with the lack of effective technological prevention and enforcement measures, may impede our enforcement efforts. Our enforcement activities depend in part on third parties, including technology and platform providers, whose cooperation and effectiveness cannot be assured to any degree. In addition, technological advances that allow the almost instantaneous unauthorized copying and downloading of content into digital formats without any degradation of quality from the original facilitate the rapid creation, transmission, and sharing of high-quality unauthorized copies. This is also true for broadcast signals, which can be retransmitted without any degradation of quality from the original via unauthorized services. Unauthorized distribution of copyrighted material over the internet is a threat to copyright owners' ability to maintain the exclusive control over their copyrighted material and thus the value of their property. The proliferation of unauthorized use of our content may have a material adverse effect on our business and profitability. For example, it may reduce the revenue that we potentially could receive from the legitimate sale and distribution of our content. We may also need to spend significant amounts of money on improvement of technological platform security and enforcement activities, including litigation, to protect our intellectual property rights. Further, new technologies such as generative AI and their impact on our intellectual property rights remain uncertain, and development of the law in this area could impact our ability to protect against infringing uses or result in infringement claims against us.

Any impairment of our intellectual property rights, including due to changes in U.S. or foreign laws, the absence of effective legal protections or enforcement measures, or the inability to negotiate license or distribution agreements with third parties, could materially adversely impact our business, financial condition, and results of operations. As a global company, we are subject to laws in the U.S. and abroad, as well as trade agreements which may limit our ability to exploit our intellectual property. For example, in certain countries, including China, laws and regulations limit the number of foreign films exhibited in such countries in a calendar year.

From time to time, third parties may also challenge the validity or scope of our intellectual property and may assert infringement claims against us, and the success of any such challenges could result in the limitation or loss of intellectual property rights. Irrespective of their validity, such claims may result in substantial costs and diversion of resources which could have an adverse effect on our operations.

**Our success depends on attracting, developing, motivating and retaining key employees and creative talent within our business. Significant shortfalls in recruitment or retention, or failure to adequately motivate or compensate employees or creative talent, could adversely affect our ability to compete and achieve our strategic goals.**

Attracting, developing, motivating and retaining talented employees are essential to the successful delivery of our products and services and success in the marketplace. Our business depends upon the continued efforts, abilities and expertise of our corporate and divisional executive teams and entertainment personalities, and the ability to attract and retain these talented employees and personalities is critical in the development and delivery of products and services, which is an integral component of our growth strategy. Competition for employees and personalities can be intense and if we are unable to successfully integrate, motivate and reward our current employees, we may not be able to retain them. If we are unable to retain these employees or attract new employees in the future, our ability to effectively compete with our competitors and to grow our business could be materially adversely affected. Additionally, following the Merger, we have undertaken a number of restructuring and transformation initiatives, including headcount reduction. This headcount reduction and other restructuring initiatives could disrupt our operations, adversely impact employee morale and our reputation as an employer, which could make it more difficult for us to retain existing employees and hire new employees in the future, distract management and harm our business overall.

In addition, we employ or contract with talent who may have loyal audiences. These individuals are important to audience endorsement of our programs and other content. There can be no assurance that these individuals will remain with us or retain their current audiences. If we fail to retain or attract key individuals or if our talent loses their current audience base or suffer negative publicity, our business, financial condition and results of operations could be materially adversely affected.

**Global economic conditions and other global events may have an adverse effect on our business.**

Our business is significantly affected by prevailing economic conditions and levels of consumer discretionary spending. A downturn in global economic conditions may negatively affect our current and potential customers, particularly advertisers whose expenditures are sensitive to general economic conditions, vendors and others with whom we do business and their ability to satisfy their obligations to us. In addition, inflationary conditions or an increase in price levels generally increases our content production costs and other costs of doing business, which could negatively affect our profitability. Further, a high interest rate environment, whether arising out of a policy response to inflationary conditions or otherwise, increases the costs of our securitization portfolio, which may also negatively affect our results of operations.

Decreases in consumer discretionary spending in the U.S. and other countries where our content is distributed may cause a decrease in cable television subscriptions, subscriptions to our DTC products, or movie theater attendance to view our feature films, among others, all of which may negatively affect our revenues and results of operations.

In addition, our business and operations has been, and in the future could be, disrupted or impacted by other global events, including political, social, or economic unrest, terrorism, hostilities, natural disasters such as earthquakes, or pandemics. For example, the COVID-19 pandemic had numerous effects on our business including a decrease in advertising revenues, a postponement of significant live events, and reduced movie theater attendance. Other global events in the future could disrupt our business and operations in unpredictable ways.

**The market price of our common stock has been highly volatile and may continue to be volatile due, in part, to circumstances beyond our control.**

The market price of our common stock has fluctuated, and may continue to fluctuate, due to many factors, some of which may be beyond our control. These factors include, without limitation:

- actual or anticipated variations in our financial and operating results;
- changes in our estimates, guidance or business plans;
- variations between our actual results and expectations of securities analysts, or changes in financial estimates and recommendations by securities analysts;
- market sentiment about our industry in general or our business in particular, including our level of debt, our leverage ratio, and our ability to effectively compete in the categories and industries in which we operate;
- the activities, operating results or stock price of our competitors, or other industry participants;
- spending on domestic and foreign television and digital advertising;

- the announcement or completion of significant transactions by us or a competitor;
- overall general market fluctuations and other events affecting the stock market generally; and
- the economic and political conditions in the U.S. and internationally, as well as other factors described in this Item 1A.

Some of these factors may adversely impact the price of our common stock, regardless of our operating performance. Further, volatility in the price of our common stock may negatively impact our business, including by limiting our financing options for acquisitions and other business expansion.

**Strategic transactions and acquisitions present many risks and we may not realize the financial and strategic goals that were contemplated at the time of any transaction.**

From time to time we may enter into strategic transactions, make investments or make acquisitions, such as the Merger. Our success may depend on opportunities to buy other businesses or technologies that could complement, enhance or expand our current business or products or that might otherwise offer us growth opportunities. Such transactions may result in dilutive issuances of our equity securities, use of our cash resources, and incurrence of significant debt and amortization expenses related to intangible assets. We may also incur unanticipated expenses, fail to realize anticipated benefits, have difficulty integrating the acquired businesses, disrupt relationships with current and new employees, subscribers, affiliates and vendors, or have to delay or not proceed with announced transactions.

Additionally, regulatory agencies, such as the FCC or U.S. Department of Justice, may impose additional restrictions on the operation of our business as a result of our seeking regulatory approvals for any strategic transactions and significant acquisitions. The occurrence of any of these events could have an adverse effect on our business.

**Our participation in multiemployer defined benefit pension plans could subject us to liabilities that could adversely affect our business, financial condition and results of operations.**

We contribute to various multiemployer defined benefit pension plans (the "multiemployer plans") under the terms of collective bargaining agreements that cover certain of our union-represented employees which could subject us to liabilities in certain circumstances. The amount of funds we may be obligated to contribute to multiemployer plans in the future cannot be estimated, as these amounts are based on future levels of work of the union-represented employees covered by the multiemployer plans, investment returns and the funding status of such plans. As of December 31, 2023, we were an employer that provided more than 5% of total contributions to certain of the multiemployer plans in which we participate. If we choose to stop participating or substantially reduce participation in certain of these plans, we may be subject to a withdrawal liability. In addition, actions taken by any other participating employer that lead to a deterioration of the financial health of a multiemployer plan may result in the unfunded obligations of the multiemployer plan being borne by its remaining participating employers, including us. To the extent a multiemployer plan is underfunded or in endangered, seriously endangered or critical status, additional required contributions and benefit reductions may apply. We currently contribute to multiemployer plans that are underfunded, and, as such, under federal law we may be subject to substantial liabilities in the event of a complete or partial withdrawal from, or a voluntary or involuntary withdrawal from, or termination of, such plans. There can be no assurance that we will not be subject to liabilities in the future due to the foregoing or other circumstances that may arise in connection with these plans or that we can adequately mitigate these costs, any of which could materially adversely affect our business, financial condition and results of operations.

**Our business, financial condition and results of operations may be negatively impacted by the outcome of uncertainties related to litigation.**

From time to time, we may be involved in a number of legal claims, regulatory investigations, litigation actions (asserted individually and/or on behalf of a class), and arbitration proceedings. We may be subject to a number of lawsuits both in the U.S. and in foreign countries, including, at any particular time, claims relating to antitrust, intellectual property, employment, wage and hour, consumer privacy, regulatory and tax proceedings, contractual and commercial disputes, and the production, distribution, and licensing of our content. We may also spend substantial resources complying with various government standards, which may entail related investigations and litigation. We may incur significant expenses defending such suits or government charges and may be required to pay amounts or otherwise change our operations in ways that could materially adversely affect our business, financial condition and results of operations. This could result in an increase in our cost for defense or settlement of claims or indemnification obligations if we were to be found liable in excess of our historical experience. Even if we believe a claim is without merit, and/or we ultimately prevail, defending against the claim could be time-consuming and costly and divert our management's attention and resources away from our business.

In addition, our insurance may not be adequate to protect us from all significant expenses related to pending and future claims and our current levels of insurance may not be available in the future at commercially reasonable prices. Any of these factors could adversely affect our business, financial condition and results of operations.

**ITEM 1B. Unresolved Staff Comments.**

None.

**ITEM 1C. Cybersecurity.**

We have a cybersecurity program to assess and manage risks to the confidentiality, integrity, and availability of our data, networks and technology assets across WBD. Our Chief Information Security Officer ("CISO") is responsible for cybersecurity risk oversight and oversees a global organization whose responsibilities include proactively managing and monitoring information and content security, cybersecurity risk, and processes to enable secure and resilient access to, and use of, WBD products and services. Since the closing of the Merger in 2022, we have continued to strengthen and enhance our cybersecurity program and integrate it into our overall risk management processes.

***Risk Management and Strategy***

We have a cybersecurity risk management strategy for safeguarding our digital assets that includes both technical and non-technical cybersecurity controls. Our multi-layered technical defense involves a series of protective measures across various levels of our technology environment. This includes fortifying our network perimeter through intrusion detection and prevention systems, securing individual devices with antivirus solutions and endpoint detection, implementing network security measures, and ensuring the resilience of applications. In addition to these technical security solutions, we also leverage non-technical methods, such as promoting a cybersecurity-conscious culture throughout WBD which includes mandatory annual cybersecurity training for all employees, a regular cadence of cybersecurity messaging to our employees, and frequent phishing simulations. Further, we engage independent third parties to conduct annual internal and external penetration testing and independent assessments of our cybersecurity risk management practices using the National Institute of Standards and Technology's cybersecurity framework and other leading industry practices as guidelines. We also engage an independent third party to conduct a biennial cybersecurity maturity assessment to evaluate the maturity of our entire cybersecurity program.

We also invest in cybersecurity incident detection and response. Our Cybersecurity Operations Center provides continuous threat monitoring and anomaly detection that is intended to prevent or minimize damage from a cybersecurity attack. We have a Cybersecurity Incident Response Plan that establishes procedures, roles, responsibilities, and communication protocols for WBD executive management and technical staff in the event of a cybersecurity incident. We test the efficacy of the Cybersecurity Incident Response Plan and assess our response capabilities by conducting annual tabletop exercises that simulate cybersecurity threat scenarios.

We have ongoing processes to identify and assess cybersecurity risks associated with current and prospective third-party service providers. These processes include a vendor cybersecurity compliance assessment at the time of onboarding, contract renewal and/or as needed in the event of a cybersecurity incident affecting such third-party vendor. In addition, we require our providers to meet appropriate security requirements, controls and responsibilities and notify us in the event of a cybersecurity incident that impacts us.

We have established cybersecurity information sharing and collaboration practices with both government agencies and industry partners, which we believe enhances our overall cybersecurity resilience.

***Governance***

We have established a cybersecurity governance structure to engage appropriate stakeholders. Our CISO is informed about and monitors our prevention, detection, mitigation and remediation efforts related to cyber threats through regular communication and reporting from our information security team. Our Chief Financial Officer, our Chief Legal Officer, our Chief Audit and Risk Officer and our Chief Information Officer also have input and involvement in our cybersecurity program. Our Board of Directors has an active role, as a whole and at the committee level, in overseeing the Company's overall risk management, including cybersecurity risks. Our Board of Directors has delegated responsibility for cybersecurity and information technology risks to our Audit Committee and is regularly informed about such risks through committee reports and other presentations. Our Audit Committee regularly reviews and discusses our cybersecurity risks and is updated by our CISO on how we identify, assess and mitigate those risks. Our Audit Committee receives quarterly updates from our CISO on our cybersecurity risk posture, the status of projects to strengthen and enhance our cybersecurity program, the evolving threat landscape, and cybersecurity incident reports and learnings. The Audit Committee also periodically devotes additional meeting time, as needed, to in-depth discussions on a particularly relevant cybersecurity topic or to education on developments in the realm of cybersecurity. In addition to the quarterly incident reports, cybersecurity incidents meeting pre-determined criteria are reported to the Audit Committee outside of regularly scheduled quarterly updates and to WBD executive management as needed. See Item 1A, "Risk Factors" for details on the risks from cybersecurity threats that we face.



Our CISO has over 30 years of expertise in global digital and information security, cybersecurity risk management, data privacy and compliance across diverse industries including media and entertainment, biotechnology, pharmaceuticals, financial services, and government defense sectors and holds multiple industry-recognized certifications including, among others, a Certificate of Cybersecurity Oversight from the National Association of Corporate Directors and a Certified Information Systems Security Professional certification.

**ITEM 2. Properties.**

The Company's headquarters are located in New York City at 230 Park Ave. South. The Company owns and leases approximately 23 million square feet of offices; studios; technical, production and warehouse spaces; and other properties in numerous locations in the U.S. and around the world for its businesses. Each property is considered to be in good condition, adequate for its purpose, and suitably utilized according to the individual nature and requirements of the relevant operations housed within. The following table sets forth information as of December 31, 2023 with respect to the Company's principal properties:

Location	Principal Use	Approximate Square Footage	Type of Ownership; Expiration Date of Lease
Burbank, CA 4000 Warner Blvd.	Studios	2,600,000	Owned.
New York, NY 30 Hudson Yards	Studios, Networks, DTC, and Corporate	1,500,000	Leased; expires in 2034.
Leavesden, UK Warner Drive (Studios); Studio Tour Drive (Studio Tour); 5 and 6 Hercules Way (Leavesden Park)	Studios	1,300,000	Owned.
Atlanta, GA 1050 Techwood Drive	Studios, Networks, DTC, and Corporate	1,170,000	Owned.
Atlanta, GA One CNN Center	Studios, Networks, and Corporate	1,150,000	Leased; expires in 2024.
Burbank, CA 3000 West Alameda Avenue	Studios	860,000	Owned.
Burbank, CA 100 and 200 South California Street	Studios and Corporate	811,000	Leased; Tower 1 expires in 2037 and Tower 2 expires in 2039.
Santiago, Chile Pedro Montt 2354	Studios and Networks	610,000	Owned.
Tokyo, Japan 1-1625-1, Kasuga-cho, Nerima-ku	Studios	527,000	Leased; expires in 2052.
Atlanta, GA 3755 Atlanta Industrial Pkwy.	Studios	409,000	Leased; expires in 2024.
New York, NY 230 Park Ave. South	Headquarters, Studios, Networks, DTC, and Corporate	360,000	Leased; expires in 2037.
Warsaw, Poland Wiertnicza 166	Studios, Networks, DTC, and Corporate	247,000	Owned.
Culver City, CA 8900 Venice Boulevard	Networks and DTC	244,000	Leased; expires in 2036.
Cardington, Bedfordshire, UK Cardington Airfield, Shed 1	Studios	220,000	Leased; expires in 2027.
Radlett, UK Ventura Park, Old Parkbury Lane	Studios	198,000	Leased; expires in 2028 and 2034.
Atlanta, GA 3700 Atlanta Industrial Pkwy.	Studios	177,000	Leased; expires in 2024.
Krakow, Poland Plk. Dąbka 2	Studios and Networks	151,000	Leased; expires in 2026.
London, England 98 Theobalds Road	Networks, DTC, and Corporate	135,000	Leased; expires in 2034.

Location	Principal Use	Approximate Square Footage	Type of Ownership; Expiration Date of Lease
Buenos Aires, Argentina 599 and 533 Defensa Street	Studios, Networks, DTC, and Corporate	129,000	Owned.
London, UK 160 Old Street	Studios, Networks, DTC, and Corporate	116,000	Leased; expires in 2034.
London, UK Chiswick Park, Bldg. 2	Studios, Networks, DTC, and Corporate	115,000	Leased; expires in 2034.
Seattle, WA 1099 Stewart Street	DTC	112,000	Leased; expires in 2025.
Washington, DC 820 First Street	Studios and Networks	109,000	Leased; expires in 2031.
Richmond, Canada 13480 Crestwood Place	Studios	108,000	Leased; expires in 2030.
Hyderabad, India Block A, International Tech Park	Corporate	89,000	Leased; expires in 2028.
Paris, France L'Amiral, ZAC Forum Seine	Networks, DTC, and Corporate	81,000	Leased; expires in 2031.
Auckland, New Zealand 2 and 3 Flower Street	Studios, Networks, DTC, and Corporate	57,000	Leased; expires in 2025.
Sterling, VA 45580 Terminal Drive	Studios, Networks, DTC, and Corporate	54,000	Owned.
Silver Spring, MD 8403 Colesville Road	Networks and Corporate	47,000	Leased; expires in 2030.

Many of the listed locations are occupied by multiple segments; the most critical (or the principal) occupiers are listed here.

### ITEM 3. Legal Proceedings.

From time to time, in the normal course of its operations, the Company is subject to various litigation matters and claims, including claims related to employees, stockholders, vendors, other business partners, government regulations, or intellectual property, as well as disputes and matters involving counterparties to contractual agreements, such as disputes arising out of definitive agreements entered into in connection with the Merger. However, a determination as to the amount of the accrual required for such contingencies is highly subjective and requires judgment about future events. The Company may not currently be able to estimate the reasonably possible loss or range of loss for such matters until developments in such matters have provided sufficient information to support an assessment of such loss. In the absence of sufficient information to support an assessment of the reasonably possible loss or range of loss, no accrual for such contingencies is made and no loss or range of loss is disclosed. Although the outcome of these matters cannot be predicted with certainty and the impact of the final resolution of these matters on the Company's results of operations in a particular subsequent reporting period is not known, management does not currently believe that the resolution of these matters will have a material adverse effect on the Company's future consolidated financial position, future results of operations, or cash flows.

Between September 23, 2022 and October 24, 2022, two purported class action lawsuits (Collinsville Police Pension Board v. Discovery, Inc., et al., Case No. 1:22-cv-08171; Todorovski v. Discovery, Inc., et al., Case No. 1:22-cv-09125) were filed in the United States District Court for the Southern District of New York. The complaints named Warner Bros. Discovery, Inc., Discovery, Inc., David Zaslav, and Gunnar Wiedenfels as defendants. The complaints generally alleged that the defendants made false and misleading statements in SEC filings and in certain public statements relating to the Merger, in violation of Sections 11, 12(a)(2), and 15 of the Securities Act of 1933, as amended, and sought damages and other relief. On November 4, 2022, the court consolidated the Collinsville and Todorovski complaints under case number 1:22-CV-8171, and on December 12, 2022, the court appointed lead plaintiffs and lead counsel. On February 15, 2023, the lead plaintiffs filed an amended complaint adding Advance/Newhouse Partnership, Advance/Newhouse Programming Partnership, Steven A. Miron, Robert J. Miron, and Steven O. Newhouse as defendants. The amended complaint asserted violations of Sections 11, 12(a)(2), and 15 of the Securities Act of 1933, as amended, and sought damages and other relief. On February 5, 2024, the court dismissed the amended complaint with prejudice.

### ITEM 4. Mine Safety Disclosures.

Not applicable.

**Executive Officers of Warner Bros. Discovery, Inc.**

As of February 23, 2024, the following individuals are the executive officers of the Company.

**David M. Zaslav, President, Chief Executive Officer, and a director**

Age: 64

Executive Officer since 2007

Mr. Zaslav has served as our President and Chief Executive Officer and a member of our board of directors since the closing of the Merger on April 8, 2022. Prior to the closing, Mr. Zaslav served as Discovery's President and Chief Executive Officer from January 2007 until April 2022 and a common stock director of Discovery from September 2008 until April 2022.

**Gunnar Wiedenfels, Chief Financial Officer**

Age: 46

Executive Officer since 2017

Mr. Wiedenfels has served as our Chief Financial Officer since the closing of the Merger on April 8, 2022. Prior to the closing, Mr. Wiedenfels served as Discovery, Inc.'s Chief Financial Officer from April 2017 until April 2022.

**Bruce L. Campbell, Chief Revenue and Strategy Officer**

Age: 56

Executive Officer since 2008

Mr. Campbell has served as our Chief Revenue and Strategy Officer since the closing of the Merger on April 8, 2022. Prior to the closing, he served as Discovery's Chief Development, Distribution and Legal Officer. Mr. Campbell has served in several senior executive roles at Discovery, including as Chief Distribution Officer from October 2015 to April 2022, Chief Development Officer from August 2010 to April 2022, General Counsel from December 2010 to April 2017, Digital Media Officer from August 2014 to October 2015 and President, Digital Media & Corporate Development from March 2007 to August 2010.

**Lori Locke, Chief Accounting Officer**

Age: 60

Executive Officer since 2019

Ms. Locke has served as our Chief Accounting Officer since the closing of the Merger on April 8, 2022. Prior to the closing, Ms. Locke served as Discovery's Chief Accounting Officer from June 2019 to April 2022. Prior to joining Discovery, Ms. Locke served as Vice President, Corporate Controller and Principal Accounting Officer for Gannett Co., Inc., a media company, from June 2015 to May 2019.

**Jean-Briac Perrette, CEO and President, Global Streaming and Games**

Age: 52

Executive Officer since 2014

Mr. Perrette has served as our CEO and President of Global Streaming and Games since the closing of the Merger on April 8, 2022. Prior to the closing, he served as President and CEO of Discovery International (formerly referred to as Discovery Networks International) from June 2016 until April 2022, and served as President of Discovery Networks International from March 2014 to June 2016. Prior to that, Mr. Perrette served as Discovery's Chief Digital Officer from October 2011 to February 2014.

**Adria Alpert Romm, Chief People and Culture Officer**

Age: 68

Executive Officer since 2008

Ms. Romm has served as our Chief People and Culture Officer since the closing of the Merger on April 8, 2022. Prior to the closing, Ms. Romm served as Discovery's Chief People and Culture Officer from April 2019 to April 2022. Prior to that, Ms. Romm served as Discovery's Chief Human Resources and Diversity Officer from March 2014 to March 2019 and Discovery's Senior Executive Vice President of Human Resources from March 2007 to February 2014.

**Savalle C. Sims, Chief Legal Officer**

Age: 53

Executive Officer since 2017

Ms. Sims has served as our Chief Legal Officer since October 2023 and was previously Executive Vice President and General Counsel from the closing of the Merger on April 8, 2022 to October 2023. Prior to the closing, Ms. Sims served as Discovery's Executive Vice President and General Counsel from April 2017 until April 2022. Prior to that, Ms. Sims served as Discovery's Executive Vice President and Deputy General Counsel from December 2014 to April 2017 and Discovery's Senior Vice President, Litigation and Intellectual Property from August 2011 to December 2014.

**Gerhard Zeiler, President, International**

Age: 68

Executive Officer since 2022

Mr. Zeiler has served as our President, International since the closing of the Merger on April 8, 2022. Prior to the closing, Mr. Zeiler served as President of WarnerMedia International from August 2020 to April 2022 and prior to that, Chief Revenue Officer of WarnerMedia from March 2019 to August 2020. Mr. Zeiler was President of Turner Broadcasting System International from May 2012 to February 2019.

**PART II**

**ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

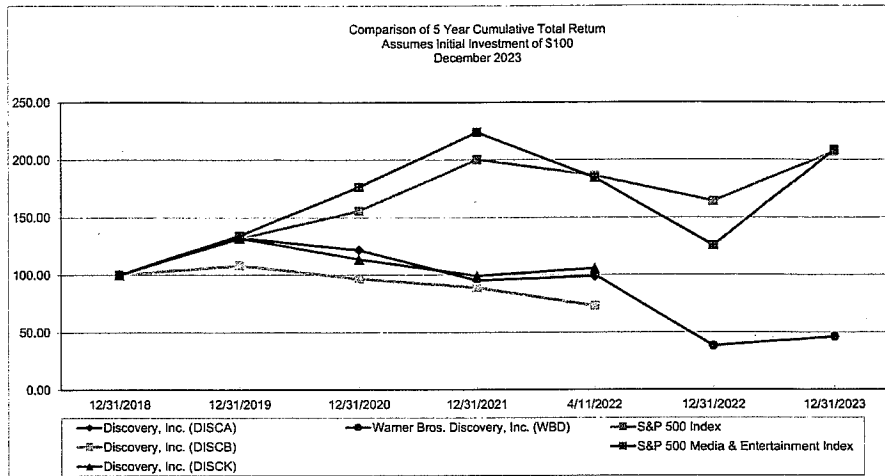
WBD common stock is listed and traded on Nasdaq under the symbol "WBD".

As of February 8, 2024, there were approximately 689,822 record holders of WBD common stock. This amount does not include the number of shareholders whose shares are held of record by banks, brokerage houses or other institutions, but includes each such institution as one shareholder.

We have not paid any cash dividends on WBD common stock and we have no present intention to do so. Payment of cash dividends, if any, will be determined by our board of directors after consideration of our earnings, financial condition and other relevant factors such as our credit facility's restrictions on our ability to declare dividends in certain situations.

**Stock Performance Graph**

The following graph shows a comparison of cumulative total shareholder return, calculated on a dividend-reinvested basis, for (a) WBD common stock (which began trading on April 11, 2022) and Discovery Series A common stock, Series B convertible common stock, and Series C common stock (which ceased trading on April 8, 2022), (b) the Standard and Poor's 500 Stock Index ("S&P 500 Index"), and (c) the Standard & Poor's 500 Media and Entertainment Industry Group Index ("S&P 500 Media & Entertainment Index") for the five years ended December 31, 2023. The graph assumes \$100 was invested in each of Discovery Series A common stock, Series B convertible common stock, and Series C common stock, the S&P 500 Index, and the S&P 500 Media & Entertainment Index on December 31, 2018, and that \$100 was invested in WBD common stock on April 11, 2022, the date on which it began trading. Note that historic stock price performance is not necessarily indicative of future stock price performance.



Note: Peer group indices use beginning of period market capitalization weighting.  
 Note: Index Data: Copyright Standard and Poor's, Inc. Used with permission. All rights reserved.  
 Note: Prepared by Zacks Investment Research, Inc. Used with permission. All rights reserved. Copyright 1980-2024.

	December 31,			April 11,			December 31,		
	2018	2019	2020	2021	2022	2022	2023		
WBD					\$ 100.00	\$ 38.26	\$ 45.92		
DISCA	\$ 100.00	\$ 132.34	\$ 121.63	\$ 95.15	\$ 98.75	\$ —	\$ —		
DISCB	\$ 100.00	\$ 108.24	\$ 96.72	\$ 88.81	\$ 72.99	\$ —	\$ —		
DISCK	\$ 100.00	\$ 132.11	\$ 113.48	\$ 99.22	\$ 105.81	\$ —	\$ —		
S&P 500	\$ 100.00	\$ 131.49	\$ 155.68	\$ 200.37	\$ 186.24	\$ 164.08	\$ 207.21		
S&P 500 Media & Entertainment Index	\$ 100.00	\$ 134.15	\$ 176.47	\$ 224.01	\$ 184.31	\$ 125.65	\$ 208.66		

**ITEM 6. [Reserved].**

**ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

Management's discussion and analysis of financial condition and results of operations is a supplement to and should be read in conjunction with the accompanying consolidated financial statements and related notes. This section provides additional information regarding our businesses, current developments, results of operations, cash flows, financial condition, contractual commitments, critical accounting policies, and estimates that require significant judgment and thus have the most significant potential impact on our consolidated financial statements. This discussion and analysis is intended to better allow investors to view the company from management's perspective.

This section provides an analysis of our financial results for the fiscal year ended December 31, 2023 compared to the fiscal year ended December 31, 2022. A discussion of our results of operations and liquidity for the fiscal year ended December 31, 2022 compared to the fiscal year ended December 31, 2021 can be found under Item 7 in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed on February 24, 2022, which is available free of charge on the SEC's website at [www.sec.gov](http://www.sec.gov) and our Investor Relations website at [ir.wbd.com](http://ir.wbd.com). The information contained on our website is not part of this Annual Report on Form 10-K and is not incorporated by reference herein.

## BUSINESS OVERVIEW

On April 8, 2022, Discovery, a global media company that provides content across multiple distribution platforms, including linear, free-to-air, and broadcast television, authenticated GO applications, digital distribution arrangements, content licensing arrangements, and DTC subscription products, completed its Merger with the WM Business of AT&T and changed its name from "Discovery, Inc." to "Warner Bros. Discovery, Inc." On April 11, 2022, our shares started trading on Nasdaq under the trading symbol WBD. (See Note 3 and Note 4 to the accompanying consolidated financial statements.)

Warner Bros. Discovery is a premier global media and entertainment company that provides audiences with a differentiated portfolio of content, brands and franchises across television, film, streaming, and gaming. Some of our iconic brands and franchises include Warner Bros. Motion Picture Group, Warner Bros. Television Group, DC, HBO, HBO Max, Max, discovery+, CNN, Discovery Channel, HGTV, Food Network, TNT Sports, TBS, TLC, OWN, Warner Bros. Games, Batman, Superman, Wonder Woman, Harry Potter, Looney Tunes, Hanna-Barbera, Game of Thrones, and The Lord of the Rings. For a discussion of our global portfolio see our business overview set forth in Item 1, "Business" in this Annual Report on Form 10-K.

In connection with the Merger, we have announced and taken actions to implement projects to achieve cost synergies for the Company. We finalized the framework supporting our ongoing restructuring and transformation initiatives during the year ended December 31, 2022, which includes, among other things, strategic content programming assessments, organization restructuring, facility consolidation activities, and other contract termination costs. We expect that we will incur approximately \$4.1 - \$5.3 billion in pre-tax restructuring charges, of which we have incurred \$4.2 billion as of December 31, 2023. Of the total expected pre-tax restructuring charges, we expect total cash expenditures to be \$1.0 - \$1.5 billion. We incurred \$0.5 billion of pre-tax restructuring charges during the year ended December 31, 2023 related to this plan. While our restructuring efforts are ongoing, the restructuring program is expected to be substantially completed by the end of 2024.

As of December 31, 2023, we classified our operations in three reportable segments:

- **Studios** - Our Studios segment primarily consists of the production and release of feature films for initial exhibition in theaters, production and initial licensing of television programs to our networks/DTC services as well as third parties, distribution of our films and television programs to various third party and internal television and streaming services, distribution through the home entertainment market (physical and digital), related consumer products and themed experience licensing, and interactive gaming.
- **Networks** - Our Networks segment primarily consists of our domestic and international television networks.
- **DTC** - Our DTC segment primarily consists of our premium pay-TV and streaming services.

Our segment presentation was aligned with our management structure and the financial information management uses to make decisions about operating matters, such as the allocation of resources and business performance assessments.

For further discussion of financial information for our segments and the geographical areas in which we do business, our content development activities, and revenues, see our business overview set forth in Item 1, "Business" and Note 23 to the consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data" in this Annual Report on Form 10-K.

## RESULTS OF OPERATIONS

The discussion below compares our actual results for the year ended December 31, 2023 to our pro forma combined results for the year ended December 31, 2022, as if the Merger occurred on January 1, 2021. Management believes reviewing our pro forma combined operating results in addition to actual operating results is useful in identifying trends in, or reaching conclusions regarding, the overall operating performance of our businesses. Our Studios, Networks, DTC, Corporate, and inter-segment eliminations information is based on the historical operating results of the respective segments and include, where applicable, adjustments for (i) additional costs of revenues from the fair value step-up of film and television library, (ii) additional amortization expense related to acquired intangible assets, (iii) additional depreciation expense from the fair value of property and equipment, (iv) transaction costs and other one-time non-recurring costs, (v) additional interest expense for borrowings related to the Merger and amortization associated with fair value adjustments of debt assumed, (vi) changes to align accounting policies, (vii) elimination of intercompany activity, and (viii) associated tax-related impacts of adjustments.

Adjustments do not include costs related to integration activities, cost savings or synergies that have been or may be achieved by the combined businesses. Pro forma amounts are not necessarily indicative of what our results would have been had we operated the combined businesses since January 1, 2021 and should not be taken as indicative of the Company's future consolidated results of operations.

Actual amounts for the year ended December 31, 2022 include results of operations for Discovery for the entire period and WM for the period subsequent to the completion of the Merger on April 8, 2022.

### Foreign Exchange Impacting Comparability

In addition to the Merger, the impact of exchange rates on our business is an important factor in understanding period-to-period comparisons of our results. For example, our international revenues are favorably impacted as the U.S. dollar weakens relative to other foreign currencies, and unfavorably impacted as the U.S. dollar strengthens relative to other foreign currencies. We believe the presentation of results on a constant currency basis ("ex-FX"), in addition to results reported in accordance with U.S. GAAP provides useful information about our operating performance because the presentation ex-FX excludes the effects of foreign currency volatility and highlights our core operating results. The presentation of results on a constant currency basis should be considered in addition to, but not a substitute for, measures of financial performance reported in accordance with U.S. GAAP.

The ex-FX change represents the percentage change on a period-over-period basis adjusted for foreign currency impacts. The ex-FX change is calculated as the difference between the current year amounts translated at a baseline rate, which is a spot rate for each of our currencies determined early in the fiscal year as part of our forecasting process (the "2023 Baseline Rate"), and the prior year amounts translated at the same 2023 Baseline Rate. In addition, consistent with the assumption of a constant currency environment, our ex-FX results exclude the impact of our foreign currency hedging activities, as well as realized and unrealized foreign currency transaction gains and losses. Results on a constant currency basis, as we present them, may not be comparable to similarly titled measures used by other companies.

## Consolidated Results of Operations – 2023 vs. 2022

Our consolidated results of operations for 2023 and 2022 were as follows (in millions).

	Year Ended December 31,				% Change		
	2023	2022			Actual	Pro Forma Combined (Actual)	Pro Forma Combined (ex-FX)
	Actual	Actual	Pro Forma Adjustments	Pro Forma Combined			
<b>Revenues:</b>							
Distribution	\$ 20,237	\$ 16,142	\$ 4,339	\$ 20,481	25 %	(1)%	— %
Advertising	8,700	8,524	1,412	9,936	2 %	(12)%	(13)%
Content	11,203	8,360	3,297	11,657	34 %	(4)%	(4)%
Other	1,181	791	230	1,021	49 %	16 %	14 %
<b>Total revenues</b>	<b>41,321</b>	<b>33,817</b>	<b>9,278</b>	<b>43,095</b>	<b>22 %</b>	<b>(4)%</b>	<b>(4)%</b>
<b>Costs of revenues, excluding depreciation and amortization</b>	<b>24,526</b>	<b>20,442</b>	<b>5,125</b>	<b>25,567</b>	<b>20 %</b>	<b>(4)%</b>	<b>(4)%</b>
Selling, general and administrative	9,696	9,678	1,745	11,423	— %	(15)%	(15)%
Depreciation and amortization	7,985	7,193	34	7,227	11 %	10 %	10 %
Restructuring and other charges	585	3,757	(90)	3,667	(84)%	(84)%	(84)%
Impairment and loss on dispositions	77	117	—	117	(34)%	(34)%	(37)%
<b>Total costs and expenses</b>	<b>42,869</b>	<b>41,187</b>	<b>6,814</b>	<b>48,001</b>	<b>4 %</b>	<b>(11)%</b>	<b>(11)%</b>
<b>Operating loss</b>	<b>(1,548)</b>	<b>(7,370)</b>	<b>2,464</b>	<b>(4,906)</b>	<b>79 %</b>	<b>68 %</b>	<b>70 %</b>
Interest expense, net	(2,221)	(1,777)	(515)	(2,292)			
Loss from equity investees, net	(82)	(160)	(20)	(180)			
Other (expense) income, net	(12)	347	139	486			
<b>Loss before income taxes</b>	<b>(3,863)</b>	<b>(8,960)</b>	<b>2,068</b>	<b>(6,892)</b>			
Income tax benefit	784	1,663	(56)	1,607			
<b>Net loss</b>	<b>(3,079)</b>	<b>(7,297)</b>	<b>2,012</b>	<b>(5,285)</b>			
Net income attributable to noncontrolling interests	(38)	(68)	—	(68)			
Net income attributable to redeemable noncontrolling interests	(9)	(6)	—	(6)			
<b>Net loss available to Warner Bros. Discovery, Inc.</b>	<b>\$ (3,126)</b>	<b>\$ (7,371)</b>	<b>\$ 2,012</b>	<b>\$ (5,339)</b>			

NM - Not meaningful

Unless otherwise indicated, the discussion below through operating loss reflects the results for the year ended December 31, 2022 on a pro-forma combined basis, ex-FX, since the actual increases year over year for revenues, cost of revenues, and selling, general and administrative expenses are substantially attributable to the Merger. The percent changes of line items below operating loss in the table above are not included as the activity is principally in U.S. dollars.

### Revenues

Distribution revenues are generated from fees charged to network distributors, which include cable, DTH satellite, telecommunications and digital service providers, and DTC subscribers. The largest component of distribution revenue is comprised of linear distribution rights to our networks from cable, DTH satellite, and telecommunication service providers. We have contracts with distributors representing most cable and satellite service providers around the world, including the largest operators in the U.S. and major international distributors. Distribution revenues are largely dependent on the rates negotiated in the agreements, the number of subscribers that receive our networks, the number of platforms covered in the distribution agreement, and the market demand for the content that we provide. From time to time, renewals of multi-year carriage agreements include significant year one market adjustments to reset subscriber rates, which then increase at rates lower than the initial increase in the following years. In some cases, we have provided distributors launch incentives, in the form of cash payments or free periods, to carry our networks.

Distribution revenue was flat in 2023, as declines in linear subscribers and DTC wholesale in the U.S. were offset by higher U.S. contractual affiliate rates, new DTC partnership launches, DTC price increases in the U.S., and inflationary impact in Argentina.



Advertising revenues are principally generated from the sale of commercial time on linear (television networks and authenticated TVE applications) and digital platforms (DTC subscription services and websites), and sold primarily on a national basis in the U.S. and on a pan-regional or local-language feed basis outside the U.S. Advertising contracts generally have a term of one year or less. Advertising revenue is dependent upon a number of factors, including the number of subscribers to our channels, viewership demographics, the popularity of our content, our ability to sell commercial time over a group of channels, the stage of development of television markets, and the popularity of free-to-air television. Revenue from advertising is subject to seasonality, market-based variations, the mix in sales of commercial time between the upfront and scatter markets, and general economic conditions. Advertising revenue is typically highest in the second and fourth quarters. In some cases, advertising sales are subject to ratings guarantees that require us to provide additional advertising time if the guaranteed audience levels are not achieved. We also generate revenue from the sale of advertising through our digital platforms on a stand-alone basis and as part of advertising packages with our television networks.

Advertising revenue decreased 13% in 2023, primarily attributable to audience declines in domestic general entertainment and news networks, soft advertising markets in the U.S., and to a lesser extent, certain international markets, and the prior year broadcast of the *NCAA March Madness* Final Four and Championship, partially offset by higher Max U.S. engagement and ad-lite subscriber growth.

Content revenues are generated from the release of feature films for initial exhibition in theaters, the licensing of feature films and television programs to various television, SVOD and other digital markets, distribution of feature films and television programs in the physical and digital home entertainment market, sales of console games and mobile in-game content, sublicensing of sports rights, and licensing of intellectual property such as characters and brands.

Content revenue decreased 4% in 2023, primarily attributable to lower TV licensing revenue and the prior year broadcast of the Olympics in Europe, partially offset by higher games revenue due to the release of *Hogwarts Legacy* and higher theatrical film rental revenue due to the release of *Barbie*.

Other revenue primarily consists of studio production services and tours.

Other revenue increased 14% in 2023, primarily attributable to the opening of Warner Bros. Studio Tour Tokyo in June 2023, continued strong attendance at Warner Bros. Studio Tour London and Hollywood, and services provided to the unconsolidated TNT Sports joint venture.

#### *Costs of Revenues*

Our principal component of costs of revenues is content expense. Content expense includes television/digital series, specials, films, and sporting events. The costs of producing a content asset and bringing that asset to market consist of production costs, participation costs, and exploitation costs.

Costs of revenues decreased 4% in 2023, primarily attributable to lower content expense at our Studios segment for television products and our DTC segment and lower sports networks content expense, due to the prior year broadcast of the Olympics in Europe and our exit from AT&T SportsNets, partially offset by higher games content expense.

#### *Selling, General and Administrative*

Selling, general and administrative expenses consist principally of employee costs, marketing costs, research costs, occupancy, and back office support fees.

Selling, general and administrative expenses decreased 15% in 2023, primarily attributable to more efficient marketing-related spend and a reduction in personnel costs, partially offset by higher theatrical and games marketing expense.

#### *Depreciation and Amortization*

Depreciation and amortization expense includes depreciation of fixed assets and amortization of finite-lived intangible assets. Depreciation and amortization increased 10% in 2023, primarily attributable to intangible assets acquired during the Merger that are being amortized using the sum of the months' digits method, which resulted in lower pro forma amortization in 2022.

#### *Restructuring and Other Charges*

In connection with the Merger, the Company has announced and has taken actions to implement projects to achieve cost synergies for the Company. Restructuring and other charges decreased 84% in 2023, primarily attributable to lower content impairments and other content development costs and write-offs, contract terminations, facility consolidation activities, organizational restructuring, and other charges. (See Note 6 to the accompanying consolidated financial statements.)

#### *Impairments and Loss on Dispositions*

Impairments and loss on dispositions was a \$77 million and \$117 million loss in 2023 and 2022, respectively. The loss in 2023 was primarily attributable to lease impairments and costs associated with our exit from AT&T SportsNets. The loss in 2022 was primarily attributable to the write-down to the estimated fair value, less costs to sell, of the Ranch Lot and Knoxville office building and land in connection with the classification as assets held for sale. (See Note 18 to the accompanying consolidated financial statements.)

*Interest Expense, net*

Actual interest expense, net increased \$444 million in 2023, primarily attributable to debt assumed as a result of the Merger. (See Note 11 and Note 13 to the accompanying consolidated financial statements.)

*Loss from Equity Investees, net*

Actual losses from our equity method investees were \$82 million and \$160 million in 2023 and 2022, respectively. The changes are attributable to the Company's share of earnings and losses from its equity investees. (See Note 10 to the accompanying consolidated financial statements.)

*Other (Expense) Income, net*

The table below presents the details of other (expense) income, net (in millions).

	Year Ended December 31,	
	2023	2022
Foreign currency losses, net	\$ (173)	\$ (150)
Gains on derivative instruments, net	28	475
Change in the value of investments with readily determinable fair value	37	(105)
Change in the value of equity investments without readily determinable fair value	(73)	(142)
Gain on sale of equity method investments	—	195
Gain on extinguishment of debt	17	—
Interest income	179	67
Other (expense) income, net	(27)	7
Total other (expense) income, net	\$ (12)	\$ 347

*Income Taxes*

The following table reconciles our effective income tax rate to the U.S. federal statutory income tax rate.

	Year Ended December 31,			
	2023		2022	
Pre-tax income at U.S. federal statutory income tax rate	\$ (811)	21 %	\$ (1,881)	21 %
State and local income taxes, net of federal tax benefit	(388)	10 %	(218)	3 %
Effect of foreign operations	342	(9)%	246	(3)%
Preferred stock conversion premium charge	—	— %	166	(2)%
Noncontrolling interest adjustment	(9)	— %	(17)	— %
Other, net	82	(2)%	41	— %
Income tax benefit	\$ (784)	20 %	\$ (1,663)	19 %

Income tax benefit was \$(784) million and \$(1,663) million, and the Company's effective tax rate was 20% and 19% for 2023 and 2022, respectively. The decrease in tax benefit for the year ended December 31, 2023 was primarily attributable to a decrease in pre-tax book loss and the effect of foreign operations, including taxation and allocation of income and losses across various foreign jurisdictions. These decreases were partially offset by a state uncertain tax benefit remeasurement following a multi-year tax audit agreement and a favorable state deferred tax adjustment recorded in the year ended December 31, 2023. The decrease for the year ended December 31, 2023 was further offset by a one-time expense incurred in 2022 related to a preferred stock conversion transaction expense that was not deductible for tax purposes.

### Segment Results of Operations – 2023 vs. 2022

The Company evaluates the operating performance of its operating segments based on financial measures such as revenues and Adjusted EBITDA. Adjusted EBITDA is defined as operating income excluding:

- employee share-based compensation;
- depreciation and amortization;
- restructuring and facility consolidation;
- certain impairment charges;
- gains and losses on business and asset dispositions;
- certain inter-segment eliminations;
- third-party transaction and integration costs;
- amortization of purchase accounting fair value step-up for content;
- amortization of capitalized interest for content; and
- other items impacting comparability.

The Company uses this measure to assess the operating results and performance of its segments, perform analytical comparisons, identify strategies to improve performance, and allocate resources to each segment. The Company believes Adjusted EBITDA is relevant to investors because it allows them to analyze the operating performance of each segment using the same metric management uses. The Company excludes employee share-based compensation, restructuring, certain impairment charges, gains and losses on business and asset dispositions, and transaction and integration costs from the calculation of Adjusted EBITDA due to their impact on comparability between periods. Integration costs include transformative system implementations and integrations, such as Enterprise Resource Planning systems, and may take several years to complete. The Company also excludes the depreciation of fixed assets and amortization of intangible assets, amortization of purchase accounting fair value step-up for content, and amortization of capitalized interest for content, as these amounts do not represent cash payments in the current reporting period. Certain corporate expenses and inter-segment eliminations related to production studios are excluded from segment results to enable executive management to evaluate segment performance based upon the decisions of segment executives. Adjusted EBITDA should be considered in addition to, but not a substitute for, operating income, net income, and other measures of financial performance reported in accordance with U.S. GAAP.

The table below presents our Adjusted EBITDA by segment (in millions).

	Year Ended December 31,		% Change
	2023	2022	
Studios	\$ 2,183	\$ 1,772	23 %
Networks	9,063	8,725	4 %
DTC	103	(1,596)	NM
Corporate	(1,242)	(1,200)	(4)%
Inter-segment eliminations	93	17	NM

## Studios Segment

The following table presents, for our Studios segment, revenues by type, certain operating expenses, Adjusted EBITDA and a reconciliation of Adjusted EBITDA to operating income (loss) (in millions).

	Year Ended December 31,				% Change		
	2023	2022			Actual	Pro Forma Combined (Actual)	Pro Forma Combined (ex-FX)
	Actual	Actual	Pro Forma Adjustments	Pro Forma Combined			
<b>Revenues:</b>							
Distribution	\$ 17	\$ 12	\$ 6	\$ 18	42 %	(6)%	(6)%
Advertising	15	15	9	24	— %	(38)%	(38)%
Content	11,358	9,156	3,898	13,054	24 %	(13)%	(13)%
Other	802	548	154	702	46 %	14 %	13 %
Total revenues	12,192	9,731	4,067	13,798	23 %	(12)%	(12)%
Costs of revenues, excluding depreciation and amortization	7,296	6,310	2,392	8,702	16 %	(16)%	(16)%
Selling, general and administrative	2,713	1,649	698	2,347	65 %	16 %	16 %
Adjusted EBITDA	2,183	1,772	977	2,749	23 %	(21)%	(21)%
Depreciation and amortization	667	501	39	540			
Employee share-based compensation	—	1	26	27			
Restructuring and other charges	225	1,050	(38)	1,012			
Transaction and integration costs	7	9	—	9			
Amortization of fair value step-up for content	995	1,370	(785)	585			
Amortization of capitalized interest for content	46	—	—	—			
Inter-segment eliminations	31	5	—	5			
Impairments and loss on dispositions	1	30	—	30			
Operating income (loss)	\$ 211	\$ (1,194)	\$ 1,735	\$ 541			

The discussion below reflects the results for the year ended December 31, 2022 on a pro forma combined basis, ex-FX, since the actual increases year over year for revenues, cost of revenue, selling, general and administrative expenses and Adjusted EBITDA are substantially attributable to the Merger.

### Revenues

Content revenue decreased 13% in 2023, primarily attributable to lower TV licensing revenue, partially offset by higher games revenue due to the release of *Hogwarts Legacy* and higher theatrical film rental revenue due to the release of *Barbie*. TV licensing revenue decreased due to the timing of TV production, including the impact of the WGA and SAG-AFTRA strikes, certain large TV licensing deals in the prior year, fewer series sold to our owned platforms, and fewer CW series.

Other revenue increased 13% in 2023, primarily attributable to the opening of Warner Bros. Studio Tour Tokyo in June 2023 and continued strong attendance at Warner Bros. Studio Tour London and Hollywood, partially offset by lower studio production services due to the impact of the WGA and SAG-AFTRA strikes.

### Costs of Revenues

Costs of revenues decreased 16% in 2023, primarily attributable to lower television product content expense, including the impact of the WGA and SAG-AFTRA strikes, partially offset by higher content expense for games and theatrical products commensurate with higher revenues.

### Selling, General and Administrative

Selling, general and administrative expenses increased 16% in 2023, primarily attributable to higher theatrical marketing expense due to the increased quantity of films released and higher games marketing expense to support the release of *Hogwarts Legacy*.

### Adjusted EBITDA

Adjusted EBITDA decreased 21% in 2023.

## Networks Segment

The table below presents, for our Networks segment, revenues by type, certain operating expenses, Adjusted EBITDA and a reconciliation of Adjusted EBITDA to operating income (in millions).

	Year Ended December 31,						
	2023		2022			% Change	
	Actual	Actual	Pro Forma Adjustments	Pro Forma Combined	Actual	Pro Forma Combined (Actual)	Pro Forma Combined (ex-FX)
<b>Revenues:</b>							
Distribution	\$ 11,521	\$ 9,759	\$ 2,183	\$ 11,942	18%	(4)%	(2)%
Advertising	8,342	8,224	1,380	9,604	1%	(13)%	(13)%
Content	1,005	1,120	220	1,340	(10)%	(25)%	(24)%
Other	376	245	55	300	53%	25%	21%
Total revenues	21,244	19,348	3,838	23,186	10%	(8)%	(8)%
Costs of revenues, excluding depreciation and amortization	9,342	8,006	2,148	10,154	17%	(8)%	(7)%
Selling, general and administrative	2,839	2,617	364	2,981	8%	(5)%	(4)%
Adjusted EBITDA	9,063	8,725	1,326	10,051	4%	(10)%	(9)%
Depreciation and amortization	4,961	4,687	4	4,691			
Employee share-based compensation	—	—	9	9			
Restructuring and other charges	201	1,003	(5)	998			
Transaction and integration costs	3	2	—	2			
Amortization of fair value step-up for content	473	73	425	498			
Inter-segment eliminations	90	17	—	17			
Impairments and loss on dispositions	13	24	—	24			
Operating income	\$ 3,322	\$ 2,919	\$ 893	\$ 3,812			

The discussion below reflects the results for the year ended December 31, 2022 on a pro forma combined basis, ex-FX, since the actual increases year over year for revenues, cost of revenue, selling, general and administrative expenses and Adjusted EBITDA are substantially attributable to the Merger.

### Revenues

Distribution revenue decreased 2% in 2023, primarily attributable to a decline in linear subscribers in the U.S., and to a lesser extent, lower sports related revenue due to our exit from AT&T SportsNets and the TNT Sports Chile shift to DTC, partially offset by higher U.S. contractual affiliate rates and inflationary impact in Argentina.

Advertising revenue decreased 13% in 2023, primarily attributable to audience declines in domestic general entertainment and news networks, soft linear advertising markets in the U.S., and to a lesser extent, certain international markets, as well as the impact of broadcast of the *NCAA March Madness* Final Four and Championship in 2022.

Content revenue decreased by 24% in 2023, primarily attributable to lower international sports sublicensing due to the prior year broadcast of the Olympics in Europe, and lower third-party content licensing deals in the U.S., partially offset by higher inter-segment licensing of content to DTC.

Other revenue increased 21% in 2023, primarily attributable to services provided to the unconsolidated TNT Sports UK joint venture.

### Costs of Revenues

Costs of revenues decreased 7% in 2023, primarily attributable to lower sports content expense, including the prior year broadcast of the Olympics in Europe and the *NCAA March Madness* Final Four and Championship and our exit from AT&T SportsNets, lower domestic general entertainment and news related expense, partially offset by unfavorable expenses from inflationary impact in Argentina and costs associated with the unconsolidated TNT Sports UK joint venture.

### Selling, General and Administrative

Selling, general and administrative expenses decreased 4% in 2023, primarily attributable to lower marketing and personnel expenses.

### Adjusted EBITDA

Adjusted EBITDA decreased 9% in 2023.

## DTC Segment

The following table presents, for our DTC segment, revenues by type, certain operating expenses, Adjusted EBITDA and a reconciliation of Adjusted EBITDA to operating loss (in millions).

	Year Ended December 31,				% Change		
	2023	2022			Actual	Pro Forma Combined (Actual)	Pro Forma Combined (ex-FX)
	Actual	Actual	Pro Forma Adjustments	Pro Forma Combined			
Revenues:							
Distribution	\$ 8,703	\$ 6,371	\$ 2,150	\$ 8,521	37 %	2 %	2 %
Advertising	548	371	36	407	48 %	35 %	35 %
Content	886	522	230	752	70 %	18 %	17 %
Other	17	10	3	13	70 %	31 %	31 %
Total revenues	10,154	7,274	2,419	9,693	40 %	5 %	5 %
Costs of revenues, excluding depreciation and amortization	7,623	6,211	1,977	8,188	23 %	(7)%	(7)%
Selling, general and administrative	2,428	2,639	909	3,568	(9)%	(32)%	(32)%
Adjusted EBITDA	103	(1,596)	(467)	(2,063)	NM	NM	NM
Depreciation and amortization	2,063	1,733	31	1,764			
Employee share-based compensation	—	(1)	—	(1)			
Restructuring and other charges	66	1,551	(3)	1,548			
Transaction and integration costs	4	2	—	2			
Amortization of fair value step-up for content	460	390	(52)	338			
Inter-segment eliminations	72	9	—	9			
Impairments and loss on dispositions	3	13	—	13			
Operating loss	\$ (2,565)	\$ (5,293)	\$ (443)	\$ (5,736)			

The discussion below reflects the results for the year ended December 31, 2022 on a pro forma combined basis, ex-FX, since the actual increases year over year for revenues, cost of revenue, selling, general and administrative expenses and Adjusted EBITDA are substantially attributable to the Merger.

### Revenues

As of December 31, 2023, we had 97.7 million DTC subscribers (as defined under Item 1. "Business").

Distribution revenue increased 2% in 2023, primarily attributable to new partnership launches, price increases in the U.S. and most international markets, the launch of the Ultimate tier for Max in the U.S., and the TNT Sports Chile shift to DTC, partially offset by U.S. wholesale declines.

Advertising revenue increased 35% in 2023, primarily attributable to higher Max U.S. engagement and ad-lite subscriber growth.

Content revenue increased 17% in 2023, primarily attributable to a higher volume of licensing deals.

### Costs of Revenues

Cost of revenues decreased 7% in 2023, primarily attributable to lower content expense and the shutdown of CNN+ in the prior year, partially offset by increased content licensing costs commensurate with higher content revenue.

### Selling, General, and Administrative Expenses

Selling, general and administrative expenses decreased 32% in 2023, primarily attributable to more efficient marketing-related spend.

### Adjusted EBITDA

Adjusted EBITDA increased \$2,150 million in 2023.

## Corporate

The following table presents our Adjusted EBITDA and a reconciliation of Adjusted EBITDA to operating loss (in millions):

	Year Ended December 31,				% Change		
	2023		2022		Actual	Pro Forma Combined (Actual)	Pro Forma Combined (ex-FX)
	Actual	Actual	Pro Forma Adjustments	Pro Forma Combined			
Adjusted EBITDA	\$ (1,242)	\$ (1,200)	\$ (353)	\$ (1,553)	(4)%	20 %	20 %
Employee share-based compensation	488	410	(11)	399			
Depreciation and amortization	294	272	(40)	232			
Restructuring and other charges	95	195	(44)	151			
Transaction and integration costs	148	1,182	(564)	618			
Impairments and loss on dispositions	60	50	—	50			
Facility consolidation costs	32	—	—	—			
Amortization of fair value step-up for content	(6)	—	—	—			
Inter-segment eliminations	(193)	(31)	—	(31)			
Operating loss	\$ (2,160)	\$ (3,278)	\$ 306	\$ (2,972)			

Corporate operations primarily consist of executive management and administrative support services, which are recorded in selling, general and administrative expense, as well as substantially all of our share-based compensation and third-party transaction and integration costs.

As reported transaction and integration costs for 2022 included the impact of the issuance of additional shares of WBD common stock to Advance/Newhouse Programming Partnership of \$789 million upon the closing of the Merger. (See Note 3 to the accompanying consolidated financial statements.)

Adjusted EBITDA improved 20% in 2023, primarily attributable to reductions to personnel costs, lower technology-related operating expenses, and lower securitization expense.

## Inter-segment Eliminations

The following table presents our inter-segment eliminations by revenue and expense, Adjusted EBITDA and a reconciliation of Adjusted EBITDA to operating loss (in millions):

	Year Ended December 31,				% Change		
	2023		2022		Actual	Pro Forma Combined (Actual)	Pro Forma Combined (ex-FX)
	Actual	Actual	Pro Forma Adjustments	Pro Forma Combined			
Inter-segment revenue eliminations	\$ (2,269)	\$ (2,566)	\$ (1,065)	\$ (3,631)	12 %	38 %	38 %
Inter-segment expense eliminations	(2,362)	(2,583)	(1,038)	(3,621)	9 %	35 %	35 %
Adjusted EBITDA	93	17	(27)	(10)	NM	NM	NM
Restructuring and other charges	(2)	(42)	—	(42)			
Amortization of fair value step-up for content	451	583	—	583			
Operating loss	\$ (356)	\$ (524)	\$ (27)	\$ (551)			

Inter-segment revenue and expense eliminations primarily represent inter-segment content transactions and marketing and promotion activity between reportable segments. In our current segment structure, in certain instances, production and distribution activities are in different segments. Inter-segment content transactions are presented "gross" (i.e. the segment producing and/or licensing the content reports revenue and profit from inter-segment transactions in a manner similar to the reporting of third-party transactions, and the required eliminations are reported on the separate "Eliminations" line when presenting our summary of segment results). Generally, timing of revenue recognition is similar to the reporting of third-party transactions. The segment distributing the content, e.g. via our DTC or linear services, capitalizes the cost of inter-segment content transactions, including "mark-ups" and amortizes the costs over the shorter of the license term, if applicable, or the expected period of use. The content amortization expense related to the inter-segment profit is also eliminated on the separate "Eliminations" line when presenting our summary of segment results.

## LIQUIDITY AND CAPITAL RESOURCES

### Liquidity

#### Sources of Cash

Historically, we have generated a significant amount of cash from operations. During 2023, we funded our working capital needs primarily through cash flows from operations. As of December 31, 2023, we had \$3.8 billion of cash and cash equivalents on hand. We are a well-known seasoned issuer and have the ability to conduct registered offerings of securities, including debt securities, common stock and preferred stock, on short notice, subject to market conditions. Access to sufficient capital from the public market is not assured. We have a \$6.0 billion revolving credit facility and commercial paper program described below. We also participate in a revolving receivables program and an accounts receivable factoring program described below.

#### • Debt

##### Senior Notes

During the year ended December 31, 2023, we issued \$1.5 billion of 6.412% fixed rate senior notes due March 2026. After March 2024, the senior notes are redeemable at par plus accrued and unpaid interest.

##### Revolving Credit Facility and Commercial Paper

We have a multicurrency revolving credit agreement (the "Revolving Credit Agreement") and have the capacity to borrow up to \$6.0 billion under the Revolving Credit Agreement (the "Credit Facility"). We may also request additional commitments up to \$1.0 billion from the lenders upon the satisfaction of certain conditions. The Revolving Credit Agreement contains customary representations and warranties as well as affirmative and negative covenants. As of December 31, 2023, we were in compliance with all covenants and there were no events of default under the Revolving Credit Agreement.

Additionally, our commercial paper program is supported by the Credit Facility. Under the commercial paper program, we may issue up to \$1.5 billion, including up to \$500 million of euro-denominated borrowings. Borrowing capacity under the Credit Facility is effectively reduced by any outstanding borrowings under the commercial paper program.

During the year ended December 31, 2023, we borrowed and repaid \$5,207 million and \$5,214 million, respectively, under our Credit Facility and commercial paper program. As of December 31, 2023 and 2022, the Company had no outstanding borrowings under the Credit Facility or the commercial paper program.

#### • Revolving Receivables Program

We have a revolving agreement to transfer up to \$5,500 million of certain receivables through our bankruptcy-remote subsidiary, Warner Bros. Discovery Receivables Funding, LLC, to various financial institutions on a recurring basis in exchange for cash equal to the gross receivables transferred. We service the sold receivables for the financial institution for a fee and pay fees to the financial institution in connection with this revolving agreement. As customers pay their balances, our available capacity under this revolving agreement increases and typically we transfer additional receivables into the program. In some cases, we may have collections that have not yet been remitted to the bank, resulting in a liability. The outstanding portfolio of receivables derecognized from our consolidated balance sheets was \$5,200 million as of December 31, 2023.

#### • Accounts Receivable Factoring

We have a factoring agreement to sell certain of our non-U.S. trade accounts receivable on a limited recourse basis to a third-party financial institution. For the year ended December 31, 2023, total trade accounts receivable sold under our factoring arrangement was \$383 million.

#### • Derivatives

We received investing proceeds of \$121 million during the year ended December 31, 2023 from the unwind and settlement of derivative instruments. (See Note 13 to the accompanying consolidated financial statements.)

#### Uses of Cash

Our primary uses of cash include the creation and acquisition of new content, business acquisitions, income taxes, personnel costs, costs to develop and market our streaming service Max, principal and interest payments on our outstanding senior notes and term loan, funding for various equity method and other investments, and repurchases of our capital stock.



- *Content Acquisition*

We plan to continue to invest significantly in the creation and acquisition of new content, as well as certain sports rights. Additional information regarding contractual commitments to acquire content is set forth in "Material Cash Requirements from Known Contractual and Other Obligations" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

- *Debt*

- *Term Loan*

During the year ended December 31, 2023, we repaid \$4.0 billion of aggregate principal amount outstanding of our term loan prior to the due date of April 2025.

- *Floating Rate Notes*

During the year ended December 31, 2023, we completed a tender offer and purchased \$460 million of aggregate principal amount of our floating rate notes prior to the due date of March 2024.

- *Senior Notes*

During the year ended December 31, 2023, we purchased or repaid \$2,420 million of aggregate principal amount outstanding of our senior notes due in 2023 and 2024. In addition, we have \$1,781 million of senior notes coming due in 2024.

We may from time to time seek to prepay, retire or purchase our other outstanding indebtedness through prepayments, redemptions, open market purchases, privately negotiated transactions, tender offers or otherwise. Any such purchases or exchanges will be dependent upon several factors, including our liquidity requirements, contractual restrictions, and general market conditions, as well as applicable regulatory, legal and accounting factors. Whether or not we purchase or exchange any of our debt and the size and timing of any such purchases or exchanges will be determined at our discretion.

- *Capital Expenditures*

We effected capital expenditures of \$1,316 million in 2023, including amounts capitalized to support Max. In addition, we expect to continue to incur significant costs to develop and market Max.

- *Investments and Business Combinations*

Our uses of cash have included investments in equity method investments and equity investments without readily determinable fair value. (See Note 10 to the accompanying consolidated financial statements.) We also provide funding to our investees from time to time. We contributed \$112 million and \$168 million in 2023 and 2022, respectively, for investments in and advances to our investees.

We previously held a 35% interest in BluTV, an SVOD platform entity and content distributor in Turkey that was accounted for as an equity method investment. In December 2023, we acquired the remaining 65% of BluTV for \$50 million.

- *Redeemable Noncontrolling Interest and Noncontrolling Interest*

Due to business combinations, we also had redeemable equity balances of \$165 million at December 31, 2023, which may require the use of cash in the event holders of noncontrolling interests put their interests to us. In 2022, GoldenTree exercised its put right requiring us to purchase GoldenTree's noncontrolling interest. In 2023, we paid GoldenTree \$49 million for the redemption of their noncontrolling interest. (See Note 19 to the accompanying consolidated financial statements.) Distributions to noncontrolling interests and redeemable noncontrolling interests totaled \$301 million and \$300 million in 2023 and 2022, respectively.

- *Common Stock Repurchases*

Historically, we have funded our stock repurchases through a combination of cash on hand, cash generated by operations and the issuance of debt. In February 2020, our board of directors authorized additional stock repurchases of up to \$2 billion upon completion of our existing \$1 billion authorization announced in May 2019. Under the new stock repurchase authorization, management is authorized to purchase shares from time to time through open market purchases at prevailing prices or privately negotiated purchases subject to market conditions and other factors. (See Note 3 to the accompanying consolidated financial statements.) There were no common stock repurchases during 2023 or 2022.

• *Income Taxes and Interest*

We expect to continue to make payments for income taxes and interest on our outstanding senior notes. During 2023 and 2022, we made cash payments of \$1,440 million and \$1,027 million for income taxes and \$2,237 million and \$1,539 million for interest on our outstanding debt, respectively.

**Cash Flows**

The following table presents changes in cash and cash equivalents (in millions).

	Year Ended December 31,	
	2023	2022
Cash, cash equivalents, and restricted cash, beginning of period	\$ 3,930	\$ 3,905
Cash provided by operating activities	7,477	4,304
Cash (used in) provided by investing activities	(1,259)	3,524
Cash used in financing activities	(5,837)	(7,742)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	8	(61)
Net change in cash, cash equivalents, and restricted cash	389	25
Cash, cash equivalents, and restricted cash, end of period	\$ 4,319	\$ 3,930

*Operating Activities*

Cash provided by operating activities was \$7,477 million and \$4,304 million in 2023 and 2022, respectively. The increase in cash provided by operating activities was primarily attributable to an increase in net income, excluding non-cash items, partially offset by a negative fluctuation in working capital activity.

*Investing Activities*

Cash (used in) provided by investing activities was \$(1,259) million and \$3,524 million in 2023 and 2022, respectively. The decrease in cash provided by investing activities was primarily attributable to cash acquired from the Merger in the prior year, less proceeds received from the unwind and settlement of derivative instruments and sale of investments, and increased purchases of property and equipment during the year ended December 31, 2023.

*Financing Activities*

Cash used in financing activities was \$5,837 million and \$7,742 million in 2023 and 2022, respectively. The decrease in cash used in financing activities was primarily attributable to less net debt activity during the year ended December 31, 2023.

**Capital Resources**

As of December 31, 2023, capital resources were comprised of the following (in millions).

	December 31, 2023		
	Total Capacity	Outstanding Indebtedness	Unused Capacity
Cash and cash equivalents	\$ 3,780	\$ —	\$ 3,780
Revolving credit facility and commercial paper program	6,000	—	6,000
Senior notes <sup>(a)</sup>	43,955	43,955	—
Total	\$ 53,735	\$ 43,955	\$ 9,780

<sup>(a)</sup> Interest on senior notes is paid annually, semi-annually, or quarterly. Our senior notes outstanding as of December 31, 2023 had interest rates that ranged from 1.90% to 8.30% and will mature between 2024 and 2062.

We expect that our cash balance, cash generated from operations, and availability under the Credit Agreement will be sufficient to fund our cash needs for both the short-term and the long-term. Our borrowing costs and access to capital markets can be affected by short and long-term debt ratings assigned by independent rating agencies which are based, in part, on our performance as measured by credit metrics such as interest coverage and leverage ratios.

The 2017 Tax Act features a participation exemption regime with current taxation of certain foreign income and imposes a mandatory repatriation toll tax on unremitted foreign earnings. Notwithstanding the U.S. taxation of these amounts, we intend to continue to reinvest these funds outside of the U.S. Our current plans do not demonstrate a need to repatriate them to the U.S. However, if these funds were to be needed in the U.S., we would be required to accrue and pay non-U.S. taxes to repatriate them. The determination of the amount of unrecognized deferred income tax liability with respect to these undistributed foreign earnings is not practicable.

#### MATERIAL CASH REQUIREMENTS FROM KNOWN CONTRACTUAL AND OTHER OBLIGATIONS

As of December 31, 2023, our significant contractual and other obligations were as follows (in millions).

	Total	Short-term	Long-term
Long-term debt:			
Principal payments	\$ 43,953	\$ 1,781	\$ 42,172
Interest payments	33,177	2,007	31,170
Purchase obligations:			
Content	24,072	7,077	16,995
Other	3,242	1,386	1,856
Finance lease obligations	296	85	211
Operating lease obligations	4,360	462	3,898
Pension and other employee obligations	1,526	531	995
Total	\$ 110,626	\$ 13,329	\$ 97,297

#### Long-term Debt

Principal payments on long-term debt reflect the repayment of our outstanding senior notes, at face value, assuming repayment will occur upon maturity. Interest payments on our outstanding senior notes are projected based on their contractual interest rates and maturity dates.

Additionally, we have a multicurrency Revolving Credit Agreement and have the capacity to borrow up to \$6.0 billion under the Credit Facility. We may also request additional commitments up to \$1.0 billion from the lenders upon the satisfaction of certain conditions. Additionally, our commercial paper program is supported by the Credit Facility. Under the commercial paper program, we may issue up to \$1.5 billion, including up to \$500 million of euro-denominated borrowings. Borrowing capacity under the Credit Facility is effectively reduced by any outstanding borrowings under the commercial paper program. As of December 31, 2023, we had no outstanding borrowings under the Credit Facility or the commercial paper program. (See Note 11 to the accompanying consolidated financial statements.)

#### Purchase Obligations

Content purchase obligations include commitments associated with third-party producers and sports associations for content that airs on our television networks and DTC services. Production and licensing contracts generally require the purchase of a specified number of episodes and payments during production or over the term of a license, and include both programs that have been delivered and are available for airing and programs that have not yet been produced or sporting events that have not yet taken place. If the content is ultimately never produced, our commitments expire without obligation. We expect to enter into additional production contracts and content licenses to meet our future content needs.

Other purchase obligations include agreements with certain vendors and suppliers for the purchase of goods and services whereby the underlying agreements are enforceable, legally binding and specify all significant terms. Significant purchase obligations include transmission services, television rating services, marketing commitments and research, equipment purchases, and information technology and other services. Some of these contracts do not require the purchase of fixed or minimum quantities and generally may be terminated with a 30-day to 60-day advance notice without penalty, and are not included in the table above past the 30-day to 60-day advance notice period. Other purchase obligations also include future funding commitments to equity method investees. Although the Company had funding commitments to equity method investees as of December 31, 2023, the Company may also provide uncommitted additional funding to its equity method investments in the future. (See Note 10 to the accompanying consolidated financial statements.)

Content and other purchase obligations presented above exclude liabilities recognized on our consolidated balance sheets.

#### ***Finance Lease Obligations***

We acquire satellite transponders and other equipment through multi-year finance lease arrangements. Principal payments on finance lease obligations reflect amounts due under our finance lease agreements. Interest payments on our outstanding finance lease obligations are based on the stated or implied rate in our finance lease agreements. (See Note 12 to the accompanying consolidated financial statements.)

#### ***Operating Lease Obligations***

We obtain office space and equipment under multi-year lease arrangements. Most operating leases are not cancellable prior to their expiration. Payments for operating leases represent the amounts due under the agreements assuming the agreements are not canceled prior to their expiration. (See Note 12 to the accompanying consolidated financial statements.)

#### ***Pension and Other Employee Obligations***

The Company participates in and/or sponsors a qualified defined benefit pension plan that covers certain U.S. based employees and several U.S. and non-U.S. nonqualified defined benefit pension plans that are noncontributory ("Pension Plans"). The Company's Pension Plans consist of both funded and unfunded plans. (See Note 17 to the accompanying consolidated financial statements.)

Contractual commitments include payments to meet minimum funding requirements of our Pension Plans in 2024 and estimated benefit payments. Benefit payments have been estimated over a ten-year period. While benefit payments under the Pension Plans are expected to continue beyond 2033, we believe it is not practicable to estimate payments beyond this period.

We are unable to reasonably predict the ultimate amount of any payments due to cash-settled share-based compensation awards. As of December 31, 2023, the current portion of the liability for cash-settled share-based compensation awards was \$10 million.

#### ***Unrecognized Tax Benefits***

We are unable to reasonably predict the ultimate amount or timing of settlement of our unrecognized tax benefits because, until formal resolutions are reached, reasonable estimates of the amount and timing of cash settlements with the respective taxing authorities are not practicable. Our unrecognized tax benefits totaled \$2,147 million as of December 31, 2023.

#### ***Six Flags Guarantee***

In connection with WM's former investment in the Six Flags (as defined below) theme parks located in Georgia and Texas (collectively, the "Parks"), in 1997, certain subsidiaries of the Company agreed to guarantee (the "Six Flags Guarantee") certain obligations of the partnerships that hold the Parks (the "Partnerships") for the benefit of the limited partners in such Partnerships, including, annual payments made to the Parks or to the limited partners and additional obligations at the end of the respective terms for the Partnerships in 2027 and 2028 (the "Guaranteed Obligations"). The aggregate gross undiscounted estimated future cash flow requirements covered by the Six Flags Guarantee over the remaining term (through 2028) are \$521 million. To date, no payments have been made by us pursuant to the Six Flags Guarantee.

Six Flags Entertainment Corporation (formerly known as Six Flags, Inc. and Premier Parks Inc.) ("Six Flags"), which has the controlling interest in the Parks, has agreed, pursuant to a subordinated indemnity agreement (the "Subordinated Indemnity Agreement"), to guarantee the performance of the Guaranteed Obligations when due and to indemnify the Company, among others, if the Six Flags Guarantee is called upon. If Six Flags defaults on its indemnification obligations, we have the right to acquire control of the managing partner of the Parks. Six Flags' obligations to us are further secured by its interest in all limited partnership units held by Six Flags.

Based on our evaluation of the current facts and circumstances surrounding the Guaranteed Obligations and the Subordinated Indemnity Agreement, we are unable to predict the loss, if any, that may be incurred under the Guaranteed Obligations, and no liability for the arrangements has been recognized as of December 31, 2023. Because of the specific circumstances surrounding the arrangements and the fact that no active or observable market exists for this type of financial guarantee, we are unable to determine a current fair value for the Guaranteed Obligations and related Subordinated Indemnity Agreement.

#### ***Other Contingent Commitments***

Other contingent commitments primarily include contingent payments for post-production term advance obligations on a certain co-financing arrangement, as well as operating lease commitment guarantees, letters of credit, bank guarantees, and surety bonds, which generally support performance and payments for a wide range of global contingent and firm obligations, including insurance, litigation appeals, real estate leases, and other operational needs.

The Company's other contingent commitments at December 31, 2023 were \$395 million, with \$367 million estimated to be due in 2024. For other contingent commitments where payment obligations are outside our control, the timing of amounts represents the earliest period in which the payment could be requested. For the remaining other contingent commitments, the timing of the amounts presented represents when the maximum contingent commitment will expire but does not mean that we expect to incur an obligation to make any payments within that time period. In addition, these amounts do not reflect the effects of any indemnification rights we might possess.

**Put Rights**

We have granted put rights to certain consolidated subsidiaries, but we are unable to reasonably predict the ultimate amount or timing of any payment. We recorded the carrying value of the noncontrolling interest in the equity associated with the put rights as a component of redeemable noncontrolling interest in the amount of \$165 million. (See Note 19 to the accompanying consolidated financial statements.)

**Noncontrolling Interest**

The Food Network and Cooking Channel are operated and organized under the terms of the TV Food Network Partnership (the "Partnership"). We hold interests in the Partnership, along with another noncontrolling owner. The Partnership agreement specifies a dissolution date of December 31, 2024. If the term of the Partnership is not extended prior to that date, the Partnership agreement permits us, as holder of 80% of the applicable votes, to reconstitute the Partnership and continue its business. If for some reason the Partnership is not continued, it will be required to limit its activities to winding up, settling debts, liquidating assets and distributing proceeds to the partners in proportion to their partnership interests.

**Summarized Guarantor Financial Information**

**Basis of Presentation**

As of December 31, 2023, the Company has outstanding senior notes issued by DCL, a wholly owned subsidiary of the Company, and guaranteed by the Company, Scripps Networks Interactive, Inc. ("Scripps Networks"), and WMH; senior notes issued by WMH and guaranteed by the Company, Scripps Networks, and DCL; senior notes issued by the legacy WarnerMedia Business (not guaranteed); and senior notes issued by Scripps Networks (not guaranteed). (See Note 11 to the accompanying consolidated financial statements.) DCL primarily includes the Discovery Channel and TLC networks in the U.S. DCL is a wholly owned subsidiary of the Company. Scripps Networks is also wholly owned by the Company.

The tables below present the summarized financial information as combined for Warner Bros. Discovery, Inc. (the "Parent"), Scripps Networks, DCL, and WMH (collectively, the "Obligors"). All guarantees of DCL and WMH's senior notes (the "Note Guarantees") are full and unconditional, joint and several and unsecured, and cover all payment obligations arising under the senior notes.

Note Guarantees issued by Scripps Networks, DCL or WMH, or any subsidiary of the Parent that in the future issues a Note Guarantee (each, a "Subsidiary Guarantor") may be released and discharged (i) concurrently with any direct or indirect sale or disposition of such Subsidiary Guarantor or any interest therein, (ii) at any time that such Subsidiary Guarantor is released from all of its obligations under its guarantee of payment, (iii) upon the merger or consolidation of any Subsidiary Guarantor with and into DCL, WMH or the Parent or another Subsidiary Guarantor, as applicable, or upon the liquidation of such Subsidiary Guarantor and (iv) other customary events constituting a discharge of the Obligors' obligations.

### Summarized Financial Information

The Company has included the accompanying summarized combined financial information of the Obligor after the elimination of intercompany transactions and balances among the Obligor and the elimination of equity in earnings from and investments in any subsidiary of the Parent that is a non-guarantor (in millions).

	December 31, 2023
Current assets	\$ 1,539
Non-guarantor intercompany trade receivables, net	336
Noncurrent assets	5,709
Current liabilities	2,847
Noncurrent liabilities	42,157
	Year Ended December 31, 2023
Revenues	\$ 1,940
Operating income	307
Net loss	(1,436)
Net loss available to Discovery, Inc.	(1,447)

Additional information regarding the changes in our outstanding indebtedness and the significant terms and provisions of our revolving credit facility and outstanding indebtedness is discussed in Note 11 to the accompanying consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data" in this Annual Report on Form 10-K.

### RELATED PARTY TRANSACTIONS

In the ordinary course of business, we enter into transactions with related parties, primarily the Liberty Entities and our equity method investees. Information regarding transactions and amounts with related parties is discussed in Note 21 to the accompanying consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data" in this Annual Report on Form 10-K.

### NEW ACCOUNTING AND REPORTING PRONOUNCEMENTS

We adopted certain accounting and reporting standards during 2023. Information regarding our adoption of new accounting and reporting standards is discussed in Note 2 to the accompanying consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data" in this Annual Report on Form 10-K.

### CRITICAL ACCOUNTING ESTIMATES

Our consolidated financial statements are prepared in accordance with U.S. GAAP, which requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities.

On an ongoing basis, we evaluate our estimates and assumptions, including those related to uncertain tax positions, goodwill and intangible assets, content rights, consolidation and revenue recognition. We base our estimates on historical experience, current developments and on various other assumptions that we believe to be reasonable under these circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that cannot readily be determined from other sources. There can be no assurance that actual results will not differ from those estimates.

Management considers an accounting estimate to be critical if it required assumptions to be made that were uncertain at the time the estimate was made and changes in the estimate or different estimates could have a material effect on our results of operations.

The development and selection of these critical accounting estimates have been determined by management and the related disclosures have been reviewed with the Audit Committee of the board of directors of the Company. We believe the following accounting estimates are critical to our business operations and the understanding of our results of operations and involve the more significant judgments and estimates used in the preparation of our consolidated financial statements.

### **Uncertain Tax Positions**

We are subject to income taxes in numerous U.S. and foreign jurisdictions. From time to time, we engage in transactions or take filing positions in which the tax consequences may be uncertain and may recognize tax liabilities based on estimates of whether additional taxes and interest will be due. We establish a reserve for uncertain tax positions unless we determine that such positions are more likely than not to be sustained upon examination based on their technical merits, including the resolution of any appeals or litigation processes. We include interest and where appropriate, potential penalties, as a component of income tax expense on the consolidated statement of operations. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events including the status and results of income tax audits with the relevant tax authorities. Significant judgment is exercised in evaluating all relevant information, the technical merits of the tax positions, and the accurate measurement of uncertain tax positions when determining the amount of reserve and whether positions taken on our tax returns are more likely than not to be sustained. This also involves the use of significant estimates and assumptions with respect to the potential outcome of positions taken on tax returns that may be reviewed by tax authorities. At December 31, 2023, the reserve for uncertain tax positions was \$2,147 million, and it is reasonably possible that the total amount of unrecognized tax benefits related to certain of our uncertain tax positions could decrease by as much as \$84 million within the next twelve months as a result of ongoing audits, foreign judicial proceedings, lapses of statutes of limitations or regulatory developments.

### **Goodwill and Intangible Assets**

Goodwill is allocated to our reporting units, which are our operating segments or one level below our operating segments (the component level). Reporting units are determined by the discrete financial information available for the component and whether it is regularly reviewed by segment management. Components are aggregated into a single reporting unit if they share similar economic characteristics. Our reporting units are Studios, Networks, and DTC.

We evaluate our goodwill for impairment annually as of October 1 or earlier upon the occurrence of substantive unfavorable changes in economic conditions, industry trends, costs, cash flows, or ongoing declines in market capitalization. If we believe that as a result of our qualitative assessment it is not more likely than not that the fair value of a reporting unit is greater than its carrying amount, a quantitative impairment test is required. The quantitative impairment test requires significant judgment in determining the fair value of the reporting units. We determine the fair value of our reporting units by using a combination of the income approach, which incorporates the use of the discounted cash flow ("DCF") method and the market multiple approach, which incorporates the use of EBITDA and revenue multiples based on market data. For the DCF method, we use projections specific to the reporting unit, as well as those based on general economic conditions, which require the use of significant estimates and assumptions. Determining fair value specific to each reporting unit requires us to exercise judgment when selecting the appropriate discount rates, control premiums, terminal growth rates, relevant comparable company earnings multiples and the amount and timing of expected future cash flows, including revenue growth rates and profit margins. The cash flows employed in the DCF analysis for each reporting unit are based on the reporting unit's budget, long range plan, and recent operating performance. Discount rate assumptions are based on an assessment of the risk inherent in the future cash flows of the respective reporting unit and market conditions.

#### *2023 Impairment Analysis*

As of October 1, 2023, the Company performed a quantitative goodwill impairment assessment for all reporting units. The estimated fair value of each reporting unit exceeded its carrying value and, therefore, no impairment was recorded. The Studios reporting unit, which had headroom of 15%, and the Networks reporting unit, which had headroom of 5%, both had fair value in excess of carrying value of less than 20%. During our annual impairment testing, we evaluated the sensitivity of our most critical assumption, the discount rate, and determined that a 50 basis point increase in the discount rate selected would not have impacted the test results. Additionally, the Company could reduce the terminal growth rate by 100 basis points, and the fair value of the reporting units would still exceed their carrying value. The fair values of the reporting units were determined using a combination of DCF and market valuation methodologies. Due to declining levels of global GDP growth, soft advertising markets in the U.S. associated with the Company's Networks reporting unit, content licensing trends in our Studios reporting unit, and execution risk associated with anticipated growth in the Company's DTC reporting unit, the Company will continue to monitor its reporting units for changes that could impact recoverability.

### **Content Rights**

We capitalize the costs to produce or acquire feature films and television programs, and we amortize costs and test for impairment based on whether the content is predominantly monetized individually, or as a group.

For films and television programs predominantly monetized individually, the amount of capitalized film and television production costs (net of incentives) amortized and the amount of participations and residuals to be recognized as expense in a particular period are determined using the individual film forecast method. Under this method, the amortization of capitalized costs and the accrual of participations and residuals are based on the proportion of the film's or television program's revenues recognized for such period to the film's or television program's estimated remaining ultimate revenues (i.e., the total revenue to be received throughout a film's or television program's remaining life cycle).

For theatrical films, which are monetized on an individual basis, the process of estimating ultimate revenues requires us to make a series of judgments related to future revenue-generating activities associated with a particular film. Prior to the theatrical release of a film, our estimates are based on factors such as the historical performance of similar films, the star power of the lead actors, the rating and genre of the film, pre-release market research (including test market screenings), international distribution plans and the expected number of theaters in which the film will be released. Subsequent to release, ultimate revenues are updated to reflect initial performance, which is often predictive of future performance.

For television programs that are monetized on an individual basis, ultimate revenues are estimated based on factors including the performance of similar programs in each applicable market, firm commitments in hand from customers that license the program in the future, and the popularity of the program in its initial markets.

For a film or television program that is predominantly monetized on its own but also monetized with other films and/or programs (such as on our DTC or linear services), we make a reasonable estimate of the value attributable to the film or program's exploitation while monetized with other films/programs, based on relative market rates, and expense such costs as the film or television program is exhibited.

Ultimates for content monetized on an individual basis are reviewed and updated (as applicable) on a quarterly basis; any adjustments are applied prospectively as of the beginning of the fiscal year of the change.

For programs monetized as a group, including licensed programming, amortization expense for network programs is generally based on projected usage, generally resulting in an accelerated or straight-line amortization pattern. Adjustments for projected usage are applied prospectively in the period of the change. Streaming and premium pay-TV content amortization is based on estimated viewing patterns, as there are generally limited to no direct revenues to associate to the individual content assets for premium pay-TV. As such, number of views is most representative of the use of the title.

Judgment is required to determine the useful lives and amortization patterns of our content assets that are predominantly monetized as a group. Critical assumptions include: (i) the grouping of content with similar characteristics, (ii) the application of a quantitative revenue forecast model or historical viewership model based on the adequacy of historical data, and (iii) determining the appropriate historical periods to utilize and the relative weighting of those historical periods in the forecast model. We then consider the appropriate application of the quantitative assessment given forecasted content use, expected content investment and market trends. Content use and future revenues may differ from estimates based on changes in expectations related to market acceptance, network affiliate fee rates, advertising demand, the number of cable and satellite television subscribers receiving our networks, the number of subscribers to our streaming services, and program usage. Accordingly, we review our estimates and planned usage at least quarterly and revise our assumptions if necessary.

#### **Consolidation**

We have ownership and other interests in and contractual arrangements with various entities, including corporations, partnerships, and limited liability companies. For each such entity, we evaluate our ownership, other interests and contractual arrangements to determine whether we should consolidate the entity or account for its interest as an investment at inception and upon reconsideration events. As part of its evaluation, we initially determine whether the entity is a variable interest entity ("VIE"). Management evaluates key considerations through a qualitative and quantitative analysis in determining whether an entity is a VIE including whether (i) the entity has sufficient equity to finance its activities without additional financial support from other parties, (ii) the ability or inability to make significant decisions about the entity's operations, and (iii) the proportionality of voting rights of investors relative to their obligations to absorb the expected losses (or receive the expected returns) of the entity. If the entity is a VIE and if we have a variable interest in the entity, we use judgment in determining if we are the primary beneficiary and are thus required to consolidate the entity. In making this determination, we evaluate whether we or another party involved with the VIE (1) has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (2) has the obligation to absorb losses of or receive benefits from the VIE that could be significant to the VIE.



If it is concluded that an entity is not a VIE, we consider our proportional voting interests in the entity and consolidate majority-owned subsidiaries in which a controlling financial interest is maintained. A controlling financial interest is determined by majority ownership and the absence of substantive third-party participation rights. Key factors we consider in determining the presence of substantive third-party participation rights include, but are not limited to, control of the board of directors, budget approval or veto rights, or operational rights that significantly impact the economic performance of the business such as programming, creative development, marketing, and selection of key personnel. Ownership interests in unconsolidated entities for which we have significant influence are accounted for as equity method.

We evaluated reconsideration events during the year ended December 31, 2023 and concluded there were no changes to our consolidation assessments.

#### **Revenue Recognition**

As described in Note 2, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration that we expect to receive in exchange for those services or goods. Significant estimates and judgements are applied in determining the timing of revenue recognition for certain types of transactions, such as bundled arrangements for advertising sales and content licensing arrangements.

A substantial portion of the advertising contracts in the U.S. and certain international markets guarantee the advertiser a minimum audience level that either the program in which their advertisements are aired or the advertisement will reach. These advertising campaigns are considered to represent a single, distinct performance obligation. For such contracts, judgment is required in measuring progress across our single performance obligation. Various factors such as pricing specific to the channel, daypart and targeted demographic, as well as audience guarantees, are considered in determining how to appropriately measure progress across the campaigns. Revenues are ultimately recognized based on the guaranteed audience level delivered multiplied by the average price per impression.

Our content licensing arrangements often include fixed license fees from the licensing of feature films and television programs in the off-network cable, premium pay, syndication, streaming, and international television and streaming markets. For arrangements that include multiple titles and/or staggered availabilities across geographical regions, the availability of each title and/or each region is considered a separate performance obligation, and the fixed fee is allocated to each title/region based on comparable market rates and recognized as revenue when the title is available for use by the licensee.

See Item 1A, "Risk Factors" for details on significant risks that could impact our ability to successfully grow our cash flows. For an in-depth discussion of each of our significant accounting policies, including our critical accounting policies and further information regarding estimates and assumptions involved in their application, see Note 2 to the accompanying consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data" in this Annual Report on Form 10-K.

#### **ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk.**

Our financial position, earnings and cash flows are exposed to market risks and can be affected by, among other things, economic conditions, interest rate changes, foreign currency fluctuations, and changes in the market values of investments. We have established policies, procedures and internal processes governing our management of market risks and the use of financial instruments to manage our exposure to such risks.

#### **Interest Rates**

We are exposed to the impact of interest rate changes primarily through our actual and potential borrowing activities. During the year ended December 31, 2023, we had access to a \$6.0 billion multicurrency revolving credit facility. We had no outstanding borrowings as of December 31, 2023. We also have access to a commercial paper program, which had no outstanding borrowings as of December 31, 2023. The interest rate on borrowings under the revolving credit facility is based on a floating rate based on the applicable currency of the borrowing plus a margin. The revolving credit facility matures in June 2026, with the option for up to two additional 364-day renewal periods. As of December 31, 2023, we had \$43.9 billion of fixed-rate senior notes, at par value.

Our current objectives in managing exposure to interest rate changes are to limit the impact of interest rates on earnings and cash flows. To achieve these objectives, we may enter into derivative instruments, effectively converting fixed rate borrowings to variable rate borrowings indexed to benchmark interest rates in order to reduce the amount of interest paid, or to limit the impact of volatility in interest rates on future issuances of fixed rate debt. (See Note 13 to the accompanying consolidated financial statements.)

As of December 31, 2023, the fair value of our outstanding senior notes, including accrued interest, was \$40.5 billion. The fair value of our long-term debt may vary as a result of market conditions and other factors. A change in market interest rates will impact the fair market value of our fixed rate debt. The potential change in fair value of these senior notes from a 100 basis-point increase in quoted interest rates across all maturities, often referred to as a parallel shift in the yield curve, would be a decrease in fair value of approximately \$2.9 billion as of December 31, 2023.

#### Foreign Currency Exchange Rates

We transact business globally and are subject to risks associated with changing foreign currency exchange rates. Market risk refers to the risk of loss arising from adverse changes in foreign currency exchange rates. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows, and future earnings. We operate from hubs in EMEA, Latin America, and Asia, with net earnings reinvested locally and working capital requirements met from existing liquid funds. To the extent such funds are not sufficient to meet working capital requirements, drawdowns in the appropriate local currency are available from intercompany borrowings or from our revolving credit facility. The earnings of certain international operations are expected to be reinvested in those businesses indefinitely.

The functional currency of most of our international subsidiaries is the local currency. We are exposed to foreign currency risk to the extent that we enter into transactions denominated in currencies other than our subsidiaries' respective functional currencies ("non-functional currency risk"). Such transactions include affiliate and ad sales arrangements, content arrangements, equipment and other vendor purchases, and intercompany transactions. Changes in exchange rates with respect to amounts recorded in our consolidated balance sheets related to these items will result in unrealized foreign currency transaction gains and losses based upon period-end exchange rates. We also record realized foreign currency transaction gains and losses upon settlement of the transactions. Moreover, we will experience fluctuations in our revenues and expenses solely as a result of changes in foreign currency exchange rates.

We also are exposed to unfavorable and potentially volatile fluctuations of the U.S. dollar, which is our reporting currency, against the currencies of our operating subsidiaries when their respective financial statements are translated into U.S. dollars for inclusion in our consolidated financial statements. Cumulative translation adjustments are recorded in accumulated other comprehensive loss as a separate component of equity. Any increase or decrease in the value of the U.S. dollar against any foreign functional currency of one of our operating subsidiaries will cause us to experience unrealized foreign currency translation gains or losses with respect to amounts already invested in such foreign currencies. Accordingly, we may experience a negative impact on our net income, other comprehensive (loss) income and equity with respect to our holdings solely as a result of changes in foreign currency.

The majority of our foreign currency exposure is tied to Europe and Latin America. We may enter into derivative instruments that change in value as foreign currency exchange rates change to hedge certain exposures associated with affiliate revenue, the cost of producing or acquiring content, certain intercompany transactions, or in connection with forecasted business combinations. These contracts hedge forecasted foreign currency transactions in order to mitigate fluctuations in our earnings and cash flows associated with changes in foreign currency exchange rates. Our objective in managing exposure to foreign currency fluctuations is to reduce volatility of earnings and cash flows. Most of our non-functional currency risks related to our revenue, operating expenses and capital expenditures were not hedged as of December 31, 2023. We generally do not hedge against the risk that we may incur non-cash losses upon the translation of the financial statements of our subsidiaries and affiliates into U.S. dollars. (See Note 13 to the accompanying consolidated financial statements.)

#### Derivatives

We may use derivative financial instruments to modify our exposure to exogenous events and market risks from changes in foreign currency exchange rates and interest rates. We do not use derivatives unless there is an underlying exposure. While derivatives are used to mitigate cash flow risk and the risk of declines in fair value, they also limit potential economic benefits to our business in the event of positive shifts in foreign currency exchange rates and interest rates. We do not hold or enter into financial instruments for speculative trading purposes. (See Note 13 to the accompanying consolidated financial statements.)

**Market Values of Investments and Liabilities**

In addition to derivatives, we had investments in entities accounted for as equity method investments, equity investments, and other highly liquid instruments, such as money market funds and mutual funds, that are accounted for at fair value. We also have liabilities, such as deferred compensation, that are accounted for at fair value (See Note 10 and Note 14 to the accompanying consolidated financial statements). Investments in mutual funds include both fixed- and floating-rate interest earning securities that carry a degree of interest rate risk. Fixed-rate securities may have their fair market value adversely impacted by a rise in interest rates, while floating-rate securities may produce less income than predicted if interest rates fall. Due in part to these factors, our income from such investments may decrease in the future. Liabilities carried at fair value, such as deferred compensation, may experience capital gains that result in increased liabilities and expenses as the capital gains occur. We may enter into derivative financial instruments to hedge the risk of these market value changes. (See Note 13 to the accompanying consolidated financial statements.)

ITEM 8. Financial Statements and Supplementary Data.

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#### MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Warner Bros. Discovery, Inc. (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) and Rule 15d-15(f) of the Securities Exchange Act of 1934, as amended. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and provide reasonable assurance that receipts and expenditures of the Company are being made only in accordance with authorizations of management and the directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements prepared for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2023 based on the framework set forth in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation, management concluded that, as of December 31, 2023, the Company's internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2023 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report in Item 8 of Part II of this Annual Report on Form 10-K under the caption "Report of Independent Registered Public Accounting Firm."

## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Warner Bros. Discovery, Inc.

### *Opinions on the Financial Statements and Internal Control over Financial Reporting*

We have audited the accompanying consolidated balance sheets of Warner Bros. Discovery, Inc. and its subsidiaries (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of operations, of comprehensive (loss) income, of equity and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended December 31, 2023 appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

### *Basis for Opinions*

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### *Definition and Limitations of Internal Control over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### *Critical Audit Matters*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Goodwill Impairment Assessments - Networks and DTC Reporting Units*

As described in Notes 2 and 5 to the consolidated financial statements, the Company's consolidated goodwill balance was \$35.0 billion as of December 31, 2023, and the goodwill associated with the Networks and DTC reporting units was \$17.6 billion and \$8.1 billion, respectively. Management evaluates goodwill for impairment annually as of October 1, or if an event or other circumstance indicates that it may not recover the carrying value of the asset. If a qualitative assessment indicates that it is more likely than not that the carrying value of a reporting unit goodwill exceeds its fair value, a quantitative impairment test is performed. If the carrying amount of the reporting unit exceeds the fair value of the reporting unit, an impairment charge is recorded for the amount by which the carrying amount exceeds the fair value, not to exceed the amount of goodwill recorded for that reporting unit. As of October 1, 2023, the Company performed a quantitative goodwill impairment assessment for all reporting units. The estimated fair value of each reporting unit exceeded its carrying value and, therefore, no impairment was recorded. Management determines the fair value of the reporting units by using a combination of discounted cash flow and market valuation methodologies. Significant judgments and assumptions for the quantitative goodwill tests performed include discount rates, control premiums, terminal growth rates, relevant comparable company earnings multiples, and the amount and timing of expected future cash flows, including the revenue projections and profit margins.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessments of the Networks and DTC reporting units is a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of the Networks and DTC reporting units, (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions used in the discounted cash flow method related to revenue projections for the Networks and DTC reporting units and discount rate for the Networks reporting unit, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessments, including controls over the valuation of the Networks and DTC reporting units. These procedures also included, among others, (i) testing management's process for developing the fair value estimate of the Networks and DTC reporting units, (ii) evaluating the appropriateness of the discounted cash flow method used by management, (iii) testing the completeness and accuracy of underlying data used in the discounted cash flow method, and (iv) evaluating the reasonableness of the significant assumptions used by management related to revenue projections and discount rate. Evaluating management's assumptions related to revenue projections involved evaluating whether the assumptions are reasonable considering (i) the current and past performance of the Networks and DTC reporting units, (ii) the consistency with external market and industry data, and (iii) whether the assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the discounted cash flow method and (ii) the reasonableness of the discount rate assumption.

/s/ PricewaterhouseCoopers LLP  
Washington, District of Columbia  
February 23, 2024

We have served as the Company's auditor since 2008.

WARNER BROS. DISCOVERY, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(in millions, except per share amounts)

	Year Ended December 31,		
	2023	2022	2021
<b>Revenues:</b>			
Distribution	\$ 20,237	\$ 16,142	\$ 5,202
Advertising	8,700	8,524	6,194
Content	11,203	8,360	737
Other	1,181	791	58
<b>Total revenues</b>	<b>41,321</b>	<b>33,817</b>	<b>12,191</b>
<b>Costs and expenses:</b>			
Costs of revenues, excluding depreciation and amortization	24,526	20,442	4,620
Selling, general and administrative	9,696	9,678	4,016
Depreciation and amortization	7,985	7,193	1,582
Restructuring and other charges	585	3,757	32
Impairments and loss (gain) on dispositions	77	117	(71)
<b>Total costs and expenses</b>	<b>42,869</b>	<b>41,187</b>	<b>10,179</b>
Operating (loss) income	(1,548)	(7,370)	2,012
Interest expense, net	(2,221)	(1,777)	(633)
Loss from equity investees, net	(82)	(160)	(18)
Other (expense) income, net	(12)	347	72
(Loss) income before income taxes	(3,863)	(8,960)	1,433
Income tax benefit (expense)	784	1,663	(236)
Net (loss) income	(3,079)	(7,297)	1,197
Net income attributable to noncontrolling interests	(38)	(68)	(138)
Net income attributable to redeemable noncontrolling interests	(9)	(6)	(53)
<b>Net (loss) income available to Warner Bros. Discovery, Inc.</b>	<b>\$ (3,126)</b>	<b>\$ (7,371)</b>	<b>\$ 1,006</b>
Net (loss) income per share available to Warner Bros. Discovery, Inc. Series A common stockholders:			
Basic	\$ (1.28)	\$ (3.82)	\$ 1.55
Diluted	\$ (1.28)	\$ (3.82)	\$ 1.54
<b>Weighted average shares outstanding:</b>			
Basic	2,436	1,940	588
Diluted	2,436	1,940	664

The accompanying notes are an integral part of these consolidated financial statements.



WARNER BROS. DISCOVERY, INC.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME  
(in millions)

	Year Ended December 31,		
	2023	2022	2021
<b>Net (loss) income</b>	\$ (3,079)	\$ (7,297)	\$ 1,197
Other comprehensive income (loss):			
<b>Currency translation</b>			
Change in net unrealized gains (losses)	799	(651)	(290)
Less: Reclassification adjustment for net (gains) losses included in net income	—	(2)	—
Net change, net of income tax benefit (expense) of \$30, \$(53) and \$9	799	(653)	(290)
Pension plans, net of income tax benefit (expense) of \$(3), \$21 and \$(1)	(21)	(26)	2
Derivatives			
Change in net unrealized gains (losses)	16	4	134
Less: Reclassification adjustment for net (gains) losses included in net income	(12)	(18)	(25)
Net change, net of income tax benefit (expense) of \$(2), \$2 and \$(27)	4	(14)	109
Comprehensive (loss) income	(2,297)	(7,990)	1,018
Comprehensive income attributable to noncontrolling interests	(38)	(68)	(138)
Comprehensive income attributable to redeemable noncontrolling interests	(9)	(6)	(53)
Comprehensive (loss) income attributable to Warner Bros. Discovery, Inc.	\$ (2,344)	\$ (8,064)	\$ 827

The accompanying notes are an integral part of these consolidated financial statements.

**WARNER BROS. DISCOVERY, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(in millions, except par value)

	December 31,	
	2023	2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,780	\$ 3,731
Receivables, net	6,047	6,380
Prepaid expenses and other current assets	4,391	3,888
Total current assets	14,218	13,999
Film and television content rights and games	21,229	26,652
Property and equipment, net	5,957	5,301
Goodwill	34,969	34,438
Intangible assets, net	38,285	44,982
Other noncurrent assets	8,099	8,629
Total assets	\$ 122,757	\$ 134,001
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,260	\$ 1,454
Accrued liabilities	10,368	11,504
Deferred revenues	1,924	1,694
Current portion of debt	1,780	365
Total current liabilities	15,332	15,017
Noncurrent portion of debt	41,889	48,634
Deferred income taxes	8,736	11,014
Other noncurrent liabilities	10,328	10,669
Total liabilities	76,285	85,334
Commitments and contingencies (See Note 22)		
Redeemable noncontrolling interests	165	318
Equity:		
Warner Bros. Discovery, Inc. stockholders' equity:		
Series A common stock: \$0.01 par value; 10,800 and 10,800 shares authorized; 2,669 and 2,660 shares issued; and 2,439 and 2,430 shares outstanding	27	27
Preferred stock: \$0.01 par value; 1,200 and 1,200 shares authorized, 0 shares issued and outstanding	—	—
Additional paid-in capital	55,112	54,630
Treasury stock, at cost: 230 and 230 shares	(8,244)	(8,244)
(Accumulated deficit) retained earnings	(928)	2,205
Accumulated other comprehensive loss	(741)	(1,523)
Total Warner Bros. Discovery, Inc. stockholders' equity	45,226	47,095
Noncontrolling interests	1,081	1,254
Total equity	46,307	48,349
Total liabilities and equity	\$ 122,757	\$ 134,001

The accompanying notes are an integral part of these consolidated financial statements.

**WARNER BROS. DISCOVERY, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)

	Year Ended December 31,		
	2023	2022	2021
<b>Operating Activities</b>			
Net (loss) income	\$ (3,079)	\$ (7,297)	\$ 1,197
<b>Adjustments to reconcile net income to cash provided by operating activities:</b>			
Content rights amortization and impairment	16,024	14,161	3,501
Content restructuring impairments and write-offs	115	2,808	—
Depreciation and amortization	7,985	7,193	1,582
Deferred income taxes	(2,344)	(2,842)	(511)
Preferred stock conversion premium	—	789	—
Equity in losses of equity method investee companies and cash distributions	157	211	63
Share-based compensation expense	500	412	178
Impairments and loss (gain) on dispositions	—	116	(71)
(Gain) loss from derivative instruments, net	(151)	(501)	49
Gain on sale of investments	—	(199)	(19)
Other, net	259	435	66
<b>Changes in operating assets and liabilities, net of acquisitions and dispositions:</b>			
Receivables, net	312	181	47
Film and television content rights, games and payables, net	(12,305)	(12,562)	(3,381)
Accounts payable, accrued liabilities, deferred revenues and other noncurrent liabilities	(820)	1,529	185
Foreign currency, prepaid expenses and other assets, net	824	(130)	(88)
Cash provided by operating activities	7,477	4,304	2,798
<b>Investing Activities</b>			
Purchases of property and equipment	(1,316)	(987)	(373)
Cash (used for) acquired from business acquisitions and working capital settlement	(50)	3,612	(2)
Purchases of investments	—	—	(103)
Investments in and advances to equity investments	(112)	(168)	(184)
Proceeds from sales and maturities of investments	—	306	599
Proceeds from (payments for) derivative instruments, net	121	752	(86)
Other investing activities, net	98	9	93
Cash (used in) provided by investing activities	(1,259)	3,524	(56)
<b>Financing Activities</b>			
Principal repayments of term loans	(4,000)	(6,000)	—
Principal repayments of debt, including premiums to par value and discount payment	(2,860)	(1,315)	(574)
Borrowings from debt, net of discount and issuance costs	1,496	—	—
Repayments under revolving credit facility	(1,350)	(125)	—
Borrowings under revolving credit facility	1,350	125	—
Distributions to noncontrolling interests and redeemable noncontrolling interests	(301)	(300)	(251)
Purchase of redeemable noncontrolling interest	(49)	—	—
Borrowings under commercial paper program	3,857	2,268	—
Repayments under commercial paper program	(3,864)	(2,270)	—
Other financing activities, net	(116)	(125)	(28)
Cash used in financing activities	(5,837)	(7,742)	(853)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	8	(61)	(106)
Net change in cash, cash equivalents, and restricted cash	389	25	1,783
Cash, cash equivalents, and restricted cash, beginning of period	3,930	3,905	2,122
Cash, cash equivalents, and restricted cash, end of period	\$ 4,319	\$ 3,930	\$ 3,905

The accompanying notes are an integral part of these consolidated financial statements.

**WARNER BROS. DISCOVERY, INC.**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
(in millions)

	Discovery, Inc. Preferred Stock		Discovery, Inc. Common Stock		Warner Bros. Discovery, Inc. Common Stock		Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Warner Bros. Discovery, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Par Value	Shares	Par Value	Shares	Par Value							
December 31, 2020	13	\$ —	717	\$ 7	—	\$ —	\$ 10,809	\$ (8,244)	\$ 8,543	\$ (651)	\$ 10,464	\$ 1,536	\$ 12,000
Net income available to Warner Bros. Discovery, Inc. and attributable to noncontrolling interests	—	—	—	—	—	—	—	—	1,006	—	1,006	138	1,144
Other comprehensive loss	—	—	—	—	—	—	—	—	—	(179)	(179)	—	(179)
Share-based compensation	—	—	—	—	—	—	158	—	—	—	158	—	158
Preferred stock conversion	(1)	—	11	—	—	—	—	—	—	—	—	—	—
Tax settlements associated with share-based plans	—	—	—	—	—	—	(71)	—	—	—	(71)	—	(71)
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—	(240)	(240)
Issuance of stock in connection with share- based plans	—	—	8	—	—	—	198	—	—	—	198	—	198
Redeemable noncontrolling interest adjustments to redemption value	—	—	—	—	—	—	(8)	—	31	—	23	—	23
December 31, 2021	12	—	736	7	—	—	11,086	(8,244)	9,580	(830)	11,599	1,434	13,033
Net (loss) income available to Warner Bros. Discovery, Inc. and attributable to noncontrolling interests	—	—	—	—	—	—	—	—	(7,371)	—	(7,371)	68	(7,303)
Other comprehensive loss	—	—	—	—	—	—	—	—	—	(693)	(693)	—	(693)
Share-based compensation	—	—	—	—	—	—	399	—	—	—	399	—	399
Conversion and issuance of common stock and noncontrolling interest in connection with the acquisition of the WarnerMedia Business	(12)	—	(739)	(7)	2,658	27	43,173	—	—	—	43,193	2	43,195
Tax settlements associated with share-based plans	—	—	—	—	—	—	(54)	—	—	—	(54)	—	(54)
Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	—	(250)	(250)
Issuance of stock in connection with share- based plans	—	—	3	—	2	—	26	—	—	—	26	—	26
Redeemable noncontrolling interest adjustments to redemption value	—	—	—	—	—	—	—	—	(4)	—	(4)	—	(4)
December 31, 2022	—	—	—	—	2,660	27	54,630	(8,244)	2,205	(1,523)	47,095	1,234	48,349
Net (loss) income available to Warner Bros. Discovery, Inc. and attributable to noncontrolling interests	—	—	—	—	—	—	—	—	(3,126)	—	(3,126)	38	(3,088)
Other comprehensive income	—	—	—	—	—	—	—	—	—	782	782	—	782
Share-based compensation	—	—	—	—	—	—	452	—	—	—	452	—	452
Reclassification of redeemable noncontrolling interest to noncontrolling interest and change in noncontrolling interest ownership (See Note 19)	—	—	—	—	—	—	2	—	—	—	2	60	62
Tax settlements associated with share-based plans	—	—	—	—	—	—	(70)	—	—	—	(70)	—	(70)
Redemption of redeemable noncontrolling interest	—	—	—	—	—	—	73	—	—	—	73	—	73

**WARNER BROS. DISCOVERY, INC.**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
(in millions)

Dividends paid to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(271)	(271)	
Issuance of stock in connection with share-based plans	—	—	—	9	—	26	—	—	—	—	26	26	
Redeemable noncontrolling interest adjustments to redemption value	—	—	—	—	—	1	—	(5)	—	—	(4)	(4)	
Other adjustments to stockholders' equity	—	—	—	—	—	(2)	—	(2)	—	—	(4)	(4)	
December 31, 2023	—	\$ —	—	\$ —	2,669	\$ 27	\$ 55,112	\$ (8,244)	\$ (928)	\$ (741)	\$ 45,226	\$ 1,081	\$ 46,307

The accompanying notes are an integral part of these consolidated financial statements.

## NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

### Description of Business

Warner Bros. Discovery is a premier global media and entertainment company that provides audiences with a differentiated portfolio of content, brands and franchises across television, film, streaming, and gaming. Some of our iconic brands and franchises include Warner Bros. Motion Picture Group, Warner Bros. Television Group, DC, HBO, HBO Max, Max, discovery+, CNN, Discovery Channel, HGTV, Food Network, TNT Sports, TBS, TLC, OWN, Warner Bros. Games, Batman, Superman, Wonder Woman, Harry Potter, Looney Tunes, Hanna-Barbera, Game of Thrones, and The Lord of the Rings.

As of December 31, 2023, we classified our operations in three reportable segments:

- **Studios** - Our Studios segment primarily consists of the production and release of feature films for initial exhibition in theaters, production and initial licensing of television programs to our networks/DTC services as well as third parties, distribution of our films and television programs to various third party and internal television and streaming services, distribution through the home entertainment market (physical and digital), related consumer products and themed experience licensing, and interactive gaming.
- **Networks** - Our Networks segment primarily consists of our domestic and international television networks.
- **DTC** - Our DTC segment primarily consists of our premium pay-TV and streaming services.

### Merger with the WarnerMedia Business of AT&T

On April 8, 2022 (the "Closing Date"), Discovery, Inc. ("Discovery") completed its merger (the "Merger") with the WarnerMedia business (the "WarnerMedia Business", "WM Business" or "WM") of AT&T, Inc. ("AT&T") and changed its name to Warner Bros. Discovery, Inc. On April 11, 2022, the Company's shares started trading on Nasdaq under the trading symbol WBD.

The Merger was executed through a Reverse Morris Trust type transaction, under which WM was distributed to AT&T's shareholders via a pro rata distribution, and immediately thereafter, combined with Discovery. (See Note 3 and Note 4). Prior to the Merger, WarnerMedia Holdings, Inc. ("WMH") distributed \$40.5 billion to AT&T (subject to working capital and other adjustments) in a combination of cash, debt securities, and WM's retention of certain debt. Discovery transferred purchase consideration of \$42.4 billion in equity to AT&T shareholders in the Merger. In August 2022, the Company and AT&T finalized the post-closing working capital settlement process, which resulted in the Company receiving a \$1.2 billion payment from AT&T in the third quarter of 2022 in lieu of adjusting the equity issued as purchase consideration in the Merger. AT&T shareholders received shares of WBD Series A common stock ("WBD common stock") in the Merger representing 71% of the combined Company and the Company's pre-Merger shareholders continued to own 29% of the combined Company, in each case on a fully diluted basis.

Discovery was deemed to be the accounting acquirer of the WM Business for accounting purposes under U.S. generally accepted accounting principles ("U.S. GAAP"); therefore, Discovery is considered the Company's predecessor and the historical financial statements of Discovery prior to April 8, 2022, are reflected in this Annual Report on Form 10-K as the Company's historical financial statements. Accordingly, the financial results of the Company as of and for any periods prior to April 8, 2022 do not include the financial results of the WM Business and current and future results will not be comparable to results prior to the Merger.

### Labor Disruption

The Writers Guild of America ("WGA") and Screen Actors Guild-American Federation of Television and Radio Artists ("SAG-AFTRA") went on strike in May and July 2023, respectively, following the expiration of their respective collective bargaining agreements with the AMPTP. The WGA strike ended on September 27, 2023, and a new collective bargaining agreement was ratified on October 9, 2023. The SAG-AFTRA strike ended on November 9, 2023, and a new collective bargaining agreement was ratified on December 5, 2023. As a result of the strikes, we paused certain theatrical and television productions, which resulted in delayed production spending amongst other impacts.

The strikes had a material impact on the operations and results of the Company. This included a positive impact on cash flow from operations attributed to delayed production spend, and a negative impact on the results of operations attributed to timing and performance of the 2023 film slate, as well as the Company's ability to produce, license, and deliver content.

#### **Basis of Consolidation**

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries in which a controlling interest is maintained, including variable interest entities ("VIE") for which the Company is the primary beneficiary. For each non-wholly owned subsidiary, the Company evaluates its ownership and other interests to determine whether it should consolidate the entity or account for its ownership interest as an unconsolidated investment. As part of its evaluation, the Company makes judgments in determining whether the entity is a VIE and, if so, whether it is the primary beneficiary of the VIE and is thus required to consolidate the entity. (See Note 10.) If it is concluded that an entity is not a VIE, then the Company considers its proportional voting interests in the entity. The Company consolidates majority-owned subsidiaries in which a controlling financial interest is maintained. A controlling financial interest is determined by majority ownership and the absence of significant third-party participating rights. Ownership interests in entities for which the Company has significant influence that are not consolidated are accounted for as equity method investments.

Intercompany accounts and transactions between consolidated entities have been eliminated.

#### **Use of Estimates**

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from these estimates.

Significant estimates and judgments inherent in the preparation of the consolidated financial statements include accounting for asset impairments, revenue recognition, estimated credit losses, content rights, leases, depreciation and amortization, the determination of ultimate revenues as they relate to amortization of capitalized content rights and accruals of participations and residuals, business combinations, share-based compensation, income taxes, other financial instruments, contingencies, estimated defined benefit plan liabilities, and the determination of whether the Company should consolidate certain entities.

### **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Foreign Currency**

The reporting currency of the Company is the U.S. dollar. Financial statements of subsidiaries whose functional currency is not the U.S. dollar are translated at exchange rates in effect at the balance sheet date for assets and liabilities and at average exchange rates for revenues and expenses for the respective periods. Translation adjustments are recorded in accumulated other comprehensive loss. Cash flows from the Company's operations in foreign countries are generally translated at the weighted average rate for the respective periods.

The Company is exposed to foreign currency risk to the extent that it enters into transactions denominated in currencies other than its subsidiaries' respective functional currencies. Transactions denominated in currencies other than subsidiaries' functional currencies are recorded based on exchange rates at the time such transactions arise. Such transactions include affiliate and ad sales arrangements, content licensing arrangements, equipment and other vendor purchases and intercompany transactions. Changes in exchange rates with respect to amounts recorded in the Company's consolidated balance sheets related to these items will result in unrealized foreign currency transaction gains and losses based upon period-end exchange rates. The Company also records realized foreign currency transaction gains and losses upon settlement of the transactions. Foreign currency transaction gains and losses resulting from the conversion of the transaction currency to functional currency are included in other (expense) income, net.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and highly liquid investments with original maturities of 90 days or less.

#### **Receivables**

The Company's accounts receivable balances and the related credit losses arise primarily from distribution, advertising and content revenue. Receivables include amounts billed and currently due from customers and are presented net of an estimate for credit losses. To assess collectability, the Company analyzes market trends, economic conditions, the aging of receivables and customer specific risks, and records a provision for estimated credit losses expected over the lifetime of receivables. The corresponding expense for the expected credit losses is reflected in selling, general and administrative expenses. The Company does not require collateral with respect to trade receivables.

WARNER BROS. DISCOVERY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

***Revolving Receivables Program***

The Company has a revolving agreement to transfer up to \$5,500 million of certain receivables through its bankruptcy-remote subsidiary, Warner Bros. Discovery Receivables Funding, LLC, to various financial institutions on a recurring basis in exchange for cash equal to the gross receivables transferred. The Company services the sold receivables for the financial institution for a fee and pays fees to the financial institution in connection with this revolving agreement. The agreement is a continuation of the agreement the WarnerMedia Business had in place prior to the Merger. This agreement is subject to renewal on an annual basis and the transfer limit may be expanded or reduced from time to time. As customers pay their balances, the Company's available capacity under this revolving agreement increases and typically the Company transfers additional receivables into the program.

The gross value of the proceeds received results in derecognition of receivables and the obligations assumed are recorded at fair value. Cash received is reflected as cash provided by operating activities in the consolidated statements of cash flows. The obligations assumed when proceeds are received relate to expected credit losses on sold receivables and estimated fee payments made on outstanding sold receivables already transferred. The obligations are subsequently adjusted for changes in estimated expected credit losses and interest rates, which are considered Level 3 fair value measurements since the inputs are unobservable (See Note 8). In some cases, the Company may have collections that have not yet been remitted to the bank, resulting in a liability. Increases to accounts payable and subsequent payments are reported as financing activities in the consolidated statements of cash flows.

***Accounts Receivable Factoring***

The Company has a factoring agreement to sell certain of its non-U.S. trade accounts receivable on a limited recourse basis to a third-party financial institution. The Company accounts for these transactions as sales in accordance with ASC 860, "Transfers and Servicing", as its continuing involvement subsequent to the transfer is limited to providing certain servicing and collection actions on behalf of the purchaser of the designated trade accounts receivable. Proceeds from amounts factored are recorded as an increase to cash and cash equivalents and a reduction to receivables, net in the consolidated balance sheets. Cash received is also reflected as cash provided by operating activities in the consolidated statements of cash flows. The accounts receivable factoring program is separate and distinct from the revolving receivables program.

***Film and Television Content Rights***

The Company capitalizes costs to produce television programs and feature films, including direct production costs, production overhead, interest, acquisition costs and development costs, as well as advances for live programming rights, such as sports. Costs to acquire licensed television series and feature film programming rights are capitalized when the license period has begun and the program is accepted and available for airing. Production incentives received from various jurisdictions where the Company produces content are recorded as a reduction to capitalized production costs. All capitalized content and prepaid license fees are classified as noncurrent assets, with the exception of content acquired with an initial license period of 12 months or less and prepaid sports rights expected to air within 12 months.

The Company groups its film and television content rights by monetization strategy: content that is predominantly monetized individually, and content that is predominantly monetized as a group.

***Content Monetized Individually***

For films and television programs predominantly monetized individually, the amount of capitalized film and television production costs (net of incentives) amortized and the amount of participations and residuals to be recognized as expense in a particular period are determined using the individual film forecast method. Under this method, the amortization of capitalized costs and the accrual of participations and residuals are based on the proportion of the film's or television program's revenues recognized for such period to the film's or television program's estimated remaining ultimate revenues (i.e., the total revenue to be received throughout a film's or television program's remaining life cycle).



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The process of estimating ultimate revenues requires us to make a series of judgments related to future revenue-generating activities associated with a particular film. Prior to the theatrical release of a film, the Company's estimates are based on factors such as the historical performance of similar films, the star power of the lead actors, the rating and genre of the film, pre-release market research (including test market screenings), international distribution plans and the expected number of theaters in which the film will be released. Subsequent to release, ultimate revenues are updated to reflect initial performance, which is often predictive of future performance. For a film or television program that is predominantly monetized on its own but also monetized with other films and/or programs (such as on the Company's DTC or linear services), the Company makes a reasonable estimate of the value attributable to the film or program's exploitation while monetized with other films/programs and expenses such costs as the film or television program is exhibited. For theatrical films, the period over which ultimate revenues from all applicable sources and exhibition windows are estimated does not exceed 10 years from the date of the film's initial release. For television programs, the ultimate period does not exceed 10 years from delivery of the first episode, or, if still in production, five years from delivery of the most recent episode, if later. For games, the ultimate period does not exceed two years from the date of the game's initial release. Ultimates for produced content monetized on an individual basis are reviewed and updated (as applicable) on a quarterly basis; any adjustments are applied prospectively as of the beginning of the fiscal year of the change.

***Content Monetized as a Group***

For programs monetized as a group, including licensed programming, the Company's film groups are generally aligned along the Company's networks and digital content offerings, except for certain international territories wherein content assets are grouped by genre or territory. Adjustments for projected usage are applied prospectively in the period of the change. Participations and residuals are generally expensed in line with the pattern of usage. Streaming content and premium pay-TV amortization for each period is recognized based on estimated viewing patterns as there are generally little to no direct revenues to associate to the individual content assets. As such, number of views is most representative of the use of the title. Licensed rights to film and television programming are typically amortized over the useful life of the program's license period on a straight-line basis (or per-play basis, if greater, for certain programming on the Company's ad-supported networks), or accelerated basis for licensed original programs. The Company allocates the cost of multi-year sports programming arrangements over the contract period to each event or season based on its projected advertising revenue and an allocation of distribution revenue (estimated relative value). If annual contractual payments related to each season approximate each season's estimated relative value, the Company expenses the related contractual payments during the applicable season. Amortization of sports rights takes place when the content airs.

Quarterly, the Company prepares analyses to support its content amortization expense. Critical assumptions used in determining content amortization for programming predominantly monetized as a group include: (i) the grouping of content with similar characteristics, (ii) the application of a quantitative revenue forecast model or historical viewership model based on the adequacy of historical data, and (iii) determining the appropriate historical periods to utilize and the relative weighting of those historical periods in the forecast model. The Company then considers the appropriate application of the quantitative assessment given forecasted content use, expected content investment and market trends. Content use and future revenues may differ from estimates based on changes in expectations related to market acceptance, network affiliate fee rates, advertising demand, the number of cable and satellite television subscribers receiving the Company's networks, the number of subscribers to its streaming services, and program usage. Accordingly, the Company reviews its estimates and planned usage at least quarterly and revises its assumptions if necessary. Any material adjustments from the Company's review of the amortization rates for assets in film groups are applied prospectively in the period of the change.

***Unamortized Film Costs Impairment Assessment***

Unamortized film costs are tested for impairment whenever events or changes in circumstances indicate that the fair value of a film (or television program) predominantly monetized on its own, or a film group, may be less than its unamortized costs. In addition, a change in the predominant monetization strategy is considered a triggering event for impairment testing before a title is accounted for as part of a film group. If the carrying value of an individual feature film or television program, or film group, exceeds the estimated fair value, an impairment charge will be recorded in the amount of the difference. For content that is predominantly monetized individually, the Company utilizes estimates including ultimate revenues and additional costs to be incurred (including exploitation and participation costs), in order to determine whether the carrying value of a film or television program is impaired.

#### **Game Development Costs**

Game development costs are expensed as incurred before the applicable game reaches technological feasibility, or for online hosted arrangements, before the preliminary project phase is complete and it is probable the project will be completed and the software will be used to perform the function intended. Commencing upon a title's release, the capitalized game development costs are amortized based on the proportion of the game's revenues recognized for such period to the game's total current and anticipated revenues, or, if greater, for non-hosted games, on a straight-line basis over the title's estimated economic life. Unamortized capitalized game production and development costs are stated at the lower of cost, less accumulated amortization, or net realizable value and reported in "Film and television content rights and games" on the consolidated balance sheets.

#### **Investments**

The Company holds investments in equity method investees and equity investments with and without readily determinable fair values. (See Note 10.)

#### **Equity Method Investments**

Investments in equity method investees are those for which the Company has the ability to exercise significant influence but does not control and is not the primary beneficiary or the entity is not a VIE and the Company does not have a controlling financial interest. Under this method of accounting, the Company typically records its proportionate share of the net earnings or losses of equity method investees in loss from equity investees, net and a corresponding increase or decrease to the investment balances. Cash payments to equity method investees such as additional investments, loans and advances and expenses incurred on behalf of investees, as well as payments from equity method investees such as dividends, distributions and repayments of loans and advances are recorded as adjustments to investment balances.

The Company evaluates its equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may not be recoverable. (See "Asset Impairment Analysis" below.)

#### **Equity Investments with Readily Determinable Fair Values**

Investments in entities or other securities in which the Company has no control or significant influence and is not the primary beneficiary, and have a readily determinable fair value are recorded at fair value based on quoted market prices and are classified as equity securities or equity investments with readily determinable fair value. The investments are measured at fair value based on a quoted market price per unit in active markets multiplied by the number of units held without consideration of transaction costs (Level 1). Gains and losses are recorded in other (expense) income, net on the consolidated statements of operations. (See Note 10 and Note 18.)

#### **Equity Investments without Readily Determinable Fair Values**

Equity investments without readily determinable fair values include ownership rights that either (i) do not meet the definition of in-substance common stock or (ii) do not provide the Company with control or significant influence and these investments do not have readily determinable fair values. Equity investments without readily determinable fair values are recorded at cost and adjusted for subsequent observable price changes as of the date that an observable transaction takes place. Adjustments for observable price changes are recorded in other (expense) income, net. (See Note 10 and Note 18.)

#### **Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and impairments. Internal use software costs are capitalized during the application development stage; software costs incurred during the preliminary project and post implementation stages are expensed as incurred. Repairs and maintenance expenditures that do not enhance the use or extend the life of property and equipment are expensed as incurred. Depreciation for most property and equipment is recognized using the straight-line method over the estimated useful lives of the assets. (See Note 18.)

#### **Leases**

The Company determines if an arrangement is a lease at its inception. Operating lease right-of-use ("ROU") assets are included in other noncurrent assets. Finance lease ROU assets are included in property and equipment, net. Operating and finance lease liabilities are included in accrued liabilities and other noncurrent liabilities in the consolidated balance sheets. The Company elected the short-term lease recognition exemption and leases with initial terms of one year or less are not recorded in the consolidated balance sheets.

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A rate implicit in the lease when readily determinable is used in arriving at the present value of lease payments. As most of the Company's leases do not provide an implicit rate, the Company uses an incremental borrowing rate based on information available at lease commencement date for most of its leases. The incremental borrowing rate is based on the Company's U.S. dollar denominated senior unsecured borrowing curves using public credit ratings adjusted down to a collateralized basis using a combination of recovery rate and credit notching approaches and translated into major contract currencies as applicable.

The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise that option. The Company does not separate lease components from non-lease components across all lease categories. Instead, each separate lease component and non-lease component are accounted for as a single lease component. In addition, variable lease payments that are based on an index or rate are included in the measurement of ROU assets and lease liabilities at lease inception. All other variable lease payments are expensed as incurred and are not included in the measurement of ROU assets and lease liabilities. Lease expense for operating leases and short-term leases is recognized on a straight-line basis. For finance leases, the Company recognizes interest expense on lease liabilities using the effective interest method and amortization of ROU assets on a straight-line basis.

#### Defined Benefit Plans

The Company maintains defined benefit pension plans covering certain U.S. employees and several non-U.S. pension plans. Defined benefit plan obligations are based on various assumptions used by the Company's actuaries in calculating these amounts. These assumptions include discount rates, compensation rate increases, expected return on plan assets, retirement rates and mortality rates. Actual results that differ from the assumptions and changes in assumptions could affect future expenses and obligations.

#### Asset Impairment Analysis

##### Goodwill

Goodwill is allocated to the Company's reporting units, which are its operating segments or one level below its operating segments. The Company evaluates goodwill for impairment annually as of October 1, or earlier if an event or other circumstance indicates that it may not recover the carrying value of the asset. If the Company believes that, as a result of its qualitative assessment, it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, a quantitative impairment test is not required. If a qualitative assessment indicates that it is more likely than not that the carrying value of a reporting unit goodwill exceeds its fair value, a quantitative impairment test is performed. If the carrying amount of the reporting unit exceeds the fair value of the reporting unit, an impairment charge is recorded for the amount by which the carrying amount exceeds the fair value, not to exceed the amount of goodwill recorded for that reporting unit. The Company typically performs a quantitative impairment test every three years, irrespective of the outcome of the Company's qualitative assessment.

##### Long-lived Assets

Long-lived assets such as amortizing trademarks and trade names; affiliate, advertising, and subscriber relationships; franchises and other intangible assets; and property and equipment are not required to be tested for impairment annually, but rather whenever circumstances indicate that the carrying amount of the asset may not be recoverable. If an impairment analysis is required, the impairment test employed is based on whether the Company's intent is to hold the asset for continued use or to hold the asset for sale.

- If the intent is to hold the asset for continued use, the impairment test requires a comparison of undiscounted future cash flows to the carrying value of the asset group. If the carrying value of the asset group exceeds the undiscounted cash flows, an impairment loss would be recognized equal to the excess of the asset group's carrying value over its fair value, which is typically determined by discounting the future cash flows associated with that asset group.
- If the intent is to hold the asset for sale and certain other criteria are met, the impairment test involves comparing the asset's carrying value to its estimated fair value less costs to sell. If the carrying value of the asset exceeds the fair value, an impairment loss would be recognized equal to the difference.

Significant judgments used for long-lived asset impairment assessments include identifying the appropriate asset groupings that represent the lowest level for which cash flows are largely independent and primary assets within those groupings, determining whether events or circumstances indicate that the carrying amount of the asset may not be recoverable, determining the future cash flows for the assets involved and assumptions applied in determining fair value, which include reasonable discount rates, growth rates, market risk premiums and other assumptions about the economic environment.

***Equity Method Investments and Equity Investments Without Readily Determinable Fair Value***

Equity method investments are reviewed for indicators of other-than-temporary impairment on a quarterly basis. Equity method investments are written down to fair value if there is evidence of a loss in value that is other-than-temporary. The Company may estimate the fair value of its equity method investments by considering recent investee equity transactions, DCF analysis, recent operating results, comparable public company operating cash flow multiples and, in certain situations, balance sheet liquidation values. If the fair value of the investment has dropped below its carrying amount, management considers several factors when determining whether an other-than-temporary decline has occurred, such as the length of the time and the extent to which the estimated fair value or market value has been below the carrying value, the financial condition and the near-term prospects of the investee, the intent and ability of the Company to retain its investment in the investee for a period of time sufficient to allow for any anticipated recovery in market value, and general market conditions. The estimation of fair value and whether an other-than-temporary impairment has occurred requires the application of significant judgment and future results may vary from current assumptions. If declines in the value of the equity method investments are determined to be other-than-temporary, a loss is recorded in earnings in the current period as a component of loss from equity investees, net on the consolidated statements of operations.

For equity investments without readily determinable fair value, investments are recorded at cost and adjusted for subsequent observable price changes as of the date that an observable transaction takes place. The Company performs a qualitative assessment on a quarterly basis to determine if any observable price changes have occurred. If the qualitative assessment indicates that an observable price change has occurred, a gain or loss is recorded equal to the difference between the fair value and carrying value in the current period as a component of other (expense) income, net. (See Note 10.)

***Derivative Instruments***

The Company uses derivative financial instruments to modify its exposure to market risks from changes in foreign currency exchange rates, interest rates, and from market volatility related to certain investments measured at fair value. At the inception of a derivative contract, the Company designates the derivative based on the Company's intentions and expectations as to the likely effectiveness as a hedge (see Note 13), as follows:

- a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge");
- a hedge of net investments in foreign operations ("net investment hedge");
- a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value hedge"); or
- an instrument with no hedging designation.

***Cash Flow Hedges***

The Company may designate derivative instruments as cash flow hedges to mitigate foreign currency risk arising from third-party revenue agreements, intercompany licensing agreements, production expenses and rebates, or to hedge the interest rate risk for certain senior notes and forecasted debt issuances. For instruments accounted for as cash flow hedges, the change in the fair value of the forward contract is recorded in other comprehensive loss and reclassified into the statements of operations in the same line item in which the hedged item is recorded and in the same period as the hedged item affects earnings.

***Net Investment Hedges***

The Company may designate derivative instruments as hedges of net investments in foreign operations. The Company assesses the effectiveness of net investment hedges utilizing the spot-method. The entire change in the fair value of derivatives that qualify as net investment hedges is initially recorded in the currency translation adjustment component of other comprehensive loss. While the change in fair value attributable to hedge effectiveness remains in accumulated other comprehensive loss until the net investment is sold or liquidated, the change in fair value attributable to components excluded from the assessment of hedge effectiveness (e.g., forward points, cross currency basis, etc.) is reflected as a component of interest expense, net in the current period.

***Fair Value Hedges***

The Company may designate derivative instruments as fair value hedges to mitigate the variability in the fair value of a recognized asset or liability or of an unrecognized firm commitment. For those derivative instruments designated as fair value hedges, the changes in fair value of the derivative instruments, including offsetting changes in fair value of the hedged items are recorded in the statements of operations in the same line item where the hedged risk occurs.

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**No Hedging Designation**

The Company may also enter into derivative instruments that do not qualify for hedge accounting or are not designated as hedges. These instruments are intended to mitigate economic exposures due to exogenous events and changes in foreign currency exchange rates, interest rates, and from market volatility related to certain investments measured at fair value. The changes in fair value of derivatives not designated as hedges are recorded in the statements of operations in the same line item where the hedged risk occurs.

**Financial Statement Presentation**

Unsettled derivative contracts are recorded at their gross fair values on the consolidated balance sheets. The portion of the fair value that represents cash flows occurring within one year is classified as current, and the portion related to cash flows occurring beyond one year is classified as noncurrent.

Cash flows from designated derivative instruments used as hedges are classified in the consolidated statements of cash flows in the same section as the cash flows of the hedged item. Cash flows from periodic settlement of interest on cross currency swaps and derivative contracts not designated as hedges are reported as investing activities in the consolidated statements of cash flows.

**Treasury Stock**

When stock is acquired for purposes other than formal or constructive retirement, the purchase price of the acquired stock is recorded in a separate treasury stock account, which is separately reported as a reduction of equity. Treasury stock held by Discovery prior to the Merger was not retired.

When stock is retired or purchased for formal or constructive retirement, the purchase price is initially recorded as a reduction to the par value of the shares repurchased, with any excess purchase price over par value recorded as a reduction to additional paid-in capital related to the series of shares repurchased and any remaining excess purchase price recorded as a reduction to retained earnings. If the purchase price exceeds the amounts allocated to par value and additional paid-in capital related to the series of shares repurchased and retained earnings, the remainder is allocated to additional paid-in capital related to other series of shares.

To determine the cost of treasury stock that is either sold or reissued, the Company uses the last in, first out method. If the proceeds from the re-issuance of treasury stock are greater than the cost, the excess is recorded as additional paid-in capital. If the proceeds from re-issuance of treasury stock are less than the cost, the excess cost first reduces any additional paid-in capital arising from previous treasury stock transactions for that class of stock, and any additional excess is recorded as a reduction of retained earnings.

**Revenue Recognition**

Revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration that the Company expects to receive in exchange for those services or goods. Revenues do not include taxes collected from customers on behalf of taxing authorities such as sales tax and value-added tax. However, certain revenues include taxes that customers pay to taxing authorities on the Company's behalf, such as foreign withholding tax. Revenue recognition for each source of revenue is also based on the following policies.

**Advertising**

Advertising revenues are principally generated from the sale of commercial time on linear (television networks and authenticated TVE applications) and digital platforms (DTC subscription services and websites). A substantial portion of the linear and digital advertising contracts in the U.S. and certain international markets guarantee the advertiser a minimum audience level that either the program in which their advertisements are aired or the advertisement will reach. On the linear platform, the Company provides a service to deliver an advertising campaign which is satisfied by the provision of a minimum number of advertising spots in exchange for a fixed fee over a contract period of one year or less. The Company delivers spots in accordance with these contracts during a variety of day parts and programs. In the agreements governing these advertising campaigns, the Company has also promised to deliver to its customers a guaranteed minimum number of viewers ("impressions") on a specific television network within a particular demographic (e.g. men aged 18-35). These advertising campaigns are considered to represent a single, distinct performance obligation. Revenues are recognized based on the guaranteed audience level multiplied by the average price per impression. The Company provides the advertiser with advertising until the guaranteed audience level is delivered, and invoiced advertising revenue receivables may exceed the value of the audience delivery. As such, revenues are deferred until the guaranteed audience level is delivered or the rights associated with the guarantee lapse, which is typically less than one year. Audience guarantees are initially developed internally, based on planned programming, historical audience levels, the success of pilot programs, and market trends. Actual audience and delivery information is published by independent ratings services.

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Digital advertising contracts typically contain promises to deliver guaranteed impressions in specific markets against a targeted demographic during a stipulated period of time. If the specified number of impressions is not delivered, the transaction price is reduced by the number of impressions not delivered multiplied by the contractually stated price per impression. Each promise is considered a separate performance obligation. For digital contracts with an audience guarantee, advertising revenues are recognized as impressions are delivered. Actual audience delivery is typically reported by independent third parties.

For contracts without an audience guarantee, advertising revenues are recognized as each spot airs. The airing of individual spots without a guaranteed audience level are each distinct, individual performance obligations. The Company allocates the consideration to each spot based on its relative standalone selling price.

**Distribution**

Distribution revenues are generated from fees charged to network distributors, which include cable, direct-to-home ("DTH") satellite, telecommunications and digital service providers, and DTC subscribers. Cable operators, DTH satellite operators and telecommunications service providers typically pay royalties via a per-subscriber fee for the right to distribute the Company's programming under the terms of distribution contracts. The majority of the Company's distribution fees are collected monthly throughout the year and distribution revenue is recognized over the term of the contracts based on contracted programming rates and reported subscriber levels. The amount of distribution fees due to the Company is reported by distributors based on actual subscriber levels. Such information is generally not received until after the close of the reporting period. In these cases, the Company estimates the number of subscribers receiving the Company's programming to estimate royalty revenue. Historical adjustments to recorded estimates have not been material. Distribution revenue from fixed-fee contracts is recognized over the contract term based on the continuous delivery of the content to the affiliate. Any monetary incentives provided to distributors other than for distinct goods or services acquired at fair value are recognized as a reduction of revenue over the term.

Although the delivery of linear feeds and digital products, such as video-on-demand ("VOD") and authenticated TVE applications, are considered distinct performance obligations within a distribution arrangement, on-demand offerings generally match the programs that are airing on the linear network. Therefore, the Company recognizes revenue for licensing arrangements as the license fee is earned and based on continuous delivery for fixed fee contracts.

Revenues associated with digital distribution arrangements are recognized when the Company transfers control of the programming and the rights to distribute the programming to the customer.

For DTC subscription services, the Company recognizes revenue as the service fee is earned over the subscription period.

**Content**

Content revenues are generated from the release of feature films for initial exhibition in theaters, the licensing of feature films and television programs to various television, SVOD and other digital markets, distribution of feature films and television programs in the physical and digital home entertainment market, sales of console games and mobile in-game content, sublicensing of sports rights, and licensing of intellectual property such as characters and brands.

In general, fixed payments for the licensing of intellectual property are recognized as revenue at either the inception of the license term or as sales-based royalties as underlying sales occur if the intellectual property has significant standalone functionality ("functional IP," such as a produced film or television series), or over the corresponding license term if the licensee's ability to derive utility is dependent upon our continued support of the intellectual property throughout the license term ("symbolic IP," such as a character or a brand). Feature films may be produced or acquired for initial exhibition in theaters or direct release on our streaming service. Arrangements with theaters for exhibiting a film over a certain period are generally sales-based royalties and recorded as revenue as the underlying sales of the exhibitors occur.

Television programs are initially produced for broadcast networks, cable networks, premium pay services, first-run syndication or streaming services; revenues are recognized when the programs are available for use by the licensee. Fixed license fee revenues from the subsequent licensing of feature films and television programs in the off-network cable, premium pay, syndication, streaming and international television and streaming markets are also recognized upon availability of the content for use by the licensee. For television/streaming service licenses that include multiple titles with a fixed license fee across all titles, the availability of each title is considered a separate performance obligation, and the fixed fee is allocated to each title and recognized as revenue when the title is available for use by the licensee. When the term of an existing agreement is renewed or extended, revenues are recognized when the licensed content becomes available under the renewal or extension. Certain arrangements (e.g., certain pay-TV/SVOD licenses) may include variable license fees that are based on sales of the licensee; these are recognized as revenue as the applicable underlying sales occur.

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Revenues from home entertainment sales of feature films and television programs in physical format are generally recognized at the later of the delivery date or the date when made widely available for sale or rental by retailers ("street date") based on gross sales less a provision for estimated returns, rebates and pricing allowances. The provision is based on management's estimates by analyzing vendor sales of our product, historical return trends, current economic conditions and changes in customer demand. Revenues from the licensing of television programs and films for electronic sell-through or video-on-demand are recognized when the product has been purchased by and made available to the consumer to either download or stream.

Revenues from sales of console games generally follow the same recognition methods as film and television programs in the home entertainment market. Revenues from digital sales of in-game purchases are assessed for deferral based on type of digital item purchased (e.g., consumable vs. durable) and estimated life of consumer game play and recognized upon purchase or over time as applicable.

Revenues from the licensing of intellectual property such as characters or brands (e.g., for merchandising or theme parks) are recognized either straight-line over the license term or as the licensee's underlying product sales occur (sales-based royalty) depending on which method is most reflective of the earnings process.

**Contract Assets and Liabilities**

A contract asset is recorded when revenue is recognized in advance of the Company's right to bill and receive consideration and that right is conditioned upon something other than the passage of time. A contract liability, such as deferred revenue, is recorded when the Company has recorded billings in conjunction with its contractual right or when cash is received in advance of the Company's performance.

Deferred revenue primarily consists of TV/SVOD content licensing arrangements where the content has not yet been made available to the customer, consumer products and themed experience licensing arrangements with fixed payments, advance payment for DTC subscriptions, cash billed/received for television advertising in advance or for which the guaranteed viewership has not been provided, and advance fees related to the sublicensing of Olympic rights. The amounts classified as current are expected to be earned within the next year.

Payment terms vary by the type and location of the customer and the products or services offered. The term between invoicing and when payment is due is not significant. For certain products or services and customer types, the Company requires payment before the products or services are delivered to the customer.

**Share-Based Compensation Expense**

The Company has incentive plans under which performance-based restricted stock units ("PRsUs"), service-based restricted stock units ("RSUs"), and stock options may be issued. In addition, the Company offers an Employee Stock Purchase Plan (the "ESPP"). Share-based compensation expense for all awards is recorded as a component of selling, general and administrative expense. Forfeitures for all awards are recognized as incurred. Excess tax benefits realized from the exercise of stock options and vested RSUs, PRsUs and the ESPP are reported as cash inflows from operating activities on the consolidated statements of cash flows.

**PRsUs**

PRsUs represent the contingent right to receive shares of WBD common stock, and vest over one year based on continuous service and the attainment of qualitative and quantitative performance targets. The number of PRsUs that vest typically ranges from 0% to 100% based on a sliding scale where achieving or exceeding the performance target will result in 100% of the PRsUs vesting and achieving 70% or less of the target will result in no portion of the PRsUs vesting. Additionally, for certain PRsUs, the Company's Compensation Committee has discretion in determining the final number of units that vest, but may not increase the amount of any PRSU award above 100%. Upon vesting, each PRSU becomes convertible into one share of WBD common stock. Holders of PRsUs do not receive payments of dividends in the event the Company pays a cash dividend until such PRsUs are converted into shares of WBD common stock.

Compensation expense for PRsUs is based on the fair value of WBD common stock on the date of grant. Compensation expense for PRsUs that vest based on achieving subjective operating performance conditions or in situations where the executive may withhold taxes in excess of the maximum statutory requirement, is remeasured at fair value each reporting period until the award is settled. Compensation expense for all PRsUs is recognized ratably over the vesting period only when it is probable that the operating performance conditions will be achieved. The Company records a cumulative adjustment to compensation expense for PRsUs if there is a change in the determination of the probability that the operating performance conditions will be achieved.

**RSUs**

RSUs represent the contingent right to receive shares of WBD common stock, substantially all of which vest ratably each year over periods of three to five years based on continuous service. Compensation expense for RSUs is based on the fair value of the award on the date of grant and is recognized ratably during the vesting period. RSU awards generally provide for accelerated vesting upon retirement or after reaching a specified age and years of service.

**Stock Options**

Stock options are granted with an exercise price equal to or in excess of the closing market price of WBD common stock on the date of grant. Stock options vest ratably over four years from the grant date based on continuous service and expire seven years from the date of grant. Stock option awards generally provide for accelerated vesting upon retirement or after reaching a specified age and years of service. Compensation expense for stock options is based on the fair value of the award on the date of grant and is recognized ratably during the vesting period.

The fair values of stock options are estimated using the Black-Scholes option-pricing model. Because the Black-Scholes option-pricing model requires the use of subjective assumptions, changes in these assumptions can materially affect the fair value of awards. For stock options the simplified method is utilized to calculate the expected term, since the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term. The simplified method considers the period from the date of grant through the mid-point between the vesting date and the end of the contractual term of the award. Expected volatility is based on a combination of implied volatilities from traded options on WBD common stock and historical realized volatility of WBD and peer group common stock. The dividend yield is assumed to be zero because the Company has no history of paying cash dividends and no present intention to pay dividends. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term equal to the expected term of the award.

**ESPP**

The ESPP enables eligible employees to purchase shares of WBD common stock through payroll deductions or other permitted means. The Company recognizes the fair value of the discount associated with shares purchased under the ESPP as share-based compensation expense.

**Advertising Costs**

Advertising costs are expensed as incurred and are presented in selling, general and administrative expenses. Advertising costs paid to third parties totaled \$2,428 million, \$2,519 million and \$1,247 million for years ended December 31, 2023, 2022 and 2021, respectively.

**Collaborative Arrangements**

The Company's collaborative arrangements primarily relate to arrangements entered into with third parties to jointly finance and distribute certain theatrical and television productions and an arrangement entered into with CBS Broadcasting, Inc. ("CBS") surrounding The National Collegiate Athletic Association (the "NCAA").

Co-financing arrangements generally represent the assignment of an economic interest in a film or television series to a producing partner. The Company generally records the amounts received for the assignment of an interest as a reduction of production cost, as the partner assumes the risk for their share of the film or series asset. The substance of these arrangements is that the third-party partner owns an interest in the film or series; therefore, in each period, the Company reflects in the consolidated statements of operations either a charge or benefit to cost of revenues, excluding depreciation and amortization to reflect the estimate of the third-party partner's interest in the profits or losses incurred on the film or series using the individual film forecast method, based on the terms of the arrangement. On occasion, the Company acquires the economic interest in a film from a producing partner; in this case, the Company capitalizes the acquisition cost as a content asset in film and television content rights and games and accounts for the third-party partner's share in applicable distribution results as described above.

The arrangement among Turner, CBS and the NCAA provides Turner and CBS with rights to the NCAA Division I Men's Basketball Championship Tournament (the "NCAA Tournament") in the U.S. and its territories and possessions through 2032. The aggregate programming rights fee, production costs, advertising revenues and sponsorship revenues related to the NCAA Tournament and related programming are shared equally by the Company and CBS. However, if the amount paid for the programming rights fee and production costs in any given year exceeds advertising and sponsorship revenues for that year, CBS' share of such shortfall is limited to specified annual caps. The amounts recorded pursuant to the loss cap were not material during the year ended December 31, 2023. No amounts were recorded pursuant to the loss cap during the year ended December 31, 2022 since the 2022 cap was finalized prior to the Merger. In accounting for this arrangement, the Company records advertising revenue for the advertisements aired on its networks and amortizes its share of the programming rights fee based on the estimated relative value of each season over the term of the arrangement.



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For our collaborative arrangements entered into with third parties to jointly finance and distribute certain theatrical and television productions, net participation costs of \$393 million and \$276 million were recorded in cost of revenues, excluding depreciation and amortization for the years ended December 31, 2023 and 2022, respectively.

**Income Taxes**

Income taxes are recorded using the asset and liability method of accounting for income taxes. Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred taxes are measured using rates the Company expects to apply to taxable income in years in which those temporary differences are expected to reverse. A valuation allowance is provided for deferred tax assets if it is more likely than not such assets will be unrealized.

From time to time, the Company engages in transactions in which the tax consequences may be uncertain. Significant judgment is required in assessing and estimating the tax consequences of these transactions. The Company prepares and files tax returns based on its interpretation of tax laws and regulations. In the normal course of business, the Company's tax returns are subject to examination by various taxing authorities. Such examinations may result in future tax and interest assessments by these taxing authorities.

In determining the Company's tax provision for financial reporting purposes, the Company establishes a reserve for uncertain tax positions unless the Company determines that such positions are more likely than not to be sustained upon examination based on their technical merits, including the resolution of any appeals or litigation processes. The Company includes interest and where appropriate, penalties, as a component of income tax expense on the consolidated statements of operations. There is significant judgment involved in determining the amount of reserve and whether positions taken on the Company's tax returns are more likely than not to be sustained, which involve the use of significant estimates and assumptions with respect to the potential outcome of positions taken on tax returns that may be reviewed by tax authorities. The Company adjusts its tax reserve estimates periodically because of ongoing examinations by, and settlements with, various taxing authorities, as well as changes in tax laws, regulations and interpretations.

In connection with the Merger, the Company entered into a tax matters agreement ("TMA") with AT&T. Pursuant to the TMA, the Company is responsible for tax liabilities of the WM Business related to the periods prior to AT&T's ownership of the WM Business (June 14, 2018), and AT&T is responsible for tax liabilities of the WM Business related to the period for which they owned the WM Business (June 15, 2018 through April 8, 2022). With respect to uncertain tax positions related to jurisdictions that have joint and several liability among members of the AT&T tax filing group during the AT&T ownership period, the Company has not recorded any liabilities for uncertain tax positions or indemnification receivables related to matters that were attributable to jurisdictions that have joint and several liability among members of the AT&T filing group since AT&T was determined to be the primary obligor.

**Concentrations Risk**

**Customers**

No individual customer accounted for more than 10% of total consolidated revenues for 2023, 2022 or 2021. The Company had two customers that represented more than 10% of distribution revenue in 2023, which in aggregate totaled 24%. As of December 31, 2023 and 2022, the Company's trade receivables do not represent a significant concentration of credit risk as the customers and markets in which the Company operates are varied and dispersed across many geographic areas.

**Financial Institutions**

Cash and cash equivalents are maintained with several financial institutions. The Company has deposits held with banks that exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and, therefore, bear minimal credit risk.

**Counterparty Credit Risk**

The Company is exposed to the risk that the counterparties to outstanding derivative financial instruments will default on their obligations. The Company manages these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with outstanding derivative financial instruments is spread across a relatively broad counterparty base of banks and financial institutions. The Company also has a limited number of arrangements where collateral is required to be posted in the instance that certain fair value thresholds are exceeded. The Company also has cash posted as collateral related to the Company's revolving receivables program. As of December 31, 2023, the Company had posted \$539 million of collateral under these arrangements.

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**Accounting and Reporting Pronouncements Adopted**

***Supplier Finance Programs***

In September 2022, the Financial Accounting Standards Board ("FASB") issued guidance updating the disclosure requirements for supplier finance program obligations. This guidance provides specific authoritative guidance for disclosure of supplier finance programs, including key terms of such programs, amounts outstanding, and where the obligations are presented in the statement of financial position. The Company adopted the guidance effective January 1, 2023 and has provided the required disclosures in Note 18.

**Accounting and Reporting Pronouncements Not Yet Adopted**

***Segment Reporting***

In November 2023, the FASB issued guidance updating the disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. The amendments are effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the impact this guidance will have on its disclosures.

***Income Taxes***

In December 2023, the FASB issued guidance updating the disclosure requirements for income taxes, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The amendments are effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments should be applied prospectively; however, retrospective application is permitted. The Company is currently evaluating the impact this guidance will have on its disclosures.

**NOTE 3. EQUITY AND EARNINGS PER SHARE**

**Common Stock Issued in Connection with the WarnerMedia Merger**

In connection with the Merger, each issued and outstanding share of Discovery Series A common stock, Discovery Series B convertible common stock, and Discovery Series C common stock, was reclassified and automatically converted into one share of WBD common stock, and each issued and outstanding share of Discovery Series A-1 convertible preferred stock ("Series A-1 Preferred Stock") and Series C-1 convertible preferred stock was reclassified and automatically converted into 13.1135 and 19.3648 shares of WBD common stock, respectively.

The Merger required the consent of Advance/Newhouse Programming Partnership under Discovery's certificate of incorporation as the sole holder of the Series A-1 Preferred Stock. In connection with Advance/Newhouse Programming Partnership's entry into the consent agreement and related forfeiture of the significant rights attached to the Series A-1 Preferred Stock in the reclassification of the shares of Series A-1 Preferred Stock into common stock, it received an increase to the number of shares of common stock of the Company into which the Series A-1 Preferred Stock converted. The impact of the issuance of such additional shares of common stock was \$789 million and was recorded as a transaction expense in selling, general and administrative expense upon the closing of the Merger in the year ended December 31, 2022.

On April 8, 2022, the Company issued 1.7 billion shares of WBD common stock as consideration paid for the acquisition of WM. (See Note 4).

**Repurchase Programs**

***Common Stock***

Under the Company's stock repurchase program, management is authorized to purchase shares of WBD common stock from time to time through open market purchases, privately negotiated transactions at prevailing prices, pursuant to one or more accelerated stock repurchase agreements, or other derivative arrangements as permitted by securities laws and other legal requirements, and subject to stock price, business and market conditions and other factors.

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In February 2020, the Company's board of directors authorized additional stock repurchases of up to \$2 billion upon completion of its existing \$1 billion repurchase authorization announced in May 2019. All common stock repurchases, including prepaid common stock repurchase contracts, have been made through open market transactions and have been recorded as treasury stock on the consolidated balance sheets. During the years ended December 31, 2023, 2022 and 2021, the Company did not repurchase any of its common stock. Over the life of the Company's repurchase programs and prior to the Merger and conversion of Discovery common stock to WBD common stock, the Company had repurchased 3 million and 229 million shares of Discovery Series A and Discovery Series C common stock, respectively, for the aggregate purchase price of \$171 million and \$8.2 billion, respectively.

**Earnings Per Share**

All share and per share amounts have been retrospectively adjusted to reflect the reclassification and automatic conversion into WBD common stock, except for Series A-1 Preferred Stock, which has not been recast because the conversion of Series A-1 Preferred Stock into WBD common stock in connection with the Merger was considered a discrete event and treated prospectively.

The table below sets forth the Company's calculated earnings per share (in millions). Earnings per share amounts may not recalculate due to rounding.

	Year Ended December 31,		
	2023	2022	2021
<b>Numerator:</b>			
Net (loss) income	\$ (3,079)	\$ (7,297)	\$ 1,197
<b>Less:</b>			
Allocation of undistributed income to Series A-1 convertible preferred stock	—	(49)	(110)
Net income attributable to noncontrolling interests	(38)	(68)	(138)
Net income attributable to redeemable noncontrolling interests	(9)	(6)	(53)
Redeemable noncontrolling interest adjustments of carrying value to redemption value (redemption value does not equal fair value)	—	—	16
Net (loss) income allocated to Warner Bros. Discovery, Inc. Series A common stockholders for basic and diluted net (loss) income per share	\$ (3,126)	\$ (7,420)	\$ 912
<b>Add:</b>			
Allocation of undistributed income to Series A-1 convertible preferred stockholders	—	—	110
Net (loss) income allocated to Warner Bros. Discovery, Inc. Series A common stockholders for diluted net (loss) income per share	\$ (3,126)	\$ (7,420)	\$ 1,022
<b>Denominator — weighted average:</b>			
Common shares outstanding — basic	2,436	1,940	588
Impact of assumed preferred stock conversion	—	—	71
Dilutive effect of share-based awards	—	—	5
Common shares outstanding — diluted	2,436	1,940	664
Basic net (loss) income per share allocated to common stockholders	\$ (1.28)	\$ (3.82)	\$ 1.55
Diluted net (loss) income per share allocated to common stockholders	\$ (1.28)	\$ (3.82)	\$ 1.54

The table below presents the details of share-based awards that were excluded from the calculation of diluted earnings per share (in millions).

	Year Ended December 31,		
	2023	2022	2021
Anti-dilutive share-based awards	69	49	17

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**NOTE 4. ACQUISITIONS AND DISPOSITIONS**

**Acquisitions**

*WarnerMedia*

On April 8, 2022, the Company completed its Merger with the WarnerMedia Business of AT&T. The Merger was executed through a Reverse Morris Trust type transaction, under which WM was distributed to AT&T's shareholders via a pro-rata distribution, and immediately thereafter, combined with Discovery. Discovery was deemed to be the accounting acquirer of WM.

The Merger combined WM's content library and valuable intellectual property with Discovery's global footprint, collection of local-language content and deep regional expertise across more than 220 countries and territories. The Company expects this broad, worldwide portfolio of brands, coupled with its DTC potential and the attractiveness of the combined assets, to result in increased market penetration globally. The Merger is also expected to create significant cost synergies for the Company.

*Purchase Price*

The following table summarizes the components of the aggregate purchase consideration paid to acquire WM (in millions).

Fair value of WBD common stock issued to AT&T shareholders <sup>(1)</sup>	\$	42,309
Estimated fair value of share-based compensation awards attributable to pre-combination services <sup>(2)</sup>		94
Settlement of preexisting relationships <sup>(3)</sup>		(27)
Purchase consideration	\$	42,376

<sup>(1)</sup> The fair value of WBD common stock issued to AT&T shareholders represents approximately 1,732 million shares of WBD common stock multiplied by the closing share price for Discovery Series A common stock of \$24.43 on Nasdaq on the Closing Date. The number of shares of WBD common stock issued in the Merger was determined based on the number of fully diluted shares of Discovery, Inc. common stock immediately prior to the closing of the Merger, multiplied by the quotient of 71%/29%.

<sup>(2)</sup> This amount represents the value of AT&T restricted stock unit awards that were not vested and were replaced by WBD restricted stock unit awards with similar terms and conditions as the original AT&T awards. The conversion was based on the ratio of the volume-weighted average per share closing price of AT&T common stock on the ten trading days prior to the Closing Date and the volume-weighted average per share closing price of WBD common stock on the ten trading days following the Closing Date. The fair value of replacement equity-based awards attributable to pre-Merger service was recorded as part of the consideration transferred in the Merger. See Note 15 for additional information.

<sup>(3)</sup> The amount represents the effective settlement of outstanding payables and receivables between the Company and WM. No gain or loss was recognized upon settlement as amounts were determined to be reflective of fair market value.

Balances reflect rounding of dollar and share amounts to millions, which may result in differences for recalculated standalone amounts compared with the amounts presented above. In August 2022, the Company and AT&T finalized the post-closing working capital settlement process, which resulted in the Company receiving a \$1.2 billion payment from AT&T in the third quarter of 2022. AT&T has raised certain claims associated with the merger that the Company believes are without merit.

*Purchase Price Allocation*

The Company applied the acquisition method of accounting to WM, whereby the excess of the fair value of the purchase price paid over the fair value of identifiable net assets acquired and liabilities assumed was allocated to goodwill. Goodwill reflects the assembled workforce of WM as well as revenue enhancements, cost savings and operating synergies that are expected to result from the Merger. The goodwill recorded as part of the Merger has been allocated to the Studios, Networks and DTC reportable segments in the amounts of \$9,308 million, \$7,074 million and \$5,727 million, respectively, and is not deductible for tax purposes.

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During 2023, the Company finalized the fair value of assets acquired and liabilities assumed. Measurement period adjustments were reflected in the period in which the adjustments occurred. Adjustments recorded in 2023 were \$368 million, primarily related to taxes, and were recorded in other noncurrent assets, deferred income taxes, and other noncurrent liabilities, with an offset to goodwill. The allocation of the purchase price to the assets acquired and liabilities assumed, measurement period adjustments, and a reconciliation to total consideration transferred is presented in the table below (in millions).

	Preliminary April 8, 2022		Measurement Period Adjustments		Final April 8, 2022
Cash	\$ 2,419	\$	(10)	\$	2,409
Accounts receivable	4,224		(60)		4,164
Other current assets	4,619		(133)		4,486
Film and television content rights and games	28,729		(344)		28,385
Property and equipment	4,260		13		4,273
Goodwill	21,513		596		22,109
Intangible assets	44,889		100		44,989
Other noncurrent assets	5,206		283		5,489
Current liabilities	(10,544)		12		(10,532)
Debt assumed	(41,671)		(9)		(41,680)
Deferred income taxes	(13,264)		492		(12,772)
Other noncurrent liabilities	(8,004)		(940)		(8,944)
Total consideration paid	<u>\$ 42,376</u>	<u>\$</u>	<u>—</u>	<u>\$</u>	<u>42,376</u>

The fair values of the assets acquired and liabilities assumed were determined using several valuation approaches including, but not limited to, various cost approaches and income approaches, such as relief from royalty, multi-period excess earnings, and with-or-without methods.

The table below presents a summary of intangible assets acquired, exclusive of content assets, and the weighted average useful life of these assets.

	Fair Value	Weighted Average Useful Life in Years
Trade names	\$ 21,084	34
Affiliate, advertising and subscriber relationships	14,800	6
Franchises	7,900	35
Other intangible assets	1,205	
Total intangible assets acquired	<u>\$ 44,989</u>	

The Company incurred acquisition-related costs of \$162 million and \$406 million for the years ended December 31, 2023 and 2022, respectively. These costs were associated with legal and professional services and integration activities and were recognized as operating expenses on the consolidated statement of operations. Additionally, the expense related to the issuance of additional shares of common stock in connection with the conversion of Advance/Newhouse Programming's Series A-1 Preferred Stock was \$789 million and was recorded as a transaction expense in selling, general and administrative expense upon the closing of the Merger. (See Note 3.)

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As a result of the Merger, WM's assets, liabilities, and operations were included in the Company's consolidated financial statements from the Closing Date. The following table presents WM revenue and earnings as reported within the consolidated financial statements (in millions).

	Year Ended December 31, 2022
<b>Revenues:</b>	
Advertising	\$ 2,849
Distribution	10,980
Content	10,001
Other	720
Total revenues	24,550
Inter-segment eliminations	(2,225)
Net revenues	\$ 22,325
Net loss available to Warner Bros. Discovery, Inc.	\$ (7,202)

*Pro Forma Combined Financial Information*

The following unaudited pro forma combined financial information presents the combined results of the Company and WM as if the Merger had been completed on January 1, 2021. The unaudited pro forma combined financial information is presented for informational purposes and is not indicative of the results of operations that would have been achieved if the Merger had occurred on January 1, 2021, nor is it indicative of future results. The following table presents the Company's pro forma combined revenues and net loss (in millions).

	Year Ended December 31, 2022
Revenues	\$ 43,095
Net loss available to Warner Bros. Discovery, Inc.	(5,359)

The unaudited pro forma combined financial information includes, where applicable, adjustments for (i) additional costs of revenues from the fair value step-up of film and television library, (ii) additional amortization expense related to acquired intangible assets, (iii) additional depreciation expense from the fair value of property and equipment, (iv) transaction costs and other one-time non-recurring costs, (v) additional interest expense for borrowings related to the Merger and amortization associated with fair value adjustments of debt assumed, (vi) changes to align accounting policies, (vii) elimination of intercompany activity, and (viii) associated tax-related impacts of adjustments. These pro forma adjustments are based on available information as of the date hereof and upon assumptions that the Company believes are reasonable to reflect the impact of the Merger with WM on the Company's historical financial information on a supplemental pro forma basis. Adjustments do not include costs related to integration activities, cost savings or synergies that have been or may be achieved by the combined business.

**BluTV**

The Company previously held a 35% interest in BluTV, a SVOD platform entity and content distributor in Turkey that was accounted for as an equity method investment. In December 2023, the Company acquired the remaining 65% of BluTV for \$50 million.

**Dispositions**

During 2023, the Company sold or exited all of the AT&T SportsNets.

In October 2022, the Company sold its 49% stake in Golden Maple Limited (known as Tencent Video VIP) for proceeds of \$143 million and recorded a gain of \$55 million, and in April 2022 completed the sale of its minority interest in Discovery Education for proceeds of \$138 million and recorded a gain of \$133 million.

Also, in September 2022, the Company sold 75% of its interest in The CW Network to Nexstar Media Inc. ("Nexstar"), in exchange for Nexstar agreeing to fund a majority of The CW Network's expenses and the retention of the Company's share of certain receivables that existed prior to the transaction. There was no cash consideration exchanged in the transaction. The Company recorded an immaterial gain and retained a 12.5% ownership interest in The CW Network, which is accounted for as an equity method investment.

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In June 2021, the Company completed the sale of its Great American Country network to Hicks Equity Partners for a sale price of \$90 million and recorded a gain of \$76 million.

**NOTE 5. GOODWILL AND OTHER INTANGIBLE ASSETS**

**Goodwill**

Changes in the carrying value of goodwill attributable to each business unit were as follows (in millions).

	U.S. Networks	International Networks	Studios	Networks	DTC	Total
December 31, 2021	\$ 10,813	\$ 2,099	\$ —	\$ —	\$ —	\$ 12,912
Segment recast	(10,813)	(2,059)	—	10,555	2,317	—
Acquisitions (See Note 4)	—	—	9,047	7,081	5,618	21,746
Foreign currency translation and other adjustments	—	(40)	(84)	(79)	(17)	(220)
December 31, 2022	\$ —	\$ —	\$ 8,963	\$ 17,557	\$ 7,918	\$ 34,438
Acquisitions (See Note 4)	—	—	245	(24)	127	348
Foreign currency translation and other adjustments	—	—	64	97	22	183
December 31, 2023	\$ —	\$ —	\$ 9,272	\$ 17,630	\$ 8,067	\$ 34,969

The carrying amount of goodwill at the Networks segment included accumulated impairments of \$1.6 billion as of December 31, 2023 and 2022. The Studios and DTC segments did not include any accumulated impairments as of December 31, 2023 and 2022.

**Intangible Assets**

Finite-lived intangible assets subject to amortization consisted of the following (in millions, except years).

	Weighted Average Amortization Period (Years)	December 31, 2023			December 31, 2022		
		Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Trademarks and trade names	32	\$ 22,935	\$ (2,688)	\$ 20,247	\$ 22,876	\$ (1,494)	\$ 21,382
Affiliate, advertising and subscriber relationships	8	24,335	(14,730)	9,605	24,136	(9,458)	14,678
Franchises	35	7,900	(426)	7,474	7,900	(164)	7,736
Character rights	14	995	(125)	870	995	(53)	942
Other	6	591	(502)	89	568	(324)	244
Total		\$ 56,756	\$ (18,471)	\$ 38,285	\$ 56,475	\$ (11,493)	\$ 44,982

Amortization expense for finite-lived intangible assets reflects the pattern in which the assets' economic benefits are consumed over their estimated useful lives. For assets whose economic benefits are anticipated to be consumed evenly, a straight-line method is utilized. For assets in which the economic benefits are expected to be recognized unevenly over the useful life of the asset, an accelerated method such as the sum-of-the-months' digits method is utilized. Amortization expense related to finite-lived intangible assets was \$6.9 billion, \$6.2 billion and \$1.3 billion for the years ended December 31, 2023, 2022 and 2021, respectively.

During 2023, the Company reassessed the useful lives and amortization methods for its linear networks and HBO trademarks and trade names, and its DC franchise, and concluded the pattern of amortization should be accelerated. Accordingly, the Company has changed the amortization method for these assets from the straight-line method to the sum-of-the-months' digits method. This change was considered a change in estimate, was accounted for prospectively, and resulted in incremental amortization expense of \$368 million for the year ended December 31, 2023.

Amortization expense relating to intangible assets subject to amortization for each of the next five years and thereafter is estimated to be as follows (in millions).

	2024	2025	2026	2027	2028	Thereafter
Amortization expense	\$ 5,757	\$ 4,245	\$ 3,122	\$ 2,369	\$ 1,782	\$ 21,010

**Impairment Analysis**

Significant judgments and assumptions for all quantitative goodwill tests performed include discount rates, control premiums, terminal growth rates, relevant comparable company earnings multiples and the amount and timing of expected future cash flows, including revenue growth rates and profit margins.

**2023 Impairment Analysis**

As of October 1, 2023, the Company performed a quantitative goodwill impairment assessment for all reporting units. The estimated fair value of each reporting unit exceeded its carrying value and, therefore, no impairment was recorded. The Studios reporting unit, which had headroom of 15%, and the Networks reporting unit, which had headroom of 5%, both had fair value in excess of carrying value of less than 20%. The fair values of the reporting units were determined using a combination of DCF and market valuation methodologies. Due to declining levels of global GDP growth, soft advertising markets in the U.S. associated with the Company's Networks reporting unit, content licensing trends in our Studios reporting unit, and execution risk associated with anticipated growth in the Company's DTC reporting unit, the Company will continue to monitor its reporting units for changes that could impact recoverability.

**2022 Impairment Analysis**

For the 2022 annual impairment test, the Company performed a quantitative goodwill impairment assessment for all reporting units consistent with the Company's accounting policy. The estimated fair value of each reporting unit exceeded its carrying value and, therefore, no impairment was recorded.

**2021 Impairment Analysis**

For the 2021 annual impairment test, the Company performed a qualitative goodwill impairment assessment for all reporting units and determined that it was more likely than not that the fair value of those reporting units exceeded their carrying values, therefore, no quantitative goodwill impairment analysis was performed.

**NOTE 6. RESTRUCTURING AND OTHER CHARGES**

In connection with the Merger, the Company has announced and has taken actions to implement projects to achieve cost synergies for the Company. The Company finalized the framework supporting its ongoing restructuring and transformation initiatives during the year ended December 31, 2022, which include, among other things, strategic content programming assessments, organization restructuring, facility consolidation activities, and other contract termination costs. While the Company's restructuring efforts are ongoing, the restructuring program is expected to be substantially completed by the end of 2024. The Company also initiated a strategic realignment plan associated with its Warner Bros. Pictures Animation group during the year ended December 31, 2023.

Restructuring and other charges by reportable segment and corporate and inter-segment eliminations were as follows (in millions).

	Year Ended December 31,		
	2023	2022	2021
Studios	\$ 225	\$ 1,050	\$ —
Networks	201	1,003	30
DTC	66	1,551	2
Corporate and inter-segment eliminations	93	153	—

Total restructuring and other charges

\$ 585 \$ 3,757 \$ 32

During the year ended December 31, 2023, restructuring and other charges primarily included content impairments and other content development costs and write-offs of \$115 million, contract terminations and facility consolidation activities of \$111 million, and organization restructuring costs of \$359 million.



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During the year ended December 31, 2022, restructuring and other charges primarily included charges related to strategic content programming initiatives, inclusive of content impairments, content development costs and write-offs, content contract terminations, and other content related charges of \$3,133 million. In addition, there were restructuring charges related to organization restructuring of \$607 million and facility consolidation activities and other contract terminations of \$17 million.

Changes in restructuring liabilities recorded in accrued liabilities and other noncurrent liabilities by major category and by reportable segment and corporate and inter-segment eliminations were as follows (in millions).

	Studios	Networks	DTC	Corporate and Inter-Segment Eliminations	Total
December 31, 2021 <sup>(a)</sup>	\$ —	\$ 15	\$ —	\$ 4	\$ 19
Acquisitions (See Note 4 )	40	—	14	55	109
Contract termination accruals, net	36	168	121	—	325
Employee termination accruals, net	114	213	87	184	598
Cash paid	(34)	(35)	(34)	(84)	(187)
December 31, 2022	156	361	188	159	864
Contract termination accruals, net	48	16	8	15	87
Employee termination accruals, net	47	175	60	78	360
Other accruals	—	2	—	—	2
Cash paid	(153)	(352)	(176)	(172)	(853)
December 31, 2023	\$ 98	\$ 202	\$ 80	\$ 80	\$ 460

<sup>(a)</sup> Prior period balances have been recast to conform to the current period presentation as a result of the Merger and segment recast.

#### NOTE 7. REVENUES

##### Disaggregated Revenue

The following table presents the Company's revenues disaggregated by revenue source (in millions).

	Year Ended December 31, 2023				
	Studios	Networks	DTC	Corporate and Inter-segment Eliminations	Total
Revenues:					
Distribution	\$ 17	\$ 11,521	\$ 8,703	\$ (4)	\$ 20,237
Advertising	15	8,342	548	(205)	8,700
Content	11,358	1,005	886	(2,046)	11,203
Other	802	376	17	(14)	1,181
Totals	\$ 12,192	\$ 21,244	\$ 10,154	\$ (2,269)	\$ 41,321
	Year Ended December 31, 2022				
	Studios	Networks	DTC	Corporate and Inter-segment Eliminations	Total
Revenues:					
Distribution	\$ 12	\$ 9,759	\$ 6,371	\$ —	\$ 16,142
Advertising	15	8,224	371	(86)	8,524
Content	9,156	1,120	522	(2,438)	8,360
Other	548	245	10	(12)	791
Totals	\$ 9,731	\$ 19,348	\$ 7,274	\$ (2,536)	\$ 33,817

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	Year Ended December 31, 2021				
	Studios	Networks	DTC	Corporate and Inter-segment Eliminations	Total
<b>Revenues:</b>					
Distribution	\$ —	\$ 4,486	\$ 716	\$ —	\$ 5,202
Advertising	—	6,063	131	—	6,194
Content	20	706	11	—	737
Other	—	56	2	—	58
<b>Totals</b>	<b>\$ 20</b>	<b>\$ 11,311</b>	<b>\$ 860</b>	<b>\$ —</b>	<b>\$ 12,191</b>

**Accounts Receivable and Credit Losses**

The allowance for credit losses was not material at December 31, 2023 and 2022.

**Contract Assets and Liabilities**

The following table presents contract liabilities on the consolidated balance sheets (in millions).

Category	Balance Sheet Location	December 31, 2023	December 31, 2022
Contract liabilities	Deferred revenues	\$ 1,924	\$ 1,694
Contract liabilities	Other noncurrent liabilities	160	361

The change in deferred revenue for the year ended December 31, 2023 primarily reflects cash payments received or contracted billings recorded for which the performance obligations were not satisfied prior to the end of the period, partially offset by \$1,354 million of revenues recognized that were included in the deferred revenue balance at December 31, 2022. Revenue recognized for the year ended December 31, 2022 related to the deferred revenue balance at December 31, 2021 was \$411 million. Contract assets were not material as of December 31, 2023 and 2022.

**Transaction Price Allocated to Remaining Performance Obligations**

Most of the Company's distribution contracts are licenses of functional intellectual property where revenue is derived from royalty-based arrangements, for which revenues are recorded as a function of royalties earned to date instead of estimating incremental royalty contract revenue. However, there are certain other distribution arrangements that are fixed price or contain minimum guarantees that extend beyond one year. The Company recognizes revenue for fixed fee distribution contracts on a monthly basis based on minimum monthly fees by calculating one twelfth of annual license fees specified in its distribution contracts, or based on the pro-rata fees earned calculated on the license fees specified in the distribution contract.

The Company's content licensing contracts and sports sublicensing deals are licenses of functional intellectual property.

The Company's brand licensing contracts are licenses of symbolic intellectual property.

The Company's advertising contracts are principally generated from the sale of advertising campaigns comprised of multiple commercial units. In contracts with guaranteed impressions, we have identified the overall advertising campaign as the performance obligation to be satisfied over time, and impressions delivered against the satisfaction of our guarantee as the measure of progress. Certain of these arrangements extend beyond one year.

The following table presents a summary of remaining performance obligations by contract type (in millions).

Contract Type	December 31, 2023	Duration
Distribution - fixed price or minimum guarantee	\$ 3,513	Through 2031
Content licensing and sports sublicensing	5,361	Through 2030
Brand licensing	2,264	Through 2043
Advertising	892	Through 2027
<b>Total</b>	<b>\$ 12,030</b>	

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The value of unsatisfied performance obligations disclosed above does not include: (i) contracts involving variable consideration for which revenues are recognized in accordance with the sales or usage-based royalty exception, and (ii) contracts with an original expected length of one year or less, such as most advertising contracts; however for content licensing revenues, including revenues associated with the licensing of theatrical and television product for television and streaming services, the Company has included all contracts regardless of duration.

**NOTE 8. SALES OF RECEIVABLES**

**Revolving Receivables Program**

During 2023, the Company amended its revolving receivables program to reduce the facility limit to \$5,500 million and extend the program to August 2024. The Company's bankruptcy-remote consolidated subsidiary held \$3,088 million of pledged receivables as of December 31, 2023 in connection with the Company's revolving receivables program. For the years ended December 31, 2023 and 2022, the Company recognized \$79 million and \$256 million, respectively, in selling, general and administrative expenses from the revolving receivables program in the consolidated statements of operations (net of non-designated derivatives in 2023). (See Note 13.) The outstanding portfolio of receivables derecognized from our consolidated balance sheets was \$5,200 million and \$5,366 million as of December 31, 2023 and 2022, respectively.

The following table presents a summary of receivables sold (in millions).

	Year Ended December 31,	
	2023	2022
Gross receivables sold/cash proceeds received	\$ 13,340	\$ 9,857
Collections reinvested under revolving agreement	(13,506)	(10,491)
Net cash proceeds remitted	\$ (166)	\$ (634)
Net receivables sold	\$ 13,178	\$ 9,797
Obligations recorded	\$ 405	\$ 377

The following table presents a summary of the amounts transferred or pledged (in millions).

	December 31, 2023	December 31, 2022
Gross receivables pledged as collateral	\$ 3,088	\$ 3,468
Restricted cash pledged as collateral	\$ 500	\$ 150
<b>Balance sheet classification:</b>		
Receivables, net	\$ 2,780	\$ 3,015
Prepaid expenses and other current assets	\$ 500	\$ 150
Other noncurrent assets	\$ 308	\$ 453

**Accounts Receivable Factoring**

Total trade accounts receivable sold under the Company's factoring arrangement was \$383 million and \$477 million for the years ended December 31, 2023 and 2022, respectively. The impact to the consolidated statements of operations was immaterial for the years ended December 31, 2023 and 2022. This accounts receivable factoring agreement is separate and distinct from the revolving receivables program.

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**NOTE 9. CONTENT RIGHTS**

For purposes of amortization and impairment, capitalized content costs are grouped based on their predominant monetization strategy: individually or as a group. Programming rights are presented as two separate captions: licensed content and advances and live programming and advances. Live programming includes licensed sports rights and related advances. The prior year presentation has been recast to conform to the current period's presentation. The table below presents the components of content rights (in millions).

	December 31, 2023		
	Predominantly Monetized Individually	Predominantly Monetized as a Group	Total
<b>Theatrical film production costs:</b>			
Released, less amortization	\$ 2,823	\$ —	\$ 2,823
Completed and not released	107	—	107
In production and other	1,300	—	1,300
<b>Television production costs:</b>			
Released, less amortization	1,471	5,317	6,788
Completed and not released	380	606	986
In production and other	417	2,624	3,041
<b>Total theatrical film and television production costs</b>	<b>\$ 6,498</b>	<b>\$ 8,547</b>	<b>\$ 15,045</b>
Licensed content and advances, net			4,519
Live programming and advances, net			1,943
Game development costs, less amortization			565
<b>Total film and television content rights and games</b>			<b>22,072</b>
Less: Current content rights and prepaid license fees, net			(843)
<b>Total noncurrent film and television content rights and games</b>			<b>\$ 21,229</b>

	December 31, 2022		
	Predominantly Monetized Individually	Predominantly Monetized as a Group	Total
<b>Theatrical film production costs:</b>			
Released, less amortization	\$ 3,544	\$ —	\$ 3,544
Completed and not released	507	—	507
In production and other	1,795	—	1,795
<b>Television production costs:</b>			
Released, less amortization	2,200	6,143	8,343
Completed and not released	939	401	1,340
In production and other	457	3,386	3,843
<b>Total theatrical film and television production costs</b>	<b>\$ 9,442</b>	<b>\$ 9,930</b>	<b>\$ 19,372</b>
Licensed content and advances, net			4,961
Live programming and advances, net			2,214
Game development costs, less amortization			650
<b>Total film and television content rights and games</b>			<b>27,197</b>
Less: Current content rights and prepaid license fees, net			(545)
<b>Total noncurrent film and television content rights and games</b>			<b>\$ 26,652</b>

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Content amortization consisted of the following (in millions).

	Year Ended December 31,		
	2023	2022	2021
Predominantly monetized individually	\$ 5,165	\$ 5,175	\$ 541
Predominantly monetized as a group	10,648	8,935	2,955
<b>Total content amortization</b>	<b>\$ 15,813</b>	<b>\$ 14,110</b>	<b>\$ 3,496</b>

Content expense includes amortization, impairments, and development expense and is generally a component of costs of revenues on the consolidated statements of operations. For the year ended December 31, 2023, total content impairments were \$326 million, of which content impairments and other content development costs and write-offs of \$115 million were primarily due to the abandonment of certain films in connection with the third quarter 2023 strategic realignment plan associated with the Warner Bros. Pictures Animation group and are reflected in restructuring and other charges in the Studios segment. For the year ended December 31, 2022, total content impairments were \$2,807 million. Content impairments of \$2,756 million and content development write-offs of \$377 million were due to the abandonment of certain content categories in connection with the strategic realignment of content following the Merger and are reflected in restructuring and other charges in the Studios, Networks and DTC segments. (See Note 6.) No content impairments were recorded as a component of restructuring for the year ended December 31, 2021.

The table below presents the expected future amortization expense of the Company's film and television content rights, licensed content and advances, live programming rights and advances, and games as of December 31, 2023 (in millions).

	Year Ending December 31,		
	2024	2025	2026
<b>Released investment in films and television content:</b>			
Monetized individually	\$ 1,712	\$ 868	\$ 600
Monetized as a group	2,483	1,242	774
Licensed content and advances	1,751	813	524
Live programming and advances	1,258	471	34
Games	87	16	—
<b>Completed and not released investment in films and television content:</b>			
Monetized individually	\$ 411		
Monetized as a group	238		

At December 31, 2023, acquired film and television libraries are being amortized using straight-line or other accelerated amortization methods through 2033.

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**NOTE 10. INVESTMENTS**

The Company's equity investments consisted of the following, net of investments recorded in other noncurrent liabilities (in millions).

Category	Balance Sheet Location	Ownership	December 31, 2023	December 31, 2022
<b>Equity method investments:</b>				
The Chernin Group (TCG) 2.0-A, LP	Other noncurrent assets	44%	\$ 249	\$ 313
nC+	Other noncurrent assets	32%	142	135
TNT Sports	Other noncurrent assets	50%	102	96
Other	Other noncurrent assets		503	518
Total equity method investments			996	1,062
Investments with readily determinable fair values	Other noncurrent assets		53	28
Investments without readily determinable fair values	Other noncurrent assets <sup>(a)</sup>		438	498
Total investments			<u>\$ 1,487</u>	<u>\$ 1,588</u>

<sup>(a)</sup> Investments without readily determinable fair values included \$17 million as of December 31, 2023 and \$10 million as of December 31, 2022 that were included in prepaid expenses and other current assets.

**Equity Method Investments**

During the year ended December 31, 2022, the Company entered into an agreement with British Telecommunications Plc ("BT") to form a 50:50 joint venture to create a new premium sports offering for the United Kingdom and Ireland. The Company has determined the joint venture is a VIE and accounts for its investment in the joint venture as an equity method investment. Additionally, the Company has a call option to obtain the remaining 50% equity interest in September 2024 and September 2026, at the then fair market value plus the expected earnings that BT would have received in the two years following the call option. As of December 31, 2023, the carrying value of the joint venture was \$102 million.

As of December 31, 2023, the Company's maximum exposure for all its unconsolidated VIEs, including the investment carrying values and unfunded contractual commitments made on behalf of VIEs, was approximately \$734 million. The Company's maximum estimated exposure excludes the non-contractual future funding of VIEs. The aggregate carrying values of these VIE investments were \$697 million and \$720 million as of December 31, 2023 and 2022, respectively. The Company recognized its portion of VIE operating results with losses of \$75 million, \$87 million, and \$35 million for the years ended December 31, 2023, 2022 and 2021, respectively, in loss from equity investees, net, on the consolidated statements of operations.

**Equity Investments Without Readily Determinable Fair Values Assessed Under the Measurement Alternative**

During 2023, the Company concluded that its other equity method investments without readily determinable fair values had decreased \$73 million in fair value as a result of observable price changes in orderly transactions for the identical or similar investment of the same issuer. The decrease in fair value as a result of observable price change is recorded in other (expense) income, net on the consolidated statements of operations. (See Note 18.) As of December 31, 2023, the Company had recorded cumulative impairments of \$238 million for its equity method investments without readily determinable fair values.

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**NOTE 11. DEBT**

The table below presents the components of outstanding debt (in millions).

	Weighted-Average Interest Rate as of December 31, 2023	December 31,	
		2023	2022
Term loans with maturities of 3 years or less	— %	\$ —	\$ 4,000
Floating rate senior notes with maturities of 5 years or less	7.13 %	40	500
Senior notes with maturities of 5 years or less	4.00 %	13,664	12,759
Senior notes with maturities between 5 and 10 years	4.28 %	8,607	10,373
Senior notes with maturities greater than 10 years	5.11 %	21,644	21,644
Total debt		43,955	49,276
Unamortized discount, premium, debt issuance costs, and fair value adjustments for acquisition accounting, net		(286)	(277)
Debt, net of unamortized discount, premium, debt issuance costs, and fair value adjustments for acquisition accounting		43,669	48,999
Current portion of debt		(1,780)	(365)
Noncurrent portion of debt		\$ 41,889	\$ 48,634

During the year ended December 31, 2023, the Company's wholly-owned subsidiaries, Warner Media, LLC ("WML"), Historic TW Inc. ("TWI"), Discovery Communications, LLC ("DCL") and WMH, commenced cash tender offers to purchase for cash any and all of (i) WML's outstanding 4.050% Senior Notes due 2023 and 3.550% Senior Notes due 2024, (ii) TWI's outstanding 7.570% Senior Notes due 2024, (iii) DCL's outstanding 3.800% Senior Notes due 2024, and (iv) WMH's outstanding 3.528% Senior Notes due 2024 and 3.428% Senior Notes due 2024. The Company completed the tender offers in August 2023 by purchasing senior notes in the amount of \$1.9 billion validly tendered and accepted for purchase pursuant to the offers. During the year ended December 31, 2023, the Company also commenced a tender offer to purchase for cash any and all of its outstanding Floating Rate Notes due in 2024. The Company completed the tender offer in June 2023, by purchasing Floating Rate Notes in the amount of \$460 million validly tendered and accepted for purchase pursuant to the offer.

During the year ended December 31, 2023, the Company also repaid \$4.0 billion of aggregate principal amount outstanding of its term loan prior to the due date of April 2025; repaid in full at maturity \$42 million of aggregate principal amount outstanding of its senior notes due December 2023, \$178 million of aggregate principal amount outstanding of its senior notes due September 2023, and \$106 million of aggregate principal amount outstanding of its senior notes due February 2023; and completed open market purchases for \$183 million of aggregate principal amount outstanding of its senior notes.

During the year ended December 31, 2023, the Company issued \$1.5 billion of 6.412% fixed rate senior notes due March 2026. After March 2024, the senior notes are redeemable at par plus accrued and unpaid interest.

During the year ended December 31, 2022, the Company repaid \$6.0 billion of aggregate principal amount outstanding of its term loans prior to the due dates of October 2023 and April 2025 and repaid in full at maturity \$327 million of aggregate principal amount outstanding of its 2.375% Euro Denominated Senior Notes due March 2022. In addition, the Company redeemed in full and prior to maturity all \$192 million of aggregate principal amount outstanding of its 3.250% senior notes due in 2023 and all \$796 million of aggregate principal amount outstanding of its 2.950% senior notes due 2023 (collectively the "2023 Notes"). The 2023 Notes were redeemed in December 2022 for an aggregate redemption price of \$988 million, plus accrued interest.

The redemptions during 2023 and 2022 resulted in an immaterial gain on extinguishment of debt. (See Note 18.)

As of December 31, 2023, all senior notes are fully and unconditionally guaranteed by the Company, Scripps Networks Interactive, Inc. ("Scripps Networks"), DCL (to the extent it is not the primary obligor on such senior notes), and WMH (to the extent it is not the primary obligor on such senior notes), except for \$1.1 billion of senior notes of the legacy WarnerMedia Business assumed by the Company in connection with the Merger and \$23 million of un-exchanged senior notes issued by Scripps Networks.

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**Revolving Credit Facility and Commercial Paper Programs**

The Company has a multicurrency revolving credit agreement (the "Revolving Credit Agreement") and has the capacity to borrow up to \$6.0 billion under the Revolving Credit Agreement (the "Credit Facility"). The Revolving Credit Agreement includes a \$150 million sublimit for the issuance of standby letters of credit. The Company may also request additional commitments up to \$1.0 billion from the lenders upon the satisfaction of certain conditions. Obligations under the Revolving Credit Agreement are unsecured and are fully and unconditionally guaranteed by the Company, Scripps Networks, and WMH. The Credit Facility will be available on a revolving basis until June 2026, with an option for up to two additional 364-day renewal periods subject to the lenders' consent.

Additionally, the Company's commercial paper program is supported by the Credit Facility. Under the commercial paper program, the Company may issue up to \$1.5 billion, including up to \$500 million of euro-denominated borrowings. Borrowing capacity under the Credit Facility is effectively reduced by any outstanding borrowings under the commercial paper program.

As of December 31, 2023 and 2022, the Company had no outstanding borrowings under the Credit Facility or the commercial paper program.

**Credit Agreement Financial Covenants**

The Revolving Credit Agreement includes financial covenants that require the Company to maintain a minimum consolidated interest coverage ratio of 3.00 to 1.00 and a maximum adjusted consolidated leverage ratio of 5.75 to 1.00 following the closing of the Merger, with step-downs to 5.00 to 1.00 and 4.50 to 1.00 upon completion of the first full quarter following the first and second anniversaries of the closing, respectively. As of December 31, 2023, DCL and WMH were in compliance with all covenants and there were no events of default under the Revolving Credit Agreement.

**Long-term Debt Repayment Schedule**

The following table presents a summary of scheduled debt and estimated interest payments, excluding the revolving credit facility and commercial paper borrowings, for the next five years based on the amount of the Company's debt outstanding as of December 31, 2023 (in millions).

	2024	2025	2026	2027	2028	Thereafter
Long-term debt repayments	\$ 1,781	\$ 3,147	\$ 2,289	\$ 4,719	\$ 1,767	\$ 30,250
Interest payments	\$ 2,007	\$ 1,904	\$ 1,778	\$ 1,634	\$ 1,510	\$ 24,344

**NOTE 12. LEASES**

The Company has operating and finance leases for transponders, office space, studio facilities, software, and other equipment. The Company's leases were reflected in the Company's consolidated balance sheets as follows (in millions).

	Location on Balance Sheet	December 31,	
		2023	2022
<b>Operating Leases</b>			
Operating lease right-of-use assets	Other noncurrent assets	\$ 3,074	\$ 3,189
Operating lease liabilities (current)	Accrued liabilities	\$ 332	\$ 345
Operating lease liabilities (noncurrent)	Other noncurrent liabilities	3,019	2,990
Total operating lease liabilities		\$ 3,351	\$ 3,335
<b>Finance Leases</b>			
Finance lease right-of-use assets	Property and equipment, net	\$ 249	\$ 244
Finance lease liabilities (current)	Accrued liabilities	\$ 74	\$ 82
Finance lease liabilities (noncurrent)	Other noncurrent liabilities	191	186
Total finance lease liabilities		\$ 265	\$ 268



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Supplemental information related to leases was as follows.

	December 31,	
	2023	2022
Weighted average remaining lease term (in years):		
Operating leases	11	12
Finance leases	5	5
Weighted average discount rate		
Operating leases	4.42 %	4.13 %
Finance leases	4.17 %	3.23 %

The Company's leases have remaining lease terms of up to 29 years, some of which include multiple options to extend the leases for up to a total of 20 years. Most leases are not cancellable prior to their expiration.

The components of lease cost were as follows (in millions):

	Year Ended December 31,	
	2023	2022
Operating lease cost	\$ 540	\$ 372
Finance lease cost:		
Amortization of right-of-use assets	\$ 85	\$ 78
Interest on lease liabilities	8	8
Total finance lease cost	\$ 93	\$ 86
Variable fees and other <sup>(a)</sup>	\$ 74	\$ 66
Total lease cost	\$ 707	\$ 524

<sup>(a)</sup> Includes variable lease payments related to our operating and finance leases and costs of leases with initial terms of less than one year.

Supplemental cash flow information related to leases was as follows (in millions):

	Year Ended December 31,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ (501)	\$ (360)
Operating cash flows from finance leases	\$ (19)	\$ (15)
Financing cash flows from finance leases	\$ (74)	\$ (70)
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 364	\$ 490
Finance leases	\$ 95	\$ 39

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Maturities of lease liabilities as of December 31, 2023 were as follows (in millions):

	Operating Leases	Finance Leases
2024	\$ 462	\$ 85
2025	404	70
2026	377	56
2027	358	35
2028	344	15
Thereafter	2,415	35
<b>Total lease payments</b>	<b>4,360</b>	<b>296</b>
Less: Imputed interest	(1,009)	(31)
<b>Total</b>	<b>\$ 3,351</b>	<b>\$ 265</b>

As of December 31, 2023, the Company's total minimum lease payments for additional leases that have not yet commenced were not material.

**NOTE 13. DERIVATIVE FINANCIAL INSTRUMENTS**

In the normal course of business, the Company is exposed to foreign currency exchange rate market risk and interest rate fluctuations. As part of its risk management strategy, the Company uses derivative financial instruments, primarily foreign currency forward contracts, fixed-to-fixed currency swaps, total return swaps and interest rate swaps, to hedge certain foreign currency, market value and interest rate exposures. The Company's objective is to reduce earnings volatility by offsetting gains and losses resulting from these exposures with losses and gains on the derivative contracts used to hedge them. The Company does not enter into or hold derivative financial instruments for speculative trading purposes.

There were no amounts eligible to be offset under master netting agreements as of December 31, 2023 and 2022. The fair value of the Company's derivative financial instruments at December 31, 2023 and 2022 was determined using a market-based approach (Level 2). The Company's derivative financial instruments were reflected in the Company's consolidated balance sheets as follows (in millions).

	December 31, 2023					December 31, 2022					
	Notional	Fair Value				Notional	Fair Value				
		Prepaid expenses and other current assets	Other non-current assets	Accrued liabilities	Other non-current liabilities		Prepaid expenses and other current assets	Other non-current assets	Accrued liabilities	Other non-current liabilities	
<b>Cash flow hedges:</b>											
Foreign exchange	\$ 1,484	\$ 40	\$ 8	\$ 37	\$ 8	\$ 1,382	\$ 49	\$ 35	\$ 42	\$ 25	
Cross-currency swaps	—	—	—	—	—	482	3	58	—	—	
<b>Net investment hedges: <sup>(a)</sup></b>											
Cross-currency swaps	1,779	23	12	7	42	1,778	20	12	—	73	
<b>Fair value hedges:</b>											
Interest rate swaps	1,500	7	—	—	5	—	—	—	—	—	
<b>No hedging designation:</b>											
Foreign exchange	1,058	1	1	1	83	976	5	1	3	96	
Cross-currency swaps	—	—	—	—	—	139	3	—	—	3	
Total return swaps	395	19	—	—	—	291	—	—	13	—	
<b>Total</b>		<b>\$ 90</b>	<b>\$ 21</b>	<b>\$ 45</b>	<b>\$ 138</b>		<b>\$ 80</b>	<b>\$ 106</b>	<b>\$ 58</b>	<b>\$ 197</b>	

<sup>(a)</sup> Excludes €164 million of euro-denominated notes (\$174 million equivalent at December 31, 2022) designated as a net investment hedge and £402 million of sterling notes re-designated as a net investment hedge in 2023 (\$513 million equivalent at December 31, 2023). (See Note 11.)

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**Derivatives Designated for Hedge Accounting**

*Cash Flow Hedges*

The Company is exposed to foreign currency risk related to revenues, production rebates and production expenses. As such, we have entered into foreign exchange forward contracts designated as cash flow hedges to mitigate this risk. These cash flow hedges are carried at fair market value on the Company's consolidated balance sheets. Hedge effectiveness is assessed using the spot method, with fair market value changes recorded in other comprehensive loss until the hedged item affects earnings. Excluded components, including forward points, are included in current earnings.

The Company is exposed to foreign currency risk associated with its British Pound Sterling denominated debt and executed a fixed-to-fixed cross-currency swap in 2022 to mitigate this risk. During the year ended December 31, 2023, the Company unwound the cross-currency swaps related to its Sterling debt and recognized a gain of \$76 million as an adjustment to other comprehensive income. The Sterling debt was subsequently re-designated as a net investment hedge effective May 2023.

The Company is exposed to interest rate risk associated with future issuances of debt and unwound the forward starting swap derivatives designated as hedging instruments to mitigate this risk in 2022. The realized gain from these derivatives will remain in other comprehensive loss until the debt is issued during the hedging window, which extends through 2025, and interest payments are made.

The following table presents the pretax impact of derivatives designated as cash flow hedges on income and other comprehensive loss (in millions).

	Year Ended December 31,		
	2023	2022	2021
Gains (losses) recognized in accumulated other comprehensive loss:			
Foreign exchange - derivative adjustments	\$ 23	\$ 7	\$ 57
Interest rate - derivative adjustments	—	—	112
Gains (losses) reclassified into income from accumulated other comprehensive loss:			
Foreign exchange - distribution revenue	(5)	(1)	4
Foreign exchange - advertising revenue	1	1	1
Foreign exchange - costs of revenues	3	25	—
Foreign exchange - other (expense) income, net	18	—	30
Interest rate - interest expense, net	(1)	(2)	(2)
Interest rate - other (expense) income, net	1	—	—

If current fair values of designated cash flow hedges as of December 31, 2023 remained static over the next twelve months, the amount the Company would reclassify from accumulated other comprehensive loss into income in the next twelve months would not be material for the current fiscal year. The maximum length of time the Company is hedging exposure to the variability in future cash flows is 32 years.

*Net Investment Hedges*

The Company is exposed to foreign currency risk associated with the net assets of non-USD functional entities and uses fixed-to-fixed cross currency swaps to mitigate this risk. During the year ended December 31, 2023, to mitigate the risk associated with the net assets of non-USD functional entities, the Company re-designated its Sterling denominated debt due in 2024 as a net investment hedge after the unwind of the cash flow hedge previously noted.

The Company is also exposed to foreign currency risk stemming from foreign denominated debt. During the year ended December 31, 2023, the Company settled its Euro denominated debt that was acquired in connection with the Merger and was designated as the hedging instrument in a net investment hedge.

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The following table presents the pretax impact of derivatives designated as net investment hedges on other comprehensive loss (in millions). Other than amounts excluded from effectiveness testing, there were no other material gains (losses) reclassified from accumulated other comprehensive loss to income during the years ended December 31, 2023, 2022 and 2021.

	Year Ended December 31,						
	Amount of gain (loss) recognized in AOCI			Location of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (amount excluded from effectiveness testing)		
	2023	2022	2021		2023	2022	2021
Cross currency swaps	\$ 43	\$ 46	\$ 114	Interest expense, net	\$ 24	\$ 33	\$ 42
Foreign exchange contracts	—	—	5	Other (expense) income, net	—	—	—
Euro denominated notes (foreign denominated debt)	3	4	—	N/A	—	—	—
Sterling denominated notes (foreign denominated debt)	(11)	112	6	N/A	—	—	—
<b>Total</b>	<b>\$ 35</b>	<b>\$ 162</b>	<b>\$ 125</b>		<b>\$ 24</b>	<b>\$ 33</b>	<b>\$ 42</b>

**Fair Value Hedges**

During the year ended December 31, 2023, the Company issued \$1.5 billion of 6.412% fixed rate senior notes due March 2026. Simultaneously, the Company entered into a fixed-to-floating interest rate swap designated as a fair value hedge to allow the Company to mitigate the variability in the fair value of its senior notes due to fluctuations in the benchmark interest rate. Changes in the fair value of the senior note and the interest rate swap are recorded in interest expense, net.

The following table presents fair value hedge adjustments to hedged borrowings (in millions).

Balance Sheet Location	Carrying Amount of Hedged Borrowings		Cumulative Amount of Fair Value Hedging Adjustments Included in Hedged Borrowings	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Noncurrent portion of debt	\$ 1,502	\$ —	\$ 2	\$ —

The following table presents the pretax impact of derivatives designated as fair value hedges on income, including offsetting changes in fair value of the hedged items (in millions).

	Year Ended December 31,	
	2023	2022
(Loss) gain on changes in fair value of hedged fixed rate debt <sup>(1)</sup>	\$ (2)	\$ —
Gain (loss) on changes in the fair value of derivative contracts <sup>(1)</sup>	2	—
<b>Total in interest expense, net</b>	<b>\$ —</b>	<b>\$ —</b>

<sup>(1)</sup> Accrued interest expense related to the hedged debt and derivative contracts is excluded from the amounts above and was \$27 million as of December 31, 2023.

**Derivatives Not Designated for Hedge Accounting**

The Company has deferred compensation plans that have risk related to the fair market value gains and losses on investments and has entered into total return swaps to mitigate this risk. The gains and losses associated with these swaps are recorded to selling, general and administrative expenses, offsetting the deferred compensation investment gains and losses.

The Company is exposed to risk of secured overnight financing rate changes in connection with securitization interest paid on the receivables securitization program. To mitigate this risk, the Company entered into and unwound and settled \$6.0 billion notional of non-designated interest rate swaps for a total realized gain of \$63 million during the year ended December 31, 2023. The gains and losses on these derivatives are recorded to selling, general and administrative expenses, offsetting securitization interest expense.

Forward contracts designated as cash flow hedges are de-designated as production spend occurs or when rebate receivables are recognized. After de-designation, gains and losses on these derivatives directly impact earnings in the same line as the hedged risk.

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The following table presents the pretax gains (losses) on derivatives not designated as hedges and recognized in selling, general and administrative expense and other (expense) income, net in the consolidated statements of operations (in millions).

	Year Ended December 31,		
	2023	2022	2021
Interest rate swaps	\$ 63	\$ —	\$ —
Total return swaps	46	5	—
Total in selling, general and administrative expense	109	5	—
Interest rate swaps	20	512	(2)
Cross-currency swaps	1	—	8
Foreign exchange derivatives	7	(37)	(39)
Total in other (expense) income, net	28	475	(33)
Total	\$ 137	\$ 480	\$ (33)

**NOTE 14. FAIR VALUE MEASUREMENTS**

Fair value is defined as the amount that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants. Assets and liabilities carried at fair value are classified in the following three categories:

Level 1 - Quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 - Valuations derived from techniques in which one or more significant inputs are unobservable.

The table below presents assets and liabilities measured at fair value on a recurring basis (in millions).

Category	Balance Sheet Location	December 31, 2023			Total
		Level 1	Level 2	Level 3	
<b>Assets</b>					
Cash equivalents:					
Time deposits	Cash and cash equivalents	\$ —	\$ 105	\$ —	\$ 105
Equity securities:					
Money market fund	Cash and cash equivalents	1	—	—	1
Mutual funds	Prepaid expenses and other current assets	42	—	—	42
Company-owned life insurance contracts	Prepaid expenses and other current assets	—	1	—	1
Mutual funds	Other noncurrent assets	233	—	—	233
Company-owned life insurance contracts	Other noncurrent assets	—	97	—	97
Total		\$ 276	\$ 203	\$ —	\$ 479
<b>Liabilities</b>					
Deferred compensation plan	Accrued liabilities	\$ 67	\$ —	\$ —	\$ 67
Deferred compensation plan	Other noncurrent liabilities	614	—	—	614
Total		\$ 681	\$ —	\$ —	\$ 681

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Category	Balance Sheet Location	December 31, 2022			Total
		Level 1	Level 2	Level 3	
<b>Assets</b>					
Cash equivalents:					
Time deposits	Cash and cash equivalents	\$ —	\$ 50	\$ —	\$ 50
Equity securities:					
Money market funds	Cash and cash equivalents	20	—	—	20
Mutual funds	Prepaid expenses and other current assets	14	—	—	14
Company-owned life insurance contracts	Prepaid expenses and other current assets	—	1	—	1
Mutual funds	Other noncurrent assets	243	—	—	243
Company-owned life insurance contracts	Other noncurrent assets	—	94	—	94
Time deposits	Other noncurrent assets	—	8	—	8
<b>Total</b>		<b>\$ 277</b>	<b>\$ 153</b>	<b>\$ —</b>	<b>\$ 430</b>
<b>Liabilities</b>					
Deferred compensation plan	Accrued liabilities	\$ 73	\$ —	\$ —	\$ 73
Deferred compensation plan	Other noncurrent liabilities	590	—	—	590
<b>Total</b>		<b>\$ 663</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 663</b>

Equity securities include money market funds, time deposits, investments in mutual funds held in separate trusts, which are owned as part of the Company's supplemental retirement plans, and company-owned life insurance contracts. (See Note 17.) The fair value of the deferred compensation plan liability was determined based on the fair value of the related investments elected by employees. Company-owned life insurance contracts are recorded at their cash surrender value, which approximates fair value (Level 2).

In addition to the financial instruments listed in the tables above, the Company holds other financial instruments, including cash deposits, accounts receivable, accounts payable, term loans, and senior notes. The carrying values for such financial instruments, other than the senior notes, each approximated their fair values as of December 31, 2023 and 2022. The estimated fair value of the Company's outstanding senior notes, including accrued interest, using quoted prices from over-the-counter markets, considered Level 2 inputs, was \$40.5 billion and \$38.0 billion as of December 31, 2023 and 2022, respectively.

The Company's derivative financial instruments are discussed in Note 13, its investments with readily determinable fair value are discussed in Note 10, and the obligation for its revolving receivable program is discussed in Note 8.

#### NOTE 15. SHARE-BASED COMPENSATION

The Company has various incentive plans under which PRSUs, RSUs, and stock options have been issued. Upon exercise or vesting of stock awards, the Company issues new shares from its existing authorized but unissued shares. As of December 31, 2023, there were 138 million shares of common stock in reserves that were available for future issuance under the incentive plans.

##### Share-Based Compensation Expense

The table below presents the components of share-based compensation expense (in millions).

	Year Ended December 31,		
	2023	2022	2021
PRSUs	\$ 65	\$ 2	\$ 10
RSUs	375	337	110
Stock options	60	71	58
SARs	—	2	—
<b>Total share-based compensation expense</b>	<b>\$ 500</b>	<b>\$ 412</b>	<b>\$ 178</b>
Tax benefit recognized	\$ 97	\$ 79	\$ 29

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Liability-classified share-based compensation awards include certain PRSUs. The Company recorded total liabilities for cash-settled and other liability-classified share-based compensation awards of \$36 million and \$6 million as of December 31, 2023 and 2022, respectively. The current portion of the liability for cash-settled and other liability-classified awards was \$10 million and \$4 million as of December 31, 2023 and 2022, respectively.

**Share-Based Award Activity**

**PRSUs**

The table below presents PRSU activity (in millions, except years and weighted-average grant price).

	PRSUs	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (years)	Aggregate Fair Value
Outstanding as of December 31, 2022	0.7	\$ 32.80	0.0	\$ 6
Granted	4.0	\$ 15.41		
Converted	(0.5)	\$ 31.09		\$ 7
Outstanding as of December 31, 2023	4.2	\$ 16.36	1.4	\$ 48
Vested and expected to vest as of December 31, 2023	4.2	\$ 16.36	1.4	\$ 48
Convertible as of December 31, 2023	0.2	\$ 37.41	0.0	\$ 2

As of December 31, 2023, there was \$53 million of unrecognized compensation cost related to PRSUs.

**RSUs**

The table below presents RSU activity (in millions, except years and weighted-average grant price).

	RSUs	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (years)	Aggregate Fair Value
Outstanding as of December 31, 2022	31.2	\$ 25.14	2.3	\$ 296
Granted	29.3	\$ 14.79		
Vested	(12.8)	\$ 25.51		\$ 183
Forfeited	(3.7)	\$ 19.40		
Outstanding as of December 31, 2023	44.0	\$ 18.52	1.3	\$ 501
Vested and expected to vest as of December 31, 2023	44.0	\$ 18.52	1.3	\$ 501

As of December 31, 2023, there was \$489 million of unrecognized compensation cost related to RSUs, of which \$29 million is related to cash settled RSUs. Stock settled RSUs are expected to be recognized over a weighted-average period of 1.8 years, and cash settled RSUs are expected to be recognized over a weighted-average period of 2.0 years.

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**Stock Options**

The table below presents stock option activity (in millions, except years and weighted-average exercise price).

	Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2022	30.5	\$ 34.95	4.0	\$ —
Granted	2.2	\$ 15.02		
Forfeited	(0.6)	\$ 28.22		
Outstanding as of December 31, 2023	32.1	\$ 33.73	3.3	\$ —
Vested and expected to vest as of December 31, 2023	32.1	\$ 33.73	3.3	\$ —
Exercisable as of December 31, 2023	15.8	\$ 30.89	2.0	\$ —

The Company received cash payments from the exercise of stock options totaling \$0 million, \$1 million, and \$159 million during 2023, 2022 and 2021, respectively. As of December 31, 2023, there was \$114 million of unrecognized compensation cost related to stock options, which is expected to be recognized over a weighted-average period of 2.7 years.

The fair value of stock options is estimated using the Black-Scholes option-pricing model. The weighted-average assumptions used to determine the fair value of stock options as of the date of grant during 2023, 2022 and 2021 were as follows.

	Year Ended December 31,		
	2023	2022	2021
Risk-free interest rate	4.35 %	1.46 %	1.03 %
Expected term (years)	4.5	5.0	5.9
Expected volatility	54.80 %	42.15 %	42.45 %

The weighted-average grant date fair value of options granted during 2023, 2022 and 2021 was \$7.43, \$9.60 and \$14.08, respectively, per option. The total intrinsic value of options exercised during 2023, 2022 and 2021 was \$0 million, \$0 million and \$145 million, respectively.

**NOTE 16. INCOME TAXES**

The domestic and foreign components of (loss) income before income taxes were as follows (in millions).

	Year Ended December 31,		
	2023	2022	2021
Domestic	\$ (4,702)	\$ (8,747)	\$ 1,598
Foreign	839	(213)	(165)
(Loss) income before income taxes	\$ (3,863)	\$ (8,960)	\$ 1,433



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The components of the provision for income taxes were as follows (in millions).

	Year Ended December 31,		
	2023	2022	2021
<b>Current:</b>			
Federal	\$ 753	\$ 629	\$ 451
State and local	57	143	130
Foreign	750	407	166
	<u>1,560</u>	<u>1,179</u>	<u>747</u>
<b>Deferred:</b>			
Federal	(1,845)	(2,367)	(250)
State and local	(548)	(418)	6
Foreign	49	(57)	(267)
	<u>(2,344)</u>	<u>(2,842)</u>	<u>(511)</u>
<b>Income tax (benefit) expense</b>	<u>\$ (784)</u>	<u>\$ (1,663)</u>	<u>\$ 236</u>

The following table reconciles the Company's effective income tax rates to the U.S. federal statutory income tax rates.

	Year Ended December 31,					
	2023		2022		2021	
Pre-tax income at U.S. federal statutory income tax rate	\$ (811)	21 %	\$ (1,881)	21 %	\$ 301	21 %
State and local income taxes, net of federal tax benefit	(388)	10 %	(218)	3 %	108	7 %
Effect of foreign operations	342	(9)%	246	(3)%	25	2 %
Preferred stock conversion premium charge	—	— %	166	(2)%	—	— %
UK Finance Act legislative change	—	— %	—	— %	(155)	(11)%
Noncontrolling interest adjustment	(9)	— %	(17)	— %	(40)	(3)%
Other, net	82	(2)%	41	— %	(3)	— %
<b>Income tax (benefit) expense</b>	<u>\$ (784)</u>	<u>20 %</u>	<u>\$ (1,663)</u>	<u>19 %</u>	<u>\$ 236</u>	<u>16 %</u>

Income tax benefit was \$(784) million and \$(1,663) million, and the Company's effective tax rate was 20% and 19% for 2023 and 2022, respectively. The decrease in tax benefit for the year ended December 31, 2023 was primarily attributable to a decrease in pre-tax book loss and the effect of foreign operations, including taxation and allocation of income and losses across various foreign jurisdictions. These decreases were partially offset by a state uncertain tax benefit remeasurement following a multi-year tax audit agreement and a favorable state deferred tax adjustment recorded in the year ended December 31, 2023. The decrease for the year ended December 31, 2023 was further offset by a one-time expense incurred in 2022 related to a preferred stock conversion transaction expense that was not deductible for tax purposes. (See Note 3.)

Income tax (benefit) expense was \$(1,663) million and \$236 million, and the Company's effective tax rate was 19% and 16% for 2022 and 2021, respectively. The decrease in the tax expense for the year ended December 31, 2022, was primarily attributable to a decrease in pre-tax book income, partially offset by a one-time expense incurred in 2022 related to a preferred stock conversion transaction expense that was not deductible for tax purposes (see Note 3), as well as the effect of foreign operations, including taxation and allocation of income and losses across multiple foreign jurisdictions. The decrease for the year ended December 31, 2022 was further offset by a deferred tax benefit of \$155 million recorded in the year ended December 31, 2021 resulting from the UK Finance Act 2021 enacted in June 2021.

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Components of deferred income tax assets and liabilities were as follows (in millions).

	December 31,	
	2023	2022
<b>Deferred income tax assets:</b>		
Accounts receivable	\$ (86)	\$ (78)
Tax attribute carry-forward	2,908	2,557
Accrued liabilities and other	1,770	1,274
<b>Total deferred income tax assets</b>	<b>4,592</b>	<b>3,753</b>
Valuation allowance	(2,191)	(1,849)
<b>Net deferred income tax assets</b>	<b>2,401</b>	<b>1,904</b>
<b>Deferred income tax liabilities:</b>		
Intangible assets	(7,988)	(9,509)
Content rights	(685)	(1,389)
Equity method and other investments in partnerships	(411)	(522)
Other	(1,356)	(809)
<b>Total deferred income tax liabilities</b>	<b>(10,440)</b>	<b>(12,229)</b>
<b>Net deferred income tax liabilities</b>	<b>\$ (8,039)</b>	<b>\$ (10,325)</b>

As of December 31, 2023, the company maintains a valuation allowance of \$2,191 million to offset deferred tax assets attributable to certain foreign net operating losses, and to a lesser extent U.S. federal and state tax attribute carryforwards.

The Company's net deferred income tax assets and liabilities were reported on the consolidated balance sheets as follows (in millions).

	December 31,	
	2023	2022
<b>Noncurrent deferred income tax assets (included within other noncurrent assets)</b>	<b>\$ 697</b>	<b>\$ 689</b>
Deferred income tax liabilities	(8,736)	(11,014)
<b>Net deferred income tax liabilities</b>	<b>\$ (8,039)</b>	<b>\$ (10,325)</b>

The Company's loss carry-forwards were reported on the consolidated balance sheets as follows (in millions).

	Federal	State	Foreign
<b>Loss carry-forwards</b>	<b>\$ 53</b>	<b>\$ 1,640</b>	<b>\$ 8,636</b>
Deferred tax asset related to loss carry-forwards	11	93	2,131
Valuation allowance against loss carry-forwards	(6)	(64)	(1,652)
Earliest expiration date of loss carry-forwards	2028	2024	2024

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A reconciliation of the beginning and ending amounts of unrecognized tax benefits (without related interest and penalty amounts) is as follows (in millions).

	Year Ended December 31,		
	2023	2022	2021
Beginning balance	\$ 1,929	\$ 420	\$ 348
Additions based on tax positions related to the current year	147	302	68
Additions for tax positions of prior years	195	35	64
Additions for tax positions acquired in business combinations	247	1,353	—
Reductions for tax positions of prior years	(275)	(114)	(27)
Settlements	(46)	(20)	(5)
Reductions due to lapse of statutes of limitations	(62)	(34)	(25)
Changes due to foreign currency exchange rates	12	(13)	(3)
Ending balance	<u>\$ 2,147</u>	<u>\$ 1,929</u>	<u>\$ 420</u>

The balances as of December 31, 2023, 2022, and 2021 included \$2,147 million, \$1,929 million, and \$420 million, respectively, of unrecognized tax benefits that, if recognized, would reduce the Company's income tax expense and effective tax rate after giving effect to interest deductions and offsetting benefits from other tax jurisdictions.

The Company and its subsidiaries file income tax returns in the U.S. and various state and foreign jurisdictions. The Company is currently under audit by the Internal Revenue Service for its 2012 to 2019 consolidated federal income tax returns. It is difficult to predict the final outcome or timing of resolution of any particular tax matter. With few exceptions, the Company is no longer subject to audit by any jurisdiction for years prior to 2008. Adjustments that arose from the completion of audits for certain tax years have been included in the change in uncertain tax positions in the table above.

It is reasonably possible that the total amount of unrecognized tax benefits related to certain of the Company's uncertain tax positions could decrease by as much as \$84 million within the next twelve months as a result of ongoing audits, foreign judicial proceedings, lapses of statutes of limitations, or regulatory developments.

As of December 31, 2023, 2022, and 2021, the Company had accrued approximately \$571 million, \$413 million, and \$60 million, respectively, of total interest and penalties payable related to unrecognized tax benefits. The increase in the accrual for interest and penalties payable at December 31, 2023 includes interest and penalty accruals recorded in 2023 through purchase price accounting related to the Merger. The Company recognizes interest and penalties related to unrecognized tax benefits as a component of income tax expense.

The 2017 Tax Act features a participation exemption regime with current taxation of certain foreign income and imposes a mandatory repatriation toll tax on unremitted foreign earnings. Notwithstanding the U.S. taxation of these amounts, we intend to continue to reinvest these funds outside of the U.S. Our current plans do not demonstrate a need to repatriate them to the U.S. However, if these funds were to be needed in the U.S., we would be required to accrue and pay non-U.S. taxes to repatriate them. The determination of the amount of unrecognized deferred income tax liability with respect to these undistributed foreign earnings is not practicable.

#### NOTE 17. RETIREMENT SAVINGS PLANS

The Company has defined contribution, defined benefit, and other savings plans for the benefit of its employees that meet eligibility requirements.

##### Defined Contribution Plans

Eligible employees may contribute a portion of their compensation to the plans, which may be subject to certain statutory limitations. For these plans, the Company also makes contributions, including discretionary contributions, subject to plan provisions, which vest immediately. The Company made total contributions of \$210 million, \$188 million, and \$50 million for the years ended December 31, 2023, 2022 and 2021, respectively. The Company's contributions were recorded in cost of revenues and selling, general and administrative expense on the consolidated statements of operations.

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**Executive Deferred Compensation Plans**

The Company has deferred compensation plans through which certain senior-level employees may elect to defer a portion of their eligible compensation. Distributions from the deferred compensation plans are generally made following separation from service or other events as specified in the plan. In certain plans, the Company may make discretionary contributions to employee accounts. While these plans are unfunded, the Company has established separate rabbi trusts used to provide for certain of these benefits. The accounts of the separate rabbi trusts are included in the Company's consolidated financial statements. The investments are included in prepaid expenses and other current assets and other noncurrent assets on the consolidated balance sheets. The deferred compensation obligation is included in accrued liabilities and other noncurrent liabilities in the consolidated balance sheets. The values of the investments and deferred compensation obligation are recorded at fair value. Changes in the fair value of the investments are included as a component of other (expense) income, net, on the consolidated statements of operations. Changes in the fair value of the deferred compensation obligation are included as a component of selling, general and administrative expenses on the consolidated statements of operations. (See Note 14 and Note 18.)

**Multiemployer Benefit Plans**

The Company contributes to various multiemployer defined benefit pension plans under the terms of collective-bargaining agreements that cover certain of our union-represented employees. The risks of participating in multiemployer pension plans are different from single-employer pension plans in that (i) contributions made by the Company to the multiemployer pension plans may be used to provide benefits to employees of other participating employers; (ii) if the Company chooses to stop participating in the multiemployer pension plans, it may be required to pay those plans an amount based on the underfunded status of the plan, which is referred to as a withdrawal liability; and (iii) actions taken by a participating employer that lead to a deterioration of the financial health of a multiemployer pension plan may result in the unfunded obligations of the multiemployer pension plan being borne by its remaining participating employers. The Company also contributes to various other multiemployer benefit plans that provide health and welfare benefits to both active and retired participants. The Company does not participate in any multiemployer benefit plans that are individually significant to the Company.

The following table summarizes the Company's contributions to multiemployer pension and health and welfare benefit plans (in millions).

	Year Ended December 31,	
	2023	2022
Pension benefits	\$ 128	\$ 112
Health and welfare benefits	153	182
<b>Total contributions</b>	<b>\$ 281</b>	<b>\$ 294</b>

Since these plans were acquired as part of the Merger, there were no contributions for the year ended December 31, 2021.

**Defined Benefit Plans**

The Company participates in and/or sponsors a qualified defined benefit pension plan that covers certain U.S. based employees and several U.S. and non-U.S. nonqualified defined benefit pension plans that are noncontributory. The Company's pension plans consist of both funded and unfunded plans.

The Company also holds net assets and net liabilities on behalf of other U.S. and non-U.S. pension plans. The plan provisions vary by plan and by country. Some of these plans are unfunded and all are noncontributory. Assets are recorded in other noncurrent assets, and liabilities are recorded in accrued liabilities and other noncurrent liabilities on the consolidated balance sheets.

Discount rates, long-term rate of return on plan assets, increases in compensation levels, and mortality rates are key assumptions used in determining the benefit obligation. The table below describes how the assumptions are determined.

Assumption	Description
Discount rate	Based on a bond portfolio approach that includes high-quality debt instruments with maturities matching the Company's expected benefit payments from the plans.
Long-term rate of return on plan assets	Based on the weighted-average expected rate of return and capital market forecasts for each asset class employed and also considers the Company's historical compounded return on plan assets for 10 and 15-year periods.
Increase in compensation levels	Based on past experience and the near-term outlook.
Mortality	Various mortality tables adjusted and projected using mortality improvement rates.

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**Net Periodic Pension Cost**

Expense recognized for the pension plans is based upon actuarial valuations. Inherent in those valuations are key assumptions, including discount rates and, where applicable, expected returns on assets. The service cost component of net periodic pension cost is recorded in operating expenses on the consolidated statements of operations, while the remaining components are recorded in other (expense) income, net. Net periodic pension cost was not material for the years ended December 31, 2023, 2022 and 2021.

**Obligations and Funded Status**

The following tables present information about plan assets and obligations of the pension plans based upon a valuation as of December 31, 2023 and 2022, respectively (in millions).

	December 31, 2023		December 31, 2022	
	Pension Plans		Pension Plans	
Accumulated benefit obligation	\$	753	\$	762
Change in projected benefit obligation:				
Projected benefit obligation at beginning of year	\$	762	\$	104
Amounts assumed upon acquisition (See Note 4)		—		908
Service cost		3		2
Interest cost		35		21
Benefits paid		(40)		(36)
Actuarial gains		—		(231)
Settlement charges		(11)		(6)
Effects of foreign currency exchange rate changes and other		4		—
Projected benefit obligation at end of year		753		762
Plan assets:				
Fair value at beginning of year		533		63
Amounts assumed upon acquisition (See Note 4)		—		756
Actual return on plan assets		9		(268)
Company contributions		33		24
Benefits paid		(40)		(36)
Settlement charges		(11)		(6)
Effects of foreign currency exchange rate changes and other		16		—
Fair value at end of year		540		533
Under funded status	\$	(213)	\$	(229)
Amounts recognized as assets and liabilities on the consolidated balance sheets:				
Other noncurrent assets	\$	82	\$	92
Accrued liabilities		(31)		(29)
Other noncurrent liabilities		(264)		(292)
Total	\$	(213)	\$	(229)
Amounts recognized in accumulated other comprehensive loss consist of:				
Net loss	\$	79	\$	94

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The weighted average assumptions used to determine benefit obligations were as follows.

	December 31, 2023	December 31, 2022
	Pension Plans	Pension Plans
Discount rate	4.62 %	4.70 %
Rate of compensation increases	3.18 %	3.05 %

**Plan Assets**

The Company's investment policy is to maximize the total rate of return on plan assets to meet the long-term funding obligations of the pension plans. There are no restrictions on the types of investments held in the pension plans, which are invested using a combination of active management and passive investment strategies. Risk is controlled through diversification among multiple asset classes, managers, styles, and securities. Risk is further controlled both at the manager and asset class levels by assigning return targets and evaluating performance against these targets. The following table presents the weighted average pension plans asset allocations by asset category (in millions).

Investment Type	December 31, 2023	
	Target	Actual
Equity securities	12 %	12 %
Fixed income securities	75 %	75 %
Multi-asset credit fund	5 %	4 %
Real assets	4 %	3 %
Hedge funds	2 %	4 %
Cash	2 %	2 %
<b>Total</b>	<b>100 %</b>	<b>100 %</b>

**Fair Value Measurements**

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 14 for a discussion of the fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value (in millions).

	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Equity securities	\$ 64	\$ 36	\$ 28	\$ —
Fixed income securities	541	12	453	76
Multi-asset credit fund	24	—	24	—
Cash	9	9	—	—
<b>Total plan assets measured at fair value</b>	<b>\$ 638</b>	<b>\$ 57</b>	<b>\$ 505</b>	<b>\$ 76</b>
Assets held at net asset value practical expedient				
Real assets	18			
Hedge funds	22			
<b>Total assets held at net asset value practical expedient</b>	<b>\$ 40</b>			
Liabilities:				
Derivatives	(138)			
<b>Total plan assets</b>	<b>\$ 540</b>			

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The table below sets forth a summary of changes in the fair value of the Level 3 pension assets for the year ended December 31, 2023 (in millions).

	Fixed Income Funds	
Fair value at beginning of year	\$	72
Unrealized gains		9
Transfers out		(5)
Balance at end of year	\$	76

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Equity Securities	\$ 69	\$ 34	\$ 35	\$ —
Fixed income securities	532	14	446	72
Multi-asset credit fund	21	—	21	—
Cash	5	5	—	—
Total plan assets measured at fair value	\$ 627	\$ 53	\$ 502	\$ 72
Assets held at net asset value practical expedient				
Real assets	\$ 22			
Hedge funds	20			
Total assets held at net asset value practical expedient	\$ 42			
Liabilities:				
Derivatives	(136)			
Total plan assets	\$ 533			

The table below sets forth a summary of changes in the fair value of the Level 3 pension assets for the year ended December 31, 2022 (in millions).

	Fixed Income Funds	
Fair value at beginning of year	\$	98
Unrealized losses		(26)
Balance at end of year	\$	72

**Estimated Benefit Payments**

The following table presents the estimated future benefit payments expected to be paid out for the defined benefits plans over the next ten years (in millions).

	Pension Plans	
2024	\$	50
2025		46
2026		46
2027		46
2028		49
Thereafter		234

WARNER BROS. DISCOVERY, INC.  
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**NOTE 18. SUPPLEMENTAL DISCLOSURES**

**Property and equipment**

Property and equipment consisted of the following (in millions).

	Useful Lives	December 31,	
		2023	2022
Equipment, furniture, fixtures and other <sup>(a)</sup>	3 - 7 years	\$ 2,056	\$ 1,682
Capitalized software costs	1 - 5 years	2,629	1,855
Land, buildings and leasehold improvements <sup>(b)</sup>	15- 30 years	4,013	3,251
Property and equipment, at cost		8,698	6,788
Accumulated depreciation		(3,085)	(2,055)
		5,613	4,733
Assets under construction		344	568
Property and equipment, net		\$ 5,957	\$ 5,301

<sup>(a)</sup> Property and equipment includes assets acquired under finance lease arrangements. Assets acquired under finance lease arrangements are generally amortized using the straight-line method over the lesser of the estimated useful lives of the assets or the terms of the related leases. (See Note 12.)

<sup>(b)</sup> Land has an indefinite life and is not depreciated. Leasehold improvements generally have an estimated useful life equal to the lease term.

Capitalized software costs are for internal use. The net book value of capitalized software costs was \$1,301 million and \$949 million as of December 31, 2023 and 2022, respectively.

Depreciation expense for property and equipment totaled \$1,097 million, \$957 million and \$311 million for the years ended December 31, 2023, 2022 and 2021, respectively.

**Prepaid expenses and other current assets**

Prepaid expenses and other current assets consisted of the following (in millions).

	December 31,	
	2023	2022
Production receivables	\$ 1,265	\$ 1,231
Prepaid content rights	843	545
Other current assets	2,283	2,112
Total prepaid expenses and other current assets	\$ 4,391	\$ 3,888

**Accrued liabilities**

Accrued liabilities consisted of the following (in millions).

	December 31,	
	2023	2022
Accrued participation and residuals	\$ 3,071	\$ 2,986
Accrued production and content rights payable	2,118	3,153
Accrued payroll and related benefits	1,541	2,292
Other accrued liabilities	3,638	3,073
Total accrued liabilities	\$ 10,368	\$ 11,504



WARNER BROS. DISCOVERY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Other (Expense) Income, net

Other (expense) income, net, consisted of the following (in millions).

	Year Ended December 31,		
	2023	2022	2021
Foreign currency (losses) gains, net	\$ (173)	\$ (150)	\$ 93
Gains (losses) on derivative instruments, net	28	475	(33)
Gain on sale of investment with readily determinable fair value	—	—	15
Change in the value of investments with readily determinable fair value	37	(105)	(6)
Change in the value of equity investments without readily determinable fair value	(73)	(142)	(13)
Gain on sale of equity method investments	—	195	4
Gain (loss) on extinguishment of debt	17	—	(10)
Interest income	179	67	18
Other (expense) income, net	(27)	7	4
Total other (expense) income, net	<u>\$ (12)</u>	<u>\$ 347</u>	<u>\$ 72</u>

Supplemental Cash Flow Information

	Year Ended December 31,		
	2023	2022	2021
Cash paid for taxes, net	\$ 1,440	\$ 1,027	\$ 643
Cash paid for interest	2,237	1,539	664
Non-cash investing and financing activities:			
Non-cash consideration related to the sale of the Ranch Lot	175	—	—
Non-cash consideration related to the purchase of the Burbank Studios Lot	175	—	—
Non-cash consideration transferred related to the transaction agreements with JCOM	68	—	—
Non-cash consideration paid related to the transaction agreements with JCOM	2	—	—
Non-cash consideration related to MegaMedia put exercise	36	—	—
Non-cash settlement of PRSU awards	35	—	—
Equity issued for the acquisition of WarnerMedia	—	42,309	—
Non-cash consideration related to the sale of The CW Network	—	126	—
Accrued consideration for the joint venture with BT	—	90	—
Accrued purchases of property and equipment	41	66	34
Assets acquired under finance lease and other arrangements	235	53	134

Cash, Cash Equivalents, and Restricted Cash

	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 3,780	\$ 3,731
Restricted cash - other current assets <sup>(a)</sup>	539	199
Total cash, cash equivalents, and restricted cash	<u>\$ 4,319</u>	<u>\$ 3,930</u>

<sup>(a)</sup> Restricted cash primarily includes cash posted as collateral related to the Company's revolving receivables and hedging programs. (See Note 8 and Note 13.)

WARNER BROS. DISCOVERY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**Assets Held for Sale**

In 2022, the Company classified its Ranch Lot and Knoxville office building and land as assets held for sale. The Company reclassified \$209 million to prepaid expenses and other current assets on the consolidated balance sheet during 2022 and stopped recording depreciation on the assets. The Knoxville office building and land and the Ranch Lot were sold during 2023. The Burbank Studios Lot was purchased during 2023 in exchange for the Ranch Lot and cash.

**Supplier Finance Programs**

Consistent with customary industry practice, the Company generally pays certain content producers at or near the completion of the production cycle. In these arrangements, content producers may earn fees upon contractual milestones to be invoiced at or near completion of production. In these instances, the Company accrues the content in progress in accordance with the contractual milestones. Certain of the Company's content producers sell their related receivables to a bank intermediary who provides payments that coincide with these contractual production milestones upon confirmation with the Company of our obligation to the content producer. This confirmation does not involve a security interest in the underlying content or otherwise result in the payable receiving seniority with respect to other payables of the Company. As of December 31, 2023 and December 31, 2022, the Company has confirmed \$338 million and \$273 million, respectively, of accrued content producer liabilities. These amounts were outstanding and unpaid by the Company and were recorded in accrued liabilities on the consolidated balance sheets, given the principal purpose of the arrangement is to allow producers access to funds prior to the typical payment due date and the arrangement does not significantly change the nature of the payables and does not significantly extend the payment terms beyond the industry norms. Invoices processed through the program are subject to a one-year maximum tenor. The Company does not incur any fees or expenses associated with the paying agent services, and this service may be terminated by the Company or the financial institution upon 30 days' notice. At, or near, the production completion date (invoice due date), the Company pays the financial institution the stated amounts for confirmed producer invoices. These payments are reported as cash flows from operating activities.

**Accumulated Other Comprehensive Loss**

The table below presents the changes in the components of accumulated other comprehensive loss, net of taxes (in millions).

	Currency Translation	Derivative Adjustments	Pension Plans	Accumulated Other Comprehensive Income (Loss)
December 31, 2020	\$ (555)	\$ (81)	\$ (15)	\$ (651)
Other comprehensive income (loss) before reclassifications	(290)	134	2	(154)
Reclassifications from accumulated other comprehensive loss to net income	—	(25)	—	(25)
Other comprehensive income (loss)	(290)	109	2	(179)
December 31, 2021	(845)	28	(13)	(830)
Other comprehensive income (loss) before reclassifications	(651)	4	(26)	(673)
Reclassifications from accumulated other comprehensive loss to net income	(2)	(18)	—	(20)
Other comprehensive income (loss)	(653)	(14)	(26)	(693)
December 31, 2022	(1,498)	14	(39)	(1,523)
Other comprehensive income (loss) before reclassifications	799	16	(21)	794
Reclassifications from accumulated other comprehensive loss to net income	—	(12)	—	(12)
Other comprehensive income (loss)	799	4	(21)	782
December 31, 2023	\$ (699)	\$ 18	\$ (60)	\$ (741)

WARNER BROS. DISCOVERY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE 19. REDEEMABLE NONCONTROLLING INTERESTS**

Redeemable noncontrolling interests are presented outside of permanent equity on the Company's consolidated balance sheets when the put right is outside of the Company's control. Redeemable noncontrolling interests reflected as of the balance sheet date are the greater of the noncontrolling interest balances adjusted for comprehensive income items and distributions or the redemption values remeasured at the period end foreign exchange rates. Adjustments to the carrying amount of redeemable noncontrolling interests to redemption value as a result of changes in exchange rates are reflected in currency translation adjustments, a component of other comprehensive loss. Such currency translation adjustments to redemption value are allocated to the Company's stockholders only. Redeemable noncontrolling interest adjustments of carrying value to redemption value are reflected in retained earnings, unless there is an accumulated deficit, in which case the adjustments are reflected in additional paid-in capital. The adjustment of carrying value to the redemption value that reflects a redemption in excess of fair value is included as an adjustment to income from continuing operations available to the Company's stockholders in the calculation of earnings per share. (See Note 3.) The table below summarizes the Company's redeemable noncontrolling interests balances (in millions).

	December 31,	
	2023	2022
Discovery Family	\$ 156	\$ 173
MotorTrend Group LLC ("MTG")	—	112
Other	9	33
<b>Total</b>	<b>\$ 165</b>	<b>\$ 318</b>

The table below presents the reconciliation of changes in redeemable noncontrolling interests (in millions).

	December 31,		
	2023	2022	2021
Beginning balance	\$ 318	\$ 363	\$ 383
Cash distributions to redeemable noncontrolling interests	(30)	(50)	(11)
Reclassification of redeemable noncontrolling interest to noncontrolling interest	(22)	—	—
Redemption of redeemable noncontrolling interest	(111)	—	(26)
Comprehensive income adjustments:			
Net income attributable to redeemable noncontrolling interests	9	6	53
Currency translation on redemption values	(3)	(5)	(5)
Retained earnings adjustments:			
Adjustments of carrying value to redemption value (redemption value does not equal fair value)	2	—	(16)
Adjustments of carrying value to redemption value (redemption value equals fair value)	2	4	(15)
Ending balance	<b>\$ 165</b>	<b>\$ 318</b>	<b>\$ 363</b>

The Company's significant redeemable noncontrolling interests are described below.

**Discovery Family**

Hasbro Inc. ("Hasbro") had the right to put the entirety of its remaining 40% interest in Discovery Family to the Company at any time during the one-year period beginning December 31, 2021, or in the event the Company's performance obligation related to Discovery Family is not met. Embedded in the redeemable noncontrolling interest is also a Warner Bros. Discovery call right that is exercisable for one year after December 31, 2021. Neither the put nor call was exercised in 2022. In December 2022, Hasbro and WBD signed an amendment to the previous agreement extending the put-call election to the period January 31, 2025 to March 31, 2025. Upon the exercise of the put or call options, the price to be paid for the redeemable noncontrolling interest is a function of the then-current fair market value of the redeemable noncontrolling interest, to which certain discounts and redemption floor values may apply in specified situations depending upon the party exercising the put or call and the basis for the exercise of the put or call.

WARNER BROS. DISCOVERY, INC.  
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**MTG** GoldenTree acquired a put right exercisable during 30-day windows beginning on each of March 25, 2021, September 25, 2022 and March 25, 2024, that requires the Company to either purchase all of GoldenTree's noncontrolling 32.5% interest in the joint venture at fair value or participate in an initial public offering for the joint venture. In 2022, GoldenTree exercised its irrevocable put right and in 2023, the Company finalized its purchase of GoldenTree's 32.5% noncontrolling interest for \$49 million.

**Other**

In August 2023, the Company and JCOM Co., Ltd. ("JCOM") executed a series of transaction agreements to which the Company and JCOM each contributed to Discovery Japan, Inc. ("JVCo"), an existing 80/20 joint venture between the Company and JCOM, certain rights, liabilities, or rights via license agreements in exchange for new common shares of JVCo, resulting in the Company and JCOM owning 51% and 49% of JVCo, respectively. Retaining controlling financial interest subsequent to the transaction, the Company continues to consolidate the joint venture. As the terms of the agreement no longer incorporate JCOM's option to put its noncontrolling interest to the Company, JCOM's noncontrolling interest was reclassified from redeemable noncontrolling interest to noncontrolling interest outside of stockholders' equity on the Company's consolidated balance sheet.

**NOTE 20. NONCONTROLLING INTEREST**

The Company has a controlling interest in the TV Food Network Partnership (the "Partnership"), which includes the Food Network and Cooking Channel. Food Network and Cooking Channel are operated and organized under the terms of the Partnership. The Company holds 80% of the voting interest and 68.7% of the economic interest in the Partnership. During the fourth quarter of 2023, the Partnership agreement was extended and specifies a dissolution date of December 31, 2024. If the term of the Partnership is not extended prior to the dissolution date of December 31, 2024, the Partnership agreement permits the Company, as holder of 80% of the applicable votes, to reconstitute the Partnership and continue its business. If for some reason the Partnership is not continued, it will be required to limit its activities to winding up, settling debts, liquidating assets and distributing proceeds to the partners in proportion to their partnership interests. Ownership interests attributable to the noncontrolling owner are presented as noncontrolling interests on the Company's consolidated financial statements. Under the terms of the Partnership agreement, the noncontrolling owner cannot force a redemption outside of the Company's control. As such, the noncontrolling interests in the Partnership are reflected as a component of permanent equity in the Company's consolidated financial statements.

**NOTE 21. RELATED PARTY TRANSACTIONS**

In the normal course of business, the Company enters into transactions with related parties. Related parties include entities that share common directorship, such as Liberty Global plc ("Liberty Global"), Liberty Broadband Corporation ("Liberty Broadband") and their subsidiaries (collectively the "Liberty Group"). The Company's board of directors includes Dr. John Malone, who is Chairman of the Board of Liberty Global and Liberty Broadband and beneficially owns approximately 30% and 48% of the aggregate voting power with respect to the election of directors of Liberty Global and Liberty Broadband, respectively. The majority of the revenue earned from the Liberty Group relates to multi-year network distribution arrangements. Related party transactions also include revenues and expenses for content and services provided to or acquired from equity method investees, or minority partners of consolidated subsidiaries.

The table below presents a summary of the transactions with related parties (in millions).

	Year Ended December 31,		
	2023	2022	2021
Revenues and service charges:			
Liberty Group	\$ 1,887	\$ 1,758	\$ 671
Equity method investees	687	464	253
Other	216	311	169
<b>Total revenues and service charges</b>	<b>\$ 2,790</b>	<b>\$ 2,533</b>	<b>\$ 1,093</b>
Expenses	\$ 357	\$ 406	\$ 238
Distributions to noncontrolling interests and redeemable noncontrolling interests	\$ 301	\$ 300	\$ 251

WARNER BROS. DISCOVERY, INC.  
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The table below presents receivables due from and payables due to related parties (in millions).

	December 31,	
	2023	2022
Receivables	\$ 363	\$ 338
Payables	\$ 18	\$ 38

In September 2022, the Company sold 75% of its interest in The CW Network to Nexstar, a related party, and recorded an immaterial gain not included in the table above. (See Note 4.)

**NOTE 22. COMMITMENTS, CONTINGENCIES, AND GUARANTEES**

**Commitments**

In the normal course of business, the Company enters into various commitments, which primarily include programming and talent arrangements, operating and finance leases (see Note 12), arrangements to purchase various goods and services, long-term debt (see Note 11), pension funding and payments (see Note 17), and future funding commitments to equity method investees (see Note 10) (in millions).

Year Ending December 31,	Content	Other Purchase Obligations	Other Employee Obligations	Total
2024	\$ 7,077	\$ 1,386	\$ 481	\$ 8,944
2025	4,270	666	272	5,208
2026	2,726	446	135	3,307
2027	2,460	626	51	3,137
2028	2,130	55	30	2,215
Thereafter	5,409	63	86	5,558
Total	\$ 24,072	\$ 3,242	\$ 1,055	\$ 28,369

The commitments disclosed above exclude liabilities recognized on the consolidated balance sheets.

Content purchase obligations include commitments associated with third-party producers and sports associations for content that airs on our television networks and DTC services. Production and licensing contracts generally require the purchase of a specified number of episodes and payments during production or over the term of a license, and include both programs that have been delivered and are available for airing and programs that have not yet been produced or sporting events that have not yet taken place. If the content is ultimately never produced, our commitments expire without obligation.

Other purchase obligations include agreements with certain vendors and suppliers for the purchase of goods and services whereby the underlying agreements are enforceable, legally binding and specify all significant terms. Significant purchase obligations include transmission services, television rating services, marketing commitments and research, equipment purchases, and information technology and other services. Some of these contracts do not require the purchase of fixed or minimum quantities and generally may be terminated with a 30-day to 60-day advance notice without penalty, and are not included in the table above past the 30-day to 60-day advance notice period. Other purchase obligations also include future funding commitments to equity method investees. Although the Company had funding commitments to equity method investees as of December 31, 2023, the Company may also provide uncommitted additional funding to its equity method investments in the future. (See Note 10.)

Other employee obligations are primarily related to employment agreements with creative talent for certain broadcast networks.

**Six Flags Guarantee**

In connection with WM's former investment in the Six Flags (as defined below) theme parks located in Georgia and Texas (collectively, the "Parks"), in 1997, certain subsidiaries of the Company agreed to guarantee (the "Six Flags Guarantee") certain obligations of the partnerships that hold the Parks (the "Partnerships") for the benefit of the limited partners in such Partnerships, including annual payments made to the Parks or to the limited partners and additional obligations at the end of the respective terms for the Partnerships in 2027 and 2028 (the "Guaranteed Obligations"). The aggregate gross undiscounted estimated future cash flow requirements covered by the Six Flags Guarantee over the remaining term (through 2028) are \$521 million. To date, no payments have been made by the Company pursuant to the Six Flags Guarantee.

WARNER BROS. DISCOVERY, INC.  
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Six Flags Entertainment Corporation (formerly known as Six Flags, Inc. and Premier Parks Inc.) ("Six Flags"), which has the controlling interest in the Parks, has agreed, pursuant to a subordinated indemnity agreement (the "Subordinated Indemnity Agreement"), to guarantee the performance of the Guaranteed Obligations when due and to indemnify the Company, among others, if the Six Flags Guarantee is called upon. If Six Flags defaults on its indemnification obligations, the Company has the right to acquire control of the managing partner of the Parks. Six Flags' obligations to the Company are further secured by its interest in all limited partnership units held by Six Flags.

Based on the Company's evaluation of the current facts and circumstances surrounding the Guaranteed Obligations and the Subordinated Indemnity Agreement, it is unable to predict the loss, if any, that may be incurred under the Guaranteed Obligations, and no liability for the arrangements has been recognized as of December 31, 2023. Because of the specific circumstances surrounding the arrangements and the fact that no active or observable market exists for this type of financial guarantee, the Company is unable to determine a current fair value for the Guaranteed Obligations and related Subordinated Indemnity Agreement.

#### Contingencies

##### *Other Contingent Commitments*

Other contingent commitments primarily include contingent payments for post-production term advance obligations on a certain co-financing arrangement, as well as operating lease commitment guarantees, letters of credit, bank guarantees, and surety bonds, which generally support performance and payments for a wide range of global contingent and firm obligations, including insurance, litigation appeals, real estate leases, and other operational needs.

The Company's other contingent commitments at December 31, 2023 were \$395 million, with \$367 million estimated to be due in 2024. For other contingent commitments where payment obligations are outside of our control, the timing of amounts represents the earliest period in which the payment could be requested. For the remaining other contingent commitments, the timing of the amounts presented represents when the maximum contingent commitment will expire but does not mean that we expect to incur an obligation to make any payments within that time period. In addition, these amounts do not reflect the effects of any indemnification rights we might possess.

##### *Put Rights*

The Company has granted put rights to non-controlling interest holders in certain consolidated subsidiaries, but the Company is unable to reasonably predict the ultimate amount or timing of any payment. (See Note 19.)

##### *Legal Matters*

From time to time, in the normal course of its operations, the Company is subject to various litigation matters and claims, including claims related to employees, stockholders, vendors, other business partners, government regulations, or intellectual property, as well as disputes and matters involving counterparties to contractual agreements, such as disputes arising out of definitive agreements entered into in connection with the Merger. However, a determination as to the amount of the accrual required for such contingencies is highly subjective and requires judgment about future events. The Company may not currently be able to estimate the reasonably possible loss or range of loss for such matters until developments in such matters have provided sufficient information to support an assessment of such loss. In the absence of sufficient information to support an assessment of the reasonably possible loss or range of loss, no accrual for such contingencies is made and no loss or range of loss is disclosed. Although the outcome of these matters cannot be predicted with certainty and the impact of the final resolution of these matters on the Company's results of operations in a particular subsequent reporting period is not known, management does not currently believe that the resolution of these matters will have a material adverse effect on the Company's future consolidated financial position, future results of operations, or cash flows.

##### *Guarantees*

There were no guarantees recorded under ASC 460 as of December 31, 2023 and 2022.

In the normal course of business, the Company may provide or receive indemnities that are intended to allocate certain risks associated with business transactions. Similarly, the Company may remain contingently liable for certain obligations of a divested business in the event that a third party does not fulfill its obligations under an indemnification obligation. The Company records a liability for its indemnification obligations and other contingent liabilities when probable and estimable. There were no material amounts for indemnifications or other contingencies recorded as of December 31, 2023 and 2022.

WARNER BROS. DISCOVERY, INC.  
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**NOTE 23. REPORTABLE SEGMENTS**

The Company's operating segments are determined based on: (i) financial information reviewed by its chief operating decision maker, the Chief Executive Officer ("CEO"), (ii) internal management and related reporting structure, and (iii) the basis upon which the CEO makes resource allocation decisions. During the fourth quarter of 2023, the Company updated its DTC subscriber definition to include Premium Sports Products, which were previously included in the Networks segment. Prior period segment results were not recast to reflect this change because the impact was not material.

The accounting policies of the reportable segments are the same as the Company's, except that certain inter-segment transactions that are eliminated for consolidation are not eliminated at the segment level. Inter-segment transactions primarily include advertising and content licenses. The Company records inter-segment transactions of content licenses at the gross amount. The Company does not report assets by segment because it is not used to allocate resources or evaluate segment performance.

The Company evaluates the operating performance of its operating segments based on financial measures such as revenues and Adjusted EBITDA. Adjusted EBITDA is defined as operating income excluding:

- employee share-based compensation;
- depreciation and amortization;
- restructuring and facility consolidation;
- certain impairment charges;
- gains and losses on business and asset dispositions;
- certain inter-segment eliminations;
- third-party transaction and integration costs;
- amortization of purchase accounting fair value step-up for content;
- amortization of capitalized interest for content; and
- other items impacting comparability.

The Company uses this measure to assess the operating results and performance of its segments, perform analytical comparisons, identify strategies to improve performance, and allocate resources to each segment. The Company believes Adjusted EBITDA is relevant to investors because it allows them to analyze the operating performance of each segment using the same metric management uses. The Company excludes employee share-based compensation, restructuring, certain impairment charges, gains and losses on business and asset dispositions, and transaction and integration costs from the calculation of Adjusted EBITDA due to their impact on comparability between periods. Integration costs include transformative system implementations and integrations, such as Enterprise Resource Planning systems, and may take several years to complete. The Company also excludes the depreciation of fixed assets and amortization of intangible assets, amortization of purchase accounting fair value step-up for content, and amortization of capitalized interest for content, as these amounts do not represent cash payments in the current reporting period. Certain corporate expenses and inter-segment eliminations related to production studios are excluded from segment results to enable executive management to evaluate segment performance based upon the decisions of segment executives. Adjusted EBITDA should be considered in addition to, but not a substitute for, operating income, net income, and other measures of financial performance reported in accordance with U.S. GAAP.

The tables below present summarized financial information for each of the Company's reportable segments, corporate, and inter-segment eliminations, and other (in millions).

**Revenues**

	Year Ended December 31,		
	2023	2022	2021
Studios	\$ 12,192	\$ 9,731	\$ 20
Networks	21,244	19,348	11,311
DTC	10,154	7,274	860
Corporate	—	30	—
Inter-segment eliminations	(2,269)	(2,566)	—
Total revenues	<u>\$ 41,321</u>	<u>\$ 33,817</u>	<u>\$ 12,191</u>

WARNER BROS. DISCOVERY, INC.  
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Adjusted EBITDA

	Year Ended December 31,		
	2023	2022	2021
Studios	\$ 2,183	\$ 1,772	\$ 14
Networks	9,063	8,725	5,533
DTC	103	(1,596)	(1,345)
Corporate	(1,242)	(1,200)	(385)
Inter-segment eliminations	93	17	—
Adjusted EBITDA	<u>\$ 10,200</u>	<u>\$ 7,718</u>	<u>\$ 3,817</u>

Reconciliation of Net Income (Loss) Available to Warner Bros. Discovery, Inc. to Adjusted EBITDA

	Year Ended December 31,		
	2023	2022	2021
Net (loss) income available to Warner Bros. Discovery, Inc.	\$ (3,126)	\$ (7,371)	\$ 1,006
Net income attributable to redeemable noncontrolling interests	9	6	53
Net income attributable to noncontrolling interests	38	68	138
Income tax (benefit) expense	(784)	(1,663)	236
(Loss) income before income taxes	<u>(3,863)</u>	<u>(8,960)</u>	<u>1,433</u>
Other expense (income), net	12	(347)	(72)
Loss from equity investees, net	82	160	18
Interest expense, net	2,221	1,777	633
Operating (loss) income	<u>(1,548)</u>	<u>(7,370)</u>	<u>2,012</u>
Impairments and loss (gain) on dispositions	77	117	(71)
Restructuring and other charges	585	3,757	32
Depreciation and amortization	7,985	7,193	1,582
Employee share-based compensation	488	410	167
Transaction and integration costs	162	1,195	95
Facility consolidation costs	32	—	—
Amortization of fair value step-up for content	2,373	2,416	—
Amortization of capitalized interest for content	46	—	—
Adjusted EBITDA	<u>\$ 10,200</u>	<u>\$ 7,718</u>	<u>\$ 3,817</u>

Content Amortization and Impairment Expense

	Year Ended December 31,		
	2023	2022	2021
Studios	\$ 5,074	\$ 5,950	\$ —
Networks	6,630	6,171	2,991
DTC	6,138	6,800	510
Corporate	(6)	(1)	—
Inter-segment eliminations	(1,697)	(1,951)	—
Total content amortization and impairment expense	<u>\$ 16,139</u>	<u>\$ 16,969</u>	<u>\$ 3,501</u>

Content expense is generally a component of costs of revenue on the consolidated statements of operations. (See Note 9.)



WARNER BROS. DISCOVERY, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Revenues by Geography

	Year Ended December 31,		
	2023	2022	2021
U.S.	\$ 28,004	\$ 22,697	\$ 7,728
Non-U.S.	13,317	11,120	4,463
<b>Total revenues</b>	<b>\$ 41,321</b>	<b>\$ 33,817</b>	<b>\$ 12,191</b>

Revenues are attributed to each country based on the customer or viewer location.

Property and Equipment by Geography

	December 31,	
	2023	2022
U.S.	\$ 4,295	\$ 3,785
U.K.	980	1,002
Other non-U.S.	682	514
<b>Total property and equipment, net</b>	<b>\$ 5,957</b>	<b>\$ 5,301</b>

**NOTE 24. SUBSEQUENT EVENTS**

In February 2024, the Company finalized an agreement to sell its 50% stake in All3Media.

**ITEM 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.**

None.

**ITEM 9A. Controls and Procedures.**

**Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2023. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act of 1934, as amended (the “Exchange Act”), means controls and other procedures of a company that are designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2023, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

**Management’s Annual Report on Internal Control Over Financial Reporting**

Management’s report on internal control over financial reporting is set forth in Item 8 of this Annual Report on Form 10-K under the caption “Management’s Report on Internal Control Over Financial Reporting,” which is incorporated herein by reference.

**Report of the Independent Registered Public Accounting Firm**

The report of our independent registered public accounting firm regarding internal control over financial reporting is set forth in Item 8 of this Annual Report on Form 10-K under the caption “Report of Independent Registered Public Accounting Firm,” which is incorporated herein by reference.

**Changes in Internal Control Over Financial Reporting**

During the three months ended December 31, 2023, there were no changes in our internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f), that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. Other Information.**

None.

**ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

Not applicable.

### PART III

Certain information required in Item 10 through Item 14 of Part III of this Annual Report on Form 10-K is incorporated herein by reference to our definitive Proxy Statement for our 2024 Annual Meeting of Stockholders ("2024 Proxy Statement"), which shall be filed with the SEC pursuant to Regulation 14A of the Exchange Act within 120 days of our fiscal year end.

#### **ITEM 10. Directors, Executive Officers and Corporate Governance.**

Information regarding our directors, compliance with Section 16(a) of the Exchange Act, and our Audit Committee, including committee members and its financial expert, will be set forth in our 2024 Proxy Statement under the captions "Proposal 1: Election of Directors," "Stock Ownership - Delinquent Section 16 Reports," if applicable, and "Corporate Governance - Board Meetings and Committees - Board Committee Structure - Audit Committee," respectively, which are incorporated herein by reference.

Information regarding our executive officers is set forth in Part I of this Annual Report on Form 10-K under the caption "Executive Officers of Warner Bros. Discovery, Inc." as permitted by General Instruction G(3) to Form 10-K.

We have adopted a Code of Ethics (the "Code") that is applicable to all of our directors, officers and employees. Our board of directors approved an updated Code in January 2023 and reviews it regularly. A copy of the Code and any amendments or waivers that would be required to be disclosed under applicable SEC rules are available free of charge at our Investor Relations website at [ir.wbd.com](http://ir.wbd.com). The information contained on our website is not part of this Annual Report on Form 10-K and is not incorporated by reference herein. In addition, we will provide a printed copy of the Code, free of charge, upon written request to: Investor Relations, Warner Bros. Discovery, Inc., 230 Park Avenue South, New York, NY 10003.

#### **ITEM 11. Executive Compensation.**

Information regarding executive compensation will be set forth in our 2024 Proxy Statement under the captions "Executive Compensation - Compensation Discussion and Analysis" and "Executive Compensation - Executive Compensation Tables," which are incorporated herein by reference.

Information regarding compensation policies and practices as they relate to our risk management, director compensation, and compensation committee interlocks and insider participation will be set forth in our 2024 Proxy Statement under the captions "Executive Compensation - Other Compensation-Related Matters - Risk Considerations in our Compensation Programs," "Corporate Governance - Director Compensation," and "Corporate Governance - Board Meetings and Committees - Board Committee Structure - Compensation Committee," respectively, which are incorporated herein by reference.

Information regarding the compensation committee report will be set forth in our 2024 Proxy Statement under the caption "Executive Compensation - Compensation Committee Report" which is incorporated herein by reference.

#### **ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

Information regarding securities authorized for issuance under equity compensation plans will be set forth in our 2024 Proxy Statement under the caption "Securities Authorized for Issuance under Equity Compensation Plans," which is incorporated herein by reference.

Information regarding security ownership of certain beneficial owners and management will be set forth in our 2024 Proxy Statement under the captions "Stock Ownership - Security Ownership of Certain Beneficial Owners" and "Stock Ownership - Security Ownership of Management," which are incorporated herein by reference.

#### **ITEM 13. Certain Relationships and Related Transactions, and Director Independence.**

Information regarding certain relationships and related transactions, and director independence will be set forth in our 2024 Proxy Statement under the captions "Corporate Governance - Transactions with Related Persons" and "Corporate Governance - Director Independence," respectively, which are incorporated herein by reference.

#### **ITEM 14. Principal Accountant Fees and Services.**

Information regarding principal accountant fees and services will be set forth in our 2024 Proxy Statement under the captions "Audit Matters - Audit Firm Fees and Services" and "Audit Matters - Audit Committee Pre-Approval Procedures," which are incorporated herein by reference.

**PART IV**

**ITEM 15. Exhibits and Financial Statement Schedules.**

(a) The following documents are filed as part of this Annual Report on Form 10-K:

(1) The following consolidated financial statements of Warner Bros. Discovery, Inc. are filed as part of Item 8 of this Annual Report on Form 10-K:

	<u>Page</u>
<u>Consolidated Statements of Operations.</u>	59
<u>Consolidated Statements of Comprehensive (Loss) Income.</u>	60
<u>Consolidated Balance Sheets.</u>	61
<u>Consolidated Statements of Cash Flows.</u>	62
<u>Consolidated Statements of Equity.</u>	63
<u>Notes to Consolidated Financial Statements</u>	65

(2) Financial Statement Schedule

Schedule II: Valuation and Qualifying Accounts

Changes in valuation and qualifying accounts consisted of the following (in millions):

		<u>Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>		<u>End of Year</u>
<b>2023</b>						
Allowance for credit losses	\$	123	152	(114)	\$	161
Deferred tax valuation allowance	\$	1,849	429	(87)	\$	2,191
<b>2022</b>						
Allowance for credit losses <sup>(a)</sup>	\$	54	165	(96)	\$	123
Deferred tax valuation allowance <sup>(b)</sup>	\$	305	1,617	(73)	\$	1,849
<b>2021</b>						
Allowance for credit losses	\$	59	21	(26)	\$	54
Deferred tax valuation allowance	\$	257	80	(32)	\$	305

<sup>(a)</sup> Increase in the allowance for credit losses is related to the acquisition of WM in the prior year.

<sup>(b)</sup> Additions to the deferred tax valuation allowance include \$343 million related to the acquisition of WM in the prior year.

All other financial statement schedules required to be filed pursuant to Item 8 and Item 15(c) of Form 10-K have been omitted as the required information is not applicable, not material, or is set forth in the consolidated financial statements or notes thereto.

(3) The following exhibits are filed or furnished as part of this Annual Report on Form 10-K pursuant to Item 601 of SEC Regulation S-K and Item 15(b) of Form 10-K:

EXHIBITS INDEX

Exhibit No.	Description
2.1	<u>Agreement and Plan of Merger, dated May 17, 2021, by and among Discovery, Inc., AT&amp;T Inc., Magallanes, Inc. and Drake Subsidiary, Inc. (incorporated by reference to Exhibit 2.1 to the Form 8-K filed on May 20, 2021 (SEC File No. 001-34177))</u>
2.2	<u>Letter agreement, dated as of July 1, 2021, by and between AT&amp;T Inc. and Discovery, Inc. (incorporated by reference to Exhibit 2.1 to the Form 10-Q filed on November 3, 2021 (SEC File No. 001-34177))</u>
2.3	<u>Letter agreement, dated as of July 7, 2021, by and between AT&amp;T, Inc. and Discovery, Inc. (incorporated by reference to Exhibit 2.2 to the Form 10-Q filed on November 3, 2021 (SEC File No. 001-34177))</u>
2.4	<u>Amendment No. 1 to Agreement and Plan of Merger, dated as of November 18, 2021, by and among Discovery, Inc., AT&amp;T Inc., Magallanes, Inc. and Drake Subsidiary, Inc. (incorporated by reference to Exhibit 2.1.3 to the Registration Statement on Form S-4 filed on November 18, 2021 (SEC File No. 333-261188))</u>
2.5	<u>Letter Agreement, dated as of March 29, 2022, by and among Warner Bros. Discovery, Inc. (f/k/a Discovery, Inc.), AT&amp;T Inc., WarnerMedia Holdings, Inc. (f/k/a Magallanes, Inc.) and Drake Subsidiary, Inc. (incorporated by reference to Exhibit 2.2 to the Form 10-Q filed on August 5, 2022 (SEC File No. 001-34177))</u>
2.6	<u>Amendment No. 2 to Agreement and Plan of Merger, dated as of April 8, 2022, by and among Warner Bros. Discovery, Inc. (f/k/a Discovery, Inc.), AT&amp;T Inc., WarnerMedia Holdings, Inc. (f/k/a Magallanes, Inc.) and Drake Subsidiary, Inc. (incorporated by reference to Exhibit 2.1 to the Form 10-Q filed on August 5, 2022 (SEC File No. 001-34177))</u>
2.7	<u>Letter Agreement, dated as of April 8, 2022, by and among Warner Bros. Discovery, Inc. (f/k/a Discovery, Inc.), AT&amp;T Inc., WarnerMedia Holdings, Inc. (f/k/a Magallanes, Inc.) and Drake Subsidiary, Inc. (incorporated by reference to Exhibit 2.3 to the Form 10-Q filed on August 5, 2022 (SEC File No. 001-34177))</u>
2.8	<u>Separation and Distribution Agreement, dated as of May 17, 2021, by and among Discovery, Inc., AT&amp;T Inc. and Magallanes, Inc. (incorporated by reference to Exhibit 2.2 to the Form 8-K filed on May 20, 2021 (SEC File No. 001-34177))</u>
2.9	<u>Amendment to Separation and Distribution Agreement, dated as of April 8, 2022, by and among Warner Bros. Discovery, Inc. (f/k/a Discovery, Inc.), AT&amp;T Inc. and WarnerMedia Holdings, Inc. (f/k/a Magallanes, Inc.) (incorporated by reference to Exhibit 2.4 to the Form 10-Q filed on August 5, 2022 (SEC File No. 001-34177))</u>
3.1	<u>Second Restated Certificate of Incorporation of Warner Bros. Discovery, Inc. (incorporated by reference to Exhibit 3.1 to the Form 8-K filed on April 12, 2022 (SEC File No. 001-34177))</u>
3.2	<u>Amended and Restated Bylaws of Warner Bros. Discovery, Inc. (incorporated by reference to Exhibit 3.1 to the Form 8-K filed on May 10, 2023 (SEC File No. 001-34177))</u>
4.1	<u>Description of Warner Bros. Discovery, Inc.'s securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 4.1 to the Form 10-K filed on February 24, 2023 (SEC File No. 001-34177))</u>

EXHIBITS INDEX

Exhibit No.	Description
4.2	<u>Form of Series A Common Stock Certificate of Warner Bros. Discovery, Inc. (incorporated by reference to Exhibit 4.1 to Post-Effective Amendment No. 1 to the Registration Statement on Form S-4 filed on March 28, 2022 (SEC File No. 333-261188)).</u>
4.3	<u>Amended and Restated Registration Rights Agreement, dated as of April 11, 2022, by and among Warner Bros. Discovery, Inc., Advance/Newhouse Partnership and Advance/Newhouse Programming Partnership (incorporated by reference to Exhibit 4.6 to the Form 8-K filed on April 12, 2022 (SEC File No. 001-34177)).</u>
4.4	<u>Indenture, dated as of August 19, 2009, among Discovery Communications, LLC, Discovery Communications, Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on August 19, 2009 (SEC File No. 001-34177)).</u>
4.5	<u>Second Supplemental Indenture dated as of June 3, 2010, among Discovery Communications LLC, Discovery Communications, Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on June 3, 2010 (SEC File No. 001-34177)).</u>
4.6	<u>Fifth Supplemental Indenture, dated as of March 19, 2013, among Discovery Communications, LLC, Discovery Communications, Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on March 19, 2013 (SEC File No. 001-34177)).</u>
4.7	<u>Seventh Supplemental Indenture, dated as of March 2, 2015, among Discovery Communications, LLC, Discovery Communications, Inc. and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on March 2, 2015 (SEC File No. 001-34177)).</u>
4.8	<u>Eighth Supplemental Indenture, dated as of March 19, 2015, among Discovery Communications, LLC, Discovery Communications, Inc., U.S. Bank National Association, as Trustee, and Elavon Financial Services Limited, UK Branch, as London Paying Agent (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on March 19, 2015 (SEC File No. 001-34177)).</u>
4.9	<u>Ninth Supplemental Indenture, dated as of March 11, 2016, among Discovery Communications, LLC, Discovery Communications, Inc. and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on March 11, 2016 (SEC File No. 001-34177)).</u>
4.10	<u>Tenth Supplemental Indenture, dated as of March 13, 2017, among Discovery Communications, LLC, Discovery Communications, Inc. and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on March 13, 2017 (SEC File No. 001-34177)).</u>
4.11	<u>Eleventh Supplemental Indenture, dated as of September 21, 2017, among Discovery Communications, LLC, Discovery Communications, Inc. and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on September 21, 2017 (SEC File No. 001-34177)).</u>
4.12	<u>Thirteenth Supplemental Indenture, dated as of September 21, 2017, among Discovery Communications, LLC, Discovery Communications, Inc., Elavon Financial Service DAC, UK Branch, as London Paying Agent, and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.3 to the Form 8-K filed on September 21, 2017 (SEC File No. 001-34177)).</u>
4.13	<u>Fourteenth Supplemental Indenture, dated as of April 2, 2018, among Discovery Communications, LLC, Discovery, Inc., Scripps Networks Interactive, Inc. and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.3 to the Form 8-K filed on April 4, 2018 (SEC File No. 001-34177)).</u>

**EXHIBITS INDEX**

Exhibit No.	Description
4.14	<u>Sixteenth Supplemental Indenture, dated as of June 29, 2018, among Discovery Communications, LLC, Discovery, Inc., Scripps Networks Interactive, Inc. and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Form 10-Q filed November 9, 2018 (SEC File No. 001-34177))</u>
4.15	<u>Seventeenth Supplemental Indenture, dated as of May 21, 2019, among Discovery Communications, LLC, Discovery, Inc., Scripps Networks Interactive, Inc. and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on May 21, 2019 (SEC File No. 001-34177))</u>
4.16	<u>Eighteenth Supplemental Indenture, dated as of May 18, 2020, among Discovery Communications, LLC, Discovery, Inc., Scripps Networks Interactive, Inc. and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on May 18, 2020 (SEC File No. 001-34177))</u>
4.17	<u>Nineteenth Supplemental Indenture, dated as of September 21, 2020, among Discovery Communications, LLC, Discovery, Inc., Scripps Networks Interactive, Inc. and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on September 21, 2020 (SEC File No. 001-34177))</u>
4.18	<u>Twentieth Supplemental Indenture, dated as of April 8, 2022, by and among Discovery Communications, LLC, Warner Bros. Discovery, Inc., Magallanes, Inc. and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on April 12, 2022 (SEC File No. 001-34177))</u>
4.19	<u>Twenty-First Supplemental Indenture, dated as of April 8, 2022, by and among Discovery Communications, LLC, Warner Bros. Discovery, Inc., Magallanes, Inc. and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Form 8-K filed on April 12, 2022 (SEC File No. 001-34177))</u>
4.20	<u>Indenture, dated as of March 15, 2022, by and among Magallanes, Inc., AT&amp;T Inc. and U.S. Bank Trust Company, National Association, as Trustee (incorporated by reference to Exhibit 4.3 to the Form 8-K filed on April 12, 2022 (SEC File No. 001-34177))</u>
4.21	<u>First Supplemental Indenture, dated as of April 8, 2022, by and among Magallanes, Inc., Warner Bros. Discovery, Inc., Discovery Communications, LLC, Scripps Networks Interactive, Inc. and U.S. Bank Trust Company, National Association, as Trustee (incorporated by reference to Exhibit 4.4 to the Form 8-K filed on April 12, 2022 (SEC File No. 001-34177))</u>
4.22	<u>Indenture, dated as of March 10, 2023, by and among WarnerMedia Holdings, Inc., Warner Bros. Discovery, Inc. and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on March 10, 2023 (SEC File No. 001-34177))</u>
4.23	<u>First Supplemental Indenture, dated as of March 10, 2023, by and among WarnerMedia Holdings, Inc., Warner Bros. Discovery, Inc., Discovery Communications, LLC, Scripps Networks Interactive, Inc. and U.S. Bank Trust Company, National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Form 8-K filed on March 10, 2023 (SEC File No. 001-34177))</u>
10.1	<u>Transition Services Agreement, dated as of April 8, 2022, by and between AT&amp;T Services, Inc. and WarnerMedia Holdings, Inc. (f/k/a Magallanes, Inc.) (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on April 12, 2022 (SEC File No. 001-34177))</u>
10.2	<u>Intellectual Property Matters Agreement, dated as of April 8, 2022, by and among AT&amp;T Inc., AT&amp;T Intellectual Property LLC and WarnerMedia Holdings, Inc. (f/k/a Magallanes, Inc.) (incorporated by reference to Exhibit 10.2 to the Form 8-K filed on April 12, 2022 (SEC File No. 001-34177))</u>

**EXHIBITS INDEX**

Exhibit No.	Description
10.3	<u>Employee Matters Agreement, dated as of May 17, 2021, by and among Discovery, Inc., AT&amp;T Inc. and Magallanes, Inc. (incorporated by reference to Exhibit 10.3 to the Form 8-K filed on May 20, 2021 (SEC File No. 001-34177))</u>
10.4	<u>First Addendum to Employee Matters Agreement, dated as of April 8, 2022, by and among Warner Bros. Discovery, Inc. (f/k/a Discovery, Inc.), AT&amp;T Inc. and WarnerMedia Holdings, Inc. (f/k/a Magallanes, Inc.) (incorporated by reference to Exhibit 10.23 to the Form 10-Q filed on August 5, 2022 (SEC File No. 001-34177))</u>
10.5	<u>Second Addendum to Employee Matters Agreement, dated as of April 8, 2022, by and among Warner Bros. Discovery, Inc. (f/k/a Discovery, Inc.), AT&amp;T Inc. and WarnerMedia Holdings, Inc. (f/k/a Magallanes, Inc.) (incorporated by reference to Exhibit 10.24 to the Form 10-Q filed on August 5, 2022 (SEC File No. 001-34177))</u>
10.6	<u>Tax Matters Agreement, dated as of May 17, 2021, between AT&amp;T Inc., Magallanes, Inc. and Discovery, Inc. (incorporated by reference to Exhibit 10.7 to the Form 8-K filed on May 20, 2021 (SEC File No. 001-34177))</u>
10.7	<u>Letter Agreement, dated as of April 8, 2022, by and among Warner Bros. Discovery, Inc. (f/k/a Discovery, Inc.), AT&amp;T Inc. and WarnerMedia Holdings, Inc. (f/k/a Magallanes, Inc.) (incorporated by reference to Exhibit 10.61 to the Form 10-K filed on February 24, 2023 (SEC File No. 001-34177))</u>
10.8	<u>Credit Agreement, dated as of June 9, 2021, among Discovery Communications, LLC, certain wholly-owned subsidiaries of Discovery Communications, LLC, Discovery, Inc., as Facility Guarantor, Scripps Networks Interactive, Inc., as subsidiary guarantor, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent, swing line lender and L/C issuer. (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on June 10, 2021 (SEC File No. 001-34177))</u>
10.9	<u>Joinder Agreement, dated as of April 8, 2022, by and between WarnerMedia Holdings, Inc. (f/k/a Magallanes, Inc.) and Bank of America, N.A., as administrative agent (incorporated by reference to Exhibit 10.5 to the Form 10-Q filed on August 5, 2022 (SEC File No. 001-34177))</u>
10.10	<u>Amendment No. 1 to Credit Agreement, dated as of July 30, 2021, among Discovery Communications, LLC, Discovery, Inc., Scripps Networks Interactive, Inc., certain lenders party thereto and Bank of America, N.A. (incorporated by reference to Exhibit 10.9 to the Form 10-Q filed on August 3, 2021 (SEC File No. 001-34177))</u>
10.11	<u>Amendment No. 2 to Credit Agreement, dated as of August 2, 2022, by and among Discovery Communications, LLC, Warner Bros. Discovery, Inc., Scripps Networks Interactive, Inc., WarnerMedia Holdings, Inc., certain lenders party thereto and Bank of America, N.A., as administrative agent (incorporated by reference to Exhibit 10.6 to the Form 10-Q filed on August 5, 2022 (SEC File No. 001-34177))</u>
10.12	<u>Amendment No. 3 to Credit Agreement, dated as of June 6, 2023, by and among Discovery Communications, LLC, Warner Bros. Discovery, Inc., Scripps Networks Interactive, Inc., WarnerMedia Holdings, Inc., certain lenders party thereto and Bank of America, N.A., as administrative agent (incorporated by reference to Exhibit 10.2 to the Form 10-Q filed on August 3, 2023 (SEC File No. 001-34177))</u>
10.13	<u>Purchase and Sale Agreement, dated as of March 27, 2019, by and among Warner Bros. Discovery Receivables Funding, LLC (f/k/a AT&amp;T Receivables Funding II, LLC), Turner Broadcasting System, Inc. and various entities party thereto as originators (incorporated by reference to Exhibit 10.8 to the Form 10-Q filed on August 5, 2022 (SEC File No. 001-34177))</u>



**EXHIBITS INDEX**

Exhibit No.	Description
10.14	<u>First Amendment and Joinder to Purchase and Sale Agreement, dated as of June 26, 2019, by and among Warner Bros. Discovery Receivables Funding, LLC (f/k/a AT&amp;T Receivables Funding II, LLC), Turner Broadcasting System, Inc. and various entities party thereto as originators (incorporated by reference to Exhibit 10.9 to the Form 10-Q filed on August 5, 2022 (SEC File No. 001-34177)).</u> <sup>141</sup>
10.15	<u>Second Amendment to Purchase and Sale Agreement, dated as of June 12, 2020, by and among Warner Bros. Discovery Receivables Funding, LLC (f/k/a AT&amp;T Receivables Funding II, LLC), Turner Broadcasting System, Inc. and various entities party thereto as originators (incorporated by reference to Exhibit 10.10 to the Form 10-Q filed on August 5, 2022 (SEC File No. 001-34177)).</u> <sup>141</sup>
10.16	<u>Joinder Agreement, dated as of June 30, 2020, by WarnerMedia Direct, LLC (incorporated by reference to Exhibit 10.11 to the Form 10-Q filed on August 5, 2022 (SEC File No. 001-34177)).</u> <sup>141</sup>
10.17	<u>Joinder Agreement, dated as of July 5, 2022, by the various entities party thereto (incorporated by reference to Exhibit 10.12 to the Form 10-Q filed on August 5, 2022 (SEC File No. 001-34177)).</u> <sup>141</sup>
10.18	<u>Third Amendment to Purchase and Sale Agreement, dated as of June 10, 2021, by and among Warner Bros. Discovery Receivables Funding, LLC (f/k/a AT&amp;T Receivables Funding II, LLC), Turner Broadcasting System, Inc. and various entities party thereto as originators (incorporated by reference to Exhibit 10.13 to the Form 10-Q filed on August 5, 2022 (SEC File No. 001-34177)).</u> <sup>141</sup>
10.19	<u>Fourth Amended and Restated Receivables Purchase Agreement, dated as of August 30, 2022, by and among Warner Bros. Discovery Receivables Funding, LLC, the persons from time to time party thereto, PNC Bank, National Association, Turner Broadcasting System, Inc. and PNC Capital Markets LLC (incorporated by reference to Exhibit 10.5 to the Form 10-Q filed on November 4, 2022 (SEC File No. 001-34177)).</u> <sup>141</sup>
10.20	<u>First Amendment to Fourth Amended and Restated Receivables Purchase Agreement, dated as of August 11, 2023, by and among Warner Bros. Discovery Receivables Funding, LLC, the persons from time to time party thereto, PNC Bank, National Association, Turner Broadcasting System, Inc. and PNC Capital Markets LLC (incorporated by reference to Exhibit 10.1 to the Form 10-Q filed on November 8, 2023 (SEC File No. 001-34177)).</u> <sup>141</sup>
10.21	<u>Performance Guaranty, dated as of April 7, 2022, by Warner Bros. Discovery, Inc. (f/k/a Discovery, Inc.) (incorporated by reference to Exhibit 10.6 to the Form 8-K filed on April 12, 2022 (SEC File No. 001-34177)).</u> <sup>141</sup>
10.22	<u>Discovery, Inc. International Relocation Benefits, Long-Term Assignment Guidelines, effective January 1, 2022 (incorporated by reference to Exhibit 10.5 to the Form 10-K filed on February 24, 2022 (SEC File No. 34177)).</u> *
10.23	<u>Warner Bros. Discovery, Inc. Executive Benefit Summary (filed herewith).</u> *
10.24	<u>Warner Bros. Discovery, Inc. 2023 Incentive Compensation Program (filed herewith).</u> *
10.25	<u>Warner Bros. Discovery, Inc. 2024 Incentive Compensation Program (filed herewith).</u> *
10.26	<u>Warner Bros. Discovery Supplemental Retirement Plan amended and restated effective January 1, 2023 (incorporated by reference to Exhibit 10.21 to the Form 10-K filed on February 24, 2023 (SEC File No. 001-34177)).</u> *

**EXHIBITS INDEX**

Exhibit No.	Description
10.27	<u>Warner Bros. Discovery, Inc. Stock Incentive Plan (incorporated by reference to Exhibit 10.7 to the Form 8-K filed on April 12, 2022 (SEC File No. 001-34177))*</u>
10.28	<u>Form of Warner Bros. Discovery, Inc. Restricted Stock Unit Grant Agreement for Employees (incorporated by reference to Exhibit 10.18 to the Form 10-Q filed on August 5, 2022 (SEC File No. 001-34177))*</u>
10.29	<u>Form of Warner Bros. Discovery, Inc. Performance Equity Program Nonqualified Stock Option Grant Agreement for Employees (incorporated by reference to Exhibit 10.19 to the Form 10-Q filed on August 5, 2022 (SEC File No. 001-34177))*</u>
10.30	<u>Form of Warner Bros. Discovery, Inc. Performance Restricted Stock Unit Agreement for Employees (incorporated by reference to Exhibit 10.25 to the Form 10-K filed on February 24, 2023 (SEC File No. 001-34177))*</u>
10.31	<u>Form of Warner Bros. Discovery, Inc. Enhanced Restricted Stock Unit Grant Agreement for Employees (incorporated by reference to Exhibit 10.26 to the Form 10-K filed on February 24, 2023 (SEC File No. 001-34177))*</u>
10.32	<u>Form of Warner Bros. Discovery, Inc. 2023 Special PRSU Agreement for Executives (incorporated by reference to Exhibit 10.5 to the Form 10-Q filed on May 5, 2023 (SEC File No. 001-34177))*</u>
10.33	<u>Warner Bros. Discovery, Inc. 2013 Incentive Plan (as amended and restated effective May 10, 2018) (as further amended April 22, 2022) (incorporated by reference to Exhibit 10.2 to the Registration Statement on Form S-8 filed on April 22, 2022 (SEC File No. 333-264461))*</u>
10.34	<u>Form of Discovery, Inc. Non-Qualified Stock Option Grant Agreement for Employees (incorporated by reference to Exhibit 10.31 to the Form 10-K filed on February 27, 2020 (SEC File No. 001-34177))*</u>
10.35	<u>Form of Letter from Discovery, Inc. dated December 15, 2021 amending certain Nonqualified Stock Option Grant Agreement for Employees (incorporated by reference to Exhibit 10.30 to the Form 10-K filed on February 24, 2022 (SEC File No. 001-34177))*</u>
10.36	<u>Form of Nonqualified Stock Option Grant Agreement for Employees updated as of January 1, 2022 (incorporated by reference to Exhibit 10.31 to the Form 10-K filed on February 24, 2022 (SEC File No. 001-34177))*</u>
10.37	<u>Form of Discovery, Inc. Restricted Stock Unit Grant Agreement for Employees (incorporated by reference to Exhibit 10.32 to the Form 10-K filed on February 27, 2020 (SEC File No. 001-34177))*</u>
10.38	<u>Form of Letter from Discovery, Inc. dated December 15, 2021 amending certain Restricted Stock Unit Grant Agreements (incorporated by reference to Exhibit 10.33 to the Form 10-K filed on February 24, 2022 (SEC File No. 001-34177))*</u>
10.39	<u>Form of Discovery, Inc. Restricted Stock Unit Grant Agreement for Employees updated as of January 1, 2022 (incorporated by reference to Exhibit 10.34 to the Form 10-K filed on February 24, 2022 (SEC File No. 001-34177))*</u>
10.40	<u>Form of Discovery, Inc. Enhanced Restricted Stock Unit Grant Agreement for Employees (incorporated by reference to Exhibit 10.36 to the Form 10-K filed on February 24, 2022 (SEC File No. 001-34177))*</u>

## EXHIBITS INDEX

Exhibit No.	Description
10.41	<u>Form of Restricted Stock Unit Award (Substitute WarnerMedia Award) for Employees of Warner Bros. Discovery, Inc. Outside of the United States (incorporated by reference to Exhibit 10.35 to the Form 10-K filed on February 24, 2023 (SEC File No. 001-34177))*</u>
10.42	<u>Summary of Non-Employee Director Compensation (filed herewith)*</u>
10.43	<u>Warner Bros. Discovery, Inc. 2005 Non-Employee Director Incentive Plan (as amended and restated effective May 20, 2015) (as further amended April 22, 2022 and December 14, 2022) (incorporated by reference to Exhibit 10.37 to the Form 10-K filed on February 24, 2023 (SEC File No. 001-34177))*</u>
10.44	<u>Warner Bros. Discovery, Inc. RSU Grant Agreement for Non-Employee Directors (incorporated by reference to Exhibit 10.38 to the Form 10-K filed on February 24, 2023 (SEC File No. 001-34177))*</u>
10.45	<u>Warner Bros. Discovery, Inc. Non-Employee Directors Deferral Plan (incorporated by reference to Exhibit 10.1 to the Form S-8 filed on December 16, 2022 (SEC File No. 001-34177))*</u>
10.46	<u>Warner Bros. Discovery, Inc. 2011 Employee Stock Purchase Plan (as amended April 22, 2022) (incorporated by reference to Exhibit 10.4 to the Registration Statement on Form S-8 filed on April 22, 2022 (SEC File No. 333-264461))*</u>
10.47	<u>Amended and Restated Employment Agreement, dated July 16, 2018, between David Zaslav and Discovery, Inc. (incorporated by reference to Exhibit 10.2 to the Form 8-K filed on July 18, 2018 (SEC File No. 001-34177))*</u>
10.48	<u>Form of David Zaslav Stock Option Agreement (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on July 18, 2018 (SEC File No. 001-34177))*</u>
10.49	<u>Amended and Restated Employment Agreement, dated as of May 16, 2021, by and between David Zaslav and Discovery, Inc. (incorporated by reference to Exhibit 10.4 to the Form 8-K filed on May 20, 2021 (SEC File No. 001-34177))*</u>
10.50	<u>Letter amendment dated December 20, 2021, by and between David Zaslav and Discovery, Inc., amending the Amended and Restated Employment Agreement dated as of May 16, 2021 (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on December 27, 2021 (SEC File No. 001-34177))*</u>
10.51	<u>Letter amendment dated March 8, 2023, by and between David Zaslav and Warner Bros. Discovery, Inc., amending the Amended and Restated Employment Agreement dated as of May 16, 2021, as amended (incorporated by reference to Exhibit 10.2 to the Form 10-Q filed on May 5, 2023 (SEC File No. 001-34177))*</u>
10.52	<u>Form of David Zaslav Stock Option Grant Agreement (incorporated by reference to Exhibit 10.5 to the Form 8-K filed on May 20, 2021 (SEC File No. 001-34177))*</u>
10.53	<u>Warner Bros. Discovery, Inc. Annual Performance Restricted Stock Unit Grant Agreement for David Zaslav dated March 8, 2023 (incorporated by reference to Exhibit 10.3 to the Form 10-Q filed on May 5, 2023 (SEC File No. 001-34177))*</u>
10.54	<u>Warner Bros. Discovery, Inc. Additional Performance Restricted Stock Unit Grant Agreement for David Zaslav dated March 8, 2023 (incorporated by reference to Exhibit 10.4 to the Form 10-Q filed on May 5, 2023 (SEC File No. 001-34177))*</u>

## EXHIBITS INDEX

Exhibit No.	Description
10.55	<u>Aircraft Time Sharing Agreement, dated as of January 4, 2014, by and between David Zaslav and Discovery Communications, LLC (incorporated by reference to Exhibit 10.48 to the Form 10-K filed on February 24, 2023 (SEC File No. 001-34177))*</u>
10.56	<u>Amendment to the Aircraft Time Sharing Agreement, dated as of August 1, 2018, by and between David Zaslav and Discovery Communications, LLC (incorporated by reference to Exhibit 10.49 to the Form 10-K filed on February 24, 2023 (SEC File No. 001-34177))*</u>
10.57	<u>Aircraft Time Sharing Agreement, dated as of August 1, 2022, by and between David Zaslav and Warner Media, LLC (incorporated by reference to Exhibit 10.8 to the Form 10-Q filed on November 4, 2022 (SEC File No. 001-34177))*</u>
10.58	<u>Employment Agreement, dated as of July 9, 2022, by and between Bruce Campbell and Discovery Communications, LLC (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on July 14, 2022 (SEC File No. 001-34177))*</u>
10.59	<u>Employment Agreement, dated as of July 11, 2022, by and between Gunnar Wiedenfels and Discovery Communications, LLC (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on July 14, 2022 (SEC File No. 001-34177))*</u>
10.60	<u>Employment Agreement, dated as of July 13, 2022, by and between Gerhard Zeiler and Turner International, Inc. (incorporated by reference to Exhibit 10.53 to the Form 10-K filed on February 24, 2023 (SEC File No. 001-34177))*</u>
10.61	<u>Letter amendment to Employment Agreement, dated as of August 23, 2022, by and between Gerhard Zeiler and Turner International, Inc. (incorporated by reference to Exhibit 10.54 to the Form 10-K filed on February 24, 2023 (SEC File No. 001-34177))*</u>
10.62	<u>Employment Agreement, dated as of August 2, 2022, by and between JB Perrette and Discovery Communications, LLC (incorporated by reference to Exhibit 10.9 to the Form 10-Q filed on November 4, 2022 (SEC File No. 001-34177))*</u>
21	<u>List of Subsidiaries of Warner Bros. Discovery, Inc. (filed herewith)</u>
22	<u>Table of Senior Notes, Issuer and Guarantors (incorporated by reference to Exhibit 22 to the Form 10-Q filed on August 3, 2023 (SEC File No. 001-34177))</u>
23	<u>Consent of Independent Registered Public Accounting Firm (filed herewith)</u>
31.1	<u>Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as Amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)</u>
31.2	<u>Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as Amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)</u>
32.1	<u>Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)</u>

**EXHIBITS INDEX**

Exhibit No.	Description
32.2	<u>Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)</u>
97	<u>Warner Bros. Discovery, Inc. Compensation Clawback Policy, effective October 2, 2023 (filed herewith)</u>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document (filed herewith)†
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith)†
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (filed herewith)†
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document (filed herewith)†
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith)†
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

\* Indicates management contract or compensatory plan, contract or arrangement.

<sup>(1)</sup> Other instruments defining the rights of holders of long-term debt of the registrant and its consolidated subsidiaries may be omitted from Exhibit 4 in accordance with Item 601(b)(4)(iii)(A) of Regulation S-K. Copies of any such agreements will be supplementally provided to the SEC upon request.

<sup>(2)</sup> Exhibits, schedules and annexes have been omitted pursuant to Item 601(a)(5) of Regulation S-K and will be supplementally provided to the SEC upon request.

<sup>(3)</sup> Certain provisions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K and will be supplementally provided to the SEC upon request.

† Attached as Exhibit 101 to this Annual Report on Form 10-K are the following formatted in Inline XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets as of December 31, 2023 and December 31, 2022, (ii) Consolidated Statements of Operations for the Years Ended December 31, 2023, 2022, and 2021, (iii) Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2023, 2022, and 2021, (iv) Consolidated Statements of Cash Flows for the Years Ended December 31, 2023, 2022, and 2021, (v) Consolidated Statements of Equity for the Years Ended December 31, 2023, 2022, and 2021, and (vi) Notes to Consolidated Financial Statements.

**ITEM 16. Form 10-K Summary**

Not Applicable.



Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
<u>/s/ David M. Zaslav</u> David M. Zaslav	President and Chief Executive Officer, and Director (Principal Executive Officer)	February 23, 2024
<u>/s/ Gunnar Wiedenfels</u> Gunnar Wiedenfels	Chief Financial Officer (Principal Financial Officer)	February 23, 2024
<u>/s/ Lori C. Locke</u> Lori C. Locke	Executive Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 23, 2024
<u>/s/ Li Haslett Chen</u> Li Haslett Chen	Director	February 23, 2024
<u>/s/ Samuel A. Di Piazza, Jr.</u> Samuel A. Di Piazza, Jr.	Director	February 23, 2024
<u>/s/ Richard W. Fisher</u> Richard W. Fisher	Director	February 23, 2024
<u>/s/ Paul A. Gould</u> Paul A. Gould	Director	February 23, 2024
<u>/s/ Debra L. Lcc</u> Debra L. Lcc	Director	February 23, 2024
<u>/s/ Kenneth W. Lowe</u> Kenneth W. Lowe	Director	February 23, 2024
<u>/s/ Dr. John C. Malone</u> Dr. John C. Malone	Director	February 23, 2024
<u>/s/ Fazal Merchant</u> Fazal Merchant	Director	February 23, 2024
<u>/s/ Steven A. Miron</u> Steven A. Miron	Director	February 23, 2024
<u>/s/ Steven O. Newhouse</u> Steven O. Newhouse	Director	February 23, 2024
<u>/s/ Paula A. Price</u> Paula A. Price	Director	February 23, 2024
<u>/s/ Geoffrey Y. Yang</u> Geoffrey Y. Yang	Director	February 23, 2024

#### Executive Benefits Summary

**Executive Long-Term Care Insurance** – The Discovery Communications, LLC., Group Long-Term Care Insurance is insured by The Prudential Insurance Company of America. Discovery pays the policy premiums for certain eligible executives. The employer-paid executive long-term care plan includes coverage features such as an Institutional Daily Benefit of up to \$150.

**Executive Long-Term Disability Insurance** – As a supplement to group long-term disability coverage, The Discovery Communications Executive Long-Term Disability offering provides eligible employees the opportunity to obtain coverage under a supplemental individual disability income insurance policy, insured by MassMutual Life Insurance Company. Discovery pays the policy premiums for certain eligible U.S. executives. Coverage features include up to a \$10,000 monthly benefit on a guaranteed standard issue basis with no medical underwriting.



**2023 Warner Bros. Discovery**  
**INCENTIVE COMPENSATION PROGRAM**

**ELIGIBILITY AND TERMS**

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Employees of Warner Bros. Discovery or a Participating Subsidiary (“the Company”) who are classified as regular full-time employees of the Company are eligible to participate in the annual Incentive Compensation Program (the “ICP”), subject to the discretion of management. Eligibility for part-time, less-than-full time and temporary employees of the Company will be subject to the discretion of management and/or determined by local legislation, country by country, as appropriate. The determination of participation by any particular employee or subsidiary is made by the Company in its discretion. An employee who is eligible for another Company sales or annual incentive award program generally is not eligible to participate in the ICP, nor is an employee who begins employment in an ICP-eligible position on or after October 1 of the Program Year. In this document, an employee who meets these eligibility requirements is referred to as an “Eligible Employee.” “Participating Subsidiary” includes entities at least 80% of the voting equity is owned by Warner Bros. Discovery or one or more of its 100% owned direct or indirect subsidiaries.

The ICP is an annual cash bonus program that rewards Eligible Employees for their individual performance contribution and Company performance (measured and treated separately in relation to revenue and profitability) for the entire Program Year, subject to the proration provisions set forth below. The target award opportunity is expressed as a percentage of base salary. The Company performance metrics may reflect Company-wide performance or a combination of overall Company performance and performance of a specific Company division or business unit. An Eligible Employee’s payout, if any, is based on the applicable Company performance measures (both revenue and profitability, measured separately) and any other measures that may be applicable to an employee’s job level or role. The calculated payout may be reduced if warranted by the employee’s individual performance or other individual factors.

The ICP begins on January 1 and ends on December 31 each year (the “Program Year”). The Company will comply with local legal requirements and any applicable contractual provisions in implementing these Terms and Conditions; if a legal or contractual provision conflicts with this document, the legal or contractual requirement will govern. The payout, if any, under the ICP will generally occur in the first quarter of the calendar year following the Program Year, but in no event later than the end of the calendar year following the Program Year.

## TERMS AND CONDITIONS

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1. Proration of Target or Payout: An Eligible Employee must be employed for the entire Program Year (i.e. from January 1 up to and including to December 31) to be eligible for a payout, unless one of the following exceptions applies to permit a prorated payout. The eligibility for and amount of any payout will continue to be subject to the other terms and conditions of the ICP and the applicable Company performance measures.
  - a. New Hires: An employee who is hired into a role that is ICP-eligible before October 1 of the Program Year, will be eligible for a prorated payout under the ICP based on the date of hire, subject to the terms and conditions of the ICP. An employee hired on or after October 1 of the Program Year, will not be eligible to participate in that Program Year's ICP.
  - b. Part-Time Employees: An Eligible Employee who works part-time or less-than- full time or who is hired during the Program Year and who otherwise meets the eligibility requirements of the Program will be eligible for an ICP target that is based on the percentage of applicable salary, at the part-time level, during the Program Year.
  - c. Leave of Absence: An Eligible Employee who is in leave status for more than 90 consecutive days during the Program Year will be eligible for a prorated ICP payout, subject to the terms and conditions of the ICP. The proration calculation will be based on the number of days that the Eligible Employee was actively working (including leave for 90 days or less). An Eligible Employee who is in leave status for 90 consecutive days or less will not be subject to proration under this subsection.
  - d. Termination for Cause: If an Eligible Employee's employment with the Company terminates prior to the date the ICP for the Program Year is actually paid out, for "Cause," the Eligible Employee will not be eligible for any payout, prorated or otherwise. "Cause" shall mean under this paragraph: (i) the conviction of, or nolo contendere or guilty plea, to a felony (whether any right to appeal has been or may be exercised); (ii) conduct constituting embezzlement, material misappropriation or fraud, whether or not related to the Eligible Employee's employment with the Company; (iii) conduct constituting a financial crime, material act of dishonesty or conduct in violation of Company's Code of Business Conduct and Ethics; (iv) improper conduct substantially prejudicial to the Company's business; (v) willful unauthorized disclosure or use of Company confidential information; (vi) material improper destruction of Company property; (vii) willful misconduct in connection with the performance of Executive's duties; and (viii) any other conduct that constitutes Cause under the Company's policies and procedures.
  - e. Resignation: If an Eligible Employee resigns from their employment (and their employment ends) at any time in the Program Year, no payout prorated or otherwise shall be paid. For these purposes, unless an Eligible Employee who is working under a fixed term employment contract otherwise falls within one of the above exceptions set forth in these terms and conditions (as applied to a resignation), a separation at the end of a fixed-term assignment because of the natural expiration of the assignment shall be considered a resignation.
  - f. Death, Disability, Retirement or Termination without Cause: If an Eligible Employee separates before December 31 due to death, disability, retirement, or to accept immediate employment with an "Affiliate," the employee will be eligible for a prorated payout if the employee was an Eligible Employee for 180 days or more during the Program Year. For these purposes, "retirement" means separation from the Company for any reason other than Cause at a point at

which an Eligible Employee is at least age 55 and has been employed by the Company, or any of its subsidiaries for at least ten (10) years, where the Eligible Employee's period of service is determined using the Company's Prior Employment Service Policy or a successor policy chosen by the Administrator. Special treatment upon retirement shall be subject to local laws in those countries subject to any EU Directive on Discrimination. If an Eligible Employee's employment is terminated by the Company without Cause, the employee will be eligible for a prorated payout if the employee (a) was an Eligible Employee for 180 days or more during the Program Year, and (b) if applicable, meets any requirement to sign a release of claims under a Company-sponsored severance benefit plan or other applicable employment agreement or arrangement, provided that the arrangement does not exclude the payout of the ICP. For purposes of this Section, an "Affiliate" is an entity in which the Company has an ownership interest of 50% or more but which is not considered a Participating Subsidiary under the ICP.

- g. Termination and Rehire During a Single Program Year: If an Eligible Employee's employment is terminated by the Company without Cause and the Eligible Employee is rehired within the same Program Year, the employee will be eligible for a prorated payout for that Program Year provided that (i) the Eligible Employee has met any requirement to sign a release of claims associated with the termination, and (ii) the Eligible Employee was actively employed for 180 days or more during the Program Year, including service prior to the termination and after the rehire date. The Company will determine the applicable Company performance metrics based on the facts and circumstances of the Eligible Employee's role(s) and duties during the Program Year.
  - h. Transfer into Role under Separate Bonus Plan: If an Eligible Employee moves into a role that is not ICP-eligible because the role is covered by another bonus plan (e.g., an advertising sales role), the employee will be eligible for a prorated payout for that Program Year based on the length of time that the Eligible Employee was in the ICP-eligible role.
2. No Additional Rights: The ICP shall not confer or be deemed to confer any right with respect to continuance of employment by the Company, nor interfere in any way with the right of the Company to separate an employee from employment.
  3. Discretionary Program: Unless contrary to the express and unequivocal terms of applicable law, regulations, or co determination rights, and regardless of anything stated in this ICP or about this ICP, any ICP payout is a strictly discretionary and conditional. All ICP payouts ultimately depend on favorable discretionary determinations by Company management, they are not earned unless and until paid, and they do not form a part of an employee's regular base salary compensation. The operation or continuance of the ICP through a Program Year gives no right or expectation to any ICP payout, whether in same or similar form or at all, in any future Program Year. Company management also reserves the sole discretion to determine the design, applicable criteria and the actual payout percentages for each component of each target grid as it deems appropriate.
  4. Profit Sharing: For those countries that legally require participation in profit sharing programs, an addendum to these guidelines will be published. It is acknowledged that, for all countries, any ICP payout is funded by two separate elements: a) corporate revenue and b) a share of profits.
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5. Timing of Payout: If an Eligible Employee terminates employment with the Company before the scheduled payout date of the ICP and is eligible for a prorated payout, the timing of any payout, if legally allowable, will be determined under the normal course of the ICP and delivered on the scheduled payment date for other Eligible Employees who remain employed by the Company. If local laws do not permit a delay of the payment until the scheduled payment date under the ICP, the Company at its sole discretion will determine the payment under the Program to be included in the pay for the last month of employment.
  
  6. Administration: The Senior Vice President for Total Rewards (“Administrator”) has the full power and authority to construe, interpret and administer the ICP and the determinations of the Administrator are final, conclusive and binding on all persons unless any such determination is otherwise expressly and unequivocally prohibited by local laws and regulations of co determination rights. For participants employed in the United States, the ICP shall be construed, administered and governed under the laws of the State of Maryland, without regard to its conflict of law rules.
  
  7. Amendment, Modification, and Termination: The Company reserves the right to amend, modify or terminate the ICP at any time in its sole discretion and will implement those changes respecting the terms and conditions of local laws, works agreements or codetermination rights that expressly and unequivocally conflict, in whole or in part, with any such action or decision. The ICP will be implemented subject to and in accordance with local laws and regulations, which may require certain actions in particular circumstances.
  
  8. Clawback Policy: Notwithstanding any other provisions in this ICP, any ICP payout hereunder shall be subject to recovery or clawback by the Company under any clawback policy adopted by the Company in accordance with SEC regulations or other applicable law, as amended or superseded from time to time.
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## **2024 Warner Bros. Discovery INCENTIVE COMPENSATION PROGRAM**

### ELIGIBILITY AND TERMS

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Employees of Warner Bros. Discovery or a Participating Subsidiary (“the Company”) who are classified as regular full-time employees of the Company are eligible to participate in the annual Incentive Compensation Program (the “ICP”), subject to the discretion of management. Eligibility for part-time, less-than-full time and temporary employees of the Company will be subject to the discretion of management and/or determined by local legislation, country by country, as appropriate. The determination of participation by any particular employee or subsidiary is made by the Company in its discretion. An employee who is eligible for another Company sales or annual incentive award program generally is not eligible to participate in the ICP, nor is an employee who begins employment in an ICP-eligible position on or after October 1 of the Program Year. In this document, an employee who meets these eligibility requirements is referred to as an “Eligible Employee.” “Participating Subsidiary” includes entities at least 80% of the voting equity is owned by Warner Bros. Discovery or one or more of its 100% owned direct or indirect subsidiaries.

The ICP is an annual cash bonus program that rewards Eligible Employees for their individual performance contribution and Company performance (measured and treated separately in relation to revenue and profitability) for the entire Program Year, subject to the proration provisions set forth below. The target award opportunity is expressed as a percentage of base salary. The Company performance metrics may reflect Company-wide performance or a combination of overall Company performance and performance of a specific Company division or business unit. An Eligible Employee’s payout, if any, is based on the applicable Company performance measures (both revenue and profitability, measured separately) and any other measures that may be applicable to an employee’s job level or role. The calculated payout may be reduced if warranted by the employee’s individual performance or other individual factors.

Additionally, separate funding may be available to reward top performers. This additional funding is determined by financial performance of the Company and/or specific Company division or business unit and is subject to approval by the Company senior management and the Compensation Committee.

The ICP begins on January 1 and ends on December 31 each year (the “Program Year”). The Company will comply with local legal requirements and any applicable contractual provisions in implementing these Terms and Conditions; if a legal or contractual provision conflicts with this document, the legal or contractual requirement will govern. The payout, if any, under the ICP will generally occur in the first

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quarter of the calendar year following the Program Year, but in no event later than the end of the calendar year following the Program Year.

## TERMS AND CONDITIONS

1. Proration of Target or Payout: An Eligible Employee must be employed for the entire Program Year (i.e. from January 1 up to and including to December 31) to be eligible for a payout, unless one of the following exceptions applies to permit a prorated payout. The eligibility for and amount of any payout will continue to be subject to the other terms and conditions of the ICP and the applicable Company performance measures.
  - a. New Hires: An employee who is hired into a role that is ICP-eligible before October 1 of the Program Year, will be eligible for a prorated payout under the ICP based on the date of hire, subject to the terms and conditions of the ICP. An employee hired on or after October 1 of the Program Year, will not be eligible to participate in that Program Year's ICP.
  - b. Part-Time Employees: An Eligible Employee who works part-time or less-than- full time or who is hired during the Program Year and who otherwise meets the eligibility requirements of the Program will be eligible for an ICP target that is based on the percentage of applicable salary, at the part-time level, during the Program Year.
  - c. Leave of Absence: An Eligible Employee who is in leave status for more than 180 consecutive days during the Program Year will be eligible for a prorated ICP payout, subject to the terms and conditions of the ICP. The proration calculation will be based on the number of days that the Eligible Employee was actively working (including leave for 180 consecutive days or less). An Eligible Employee who is in leave status for 180 consecutive days or less will not be subject to proration under this subsection.
  - d. Termination for Cause: If an Eligible Employee's employment with the Company terminates prior to the date the ICP for the Program Year is actually paid out, for "Cause," the Eligible Employee will not be eligible for any payout, prorated or otherwise. "Cause" shall mean under this paragraph: (i) the conviction of, or nolo contendere or guilty plea, to a felony (whether any right to appeal has been or may be exercised); (ii) conduct constituting embezzlement, material misappropriation or fraud, whether or not related to the Eligible Employee's employment with the Company; (iii) conduct constituting a financial crime, material act of dishonesty or conduct in violation of Company's Code of Business Conduct and Ethics; (iv) improper conduct substantially prejudicial to the Company's business; (v) willful unauthorized disclosure or use of Company confidential information; (vi) material improper destruction of Company property; (vii) willful misconduct in connection with the performance of Executive's duties; and (viii) any other conduct that constitutes Cause under the Company's policies and procedures.
  - e. Resignation: If an Eligible Employee resigns from their employment (and their employment ends) at any time in the Program Year, no payout prorated or otherwise shall be paid. For these purposes, unless an Eligible Employee who is working under a fixed term employment contract otherwise falls within one of the above exceptions set forth in these terms and conditions (as applied to a resignation), a separation at the end of a fixed-term assignment because of the natural expiration of the assignment shall be considered a resignation.

- f. Disability, Retirement or Termination without Cause: If an Eligible Employee separates before December 31 due to disability, retirement, or to accept immediate employment with an "Affiliate," the employee will be eligible for a prorated payout if the employee was an Eligible Employee for 180 days or more during the Program Year. For these purposes, "retirement" means separation from the Company for any reason other than Cause at a point at which an Eligible Employee is at least age 55 and has been employed by the Company, or any of its subsidiaries for at least ten (10) years, where the Eligible Employee's period of service is determined using the Company's Prior Employment Service Policy or a successor policy chosen by the Administrator. Special treatment upon retirement shall be subject to local laws in those countries subject to any EU Directive on Discrimination. If an Eligible Employee's employment is terminated by the Company without Cause, the employee will be eligible for a prorated payout if the Eligible Employee (a) was actively employed for 180 days or more during the Program Year, and (b) if applicable, meets any requirement to sign a release of claims under a Company-sponsored severance benefit plan or other applicable employment agreement or arrangement, provided that the arrangement does not exclude the payout of the ICP. For clarity, in determining active employment any leave of absence up to 180 days will count towards the active employment period. For purposes of this Section, an "Affiliate" is an entity in which the Company has an ownership interest of 50% or more but which is not considered a Participating Subsidiary under the ICP.
    - g. Death: If an Eligible Employee separates before December 31 due to death the employee will be eligible for a payout if the employee was an Eligible Employee during the Program Year. Payout will be issued at time of death, prorated for days of active employment, and will be calculated at target and will not factor in the Company performance measures.
    - h. Termination and Rehire During a Single Program Year: If an Eligible Employee's employment is terminated by the Company without Cause and the Eligible Employee is rehired within the same Program Year, the employee will be eligible for a prorated payout for that Program Year provided that (i) the Eligible Employee has met any requirement to sign a release of claims associated with the termination, and (ii) the Eligible Employee was actively employed for 180 days or more during the Program Year, including service prior to the termination and after the rehire date. The Company will determine the applicable Company performance metrics based on the facts and circumstances of the Eligible Employee's role(s) and duties during the Program Year.
    - i. Transfer into Role under Separate Bonus Plan: If an Eligible Employee moves into a role that is not ICP-eligible because the role is covered by another bonus plan (e.g., an advertising sales role), the employee will be eligible for a prorated payout for that Program Year based on the length of time that the Eligible Employee was in the ICP-eligible role.
  2. No Additional Rights: The ICP shall not confer or be deemed to confer any right with respect to continuance of employment by the Company, nor interfere in any way with the right of the Company to separate an employee from employment.
  3. Discretionary Program: Unless contrary to the express and unequivocal terms of applicable law, regulations, or co determination rights, and regardless of anything stated in this ICP or about this ICP, any ICP payout is a strictly discretionary and conditional. All ICP payouts ultimately depend on favorable discretionary determinations by Company management, they are not earned unless and
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until paid, and they do not form a part of an employee's regular base salary compensation. The operation or continuance of the ICP through a Program Year gives no right or expectation to any ICP payout, whether in same or similar form or at all, in any future Program Year. Company management also reserves the sole discretion to determine the design, applicable criteria and the actual payout percentages for each component of each target grid as it deems appropriate.

4. Profit Sharing: For those countries that legally require participation in profit sharing programs, an addendum to these guidelines will be published. It is acknowledged that, for all countries, any ICP payout is funded by two separate elements: a) corporate revenue and b) a share of profits.
  5. Timing of Payout: If an Eligible Employee terminates employment with the Company before the scheduled payout date of the ICP and is eligible for a prorated payout, the timing of any payout, if legally allowable, will be determined under the normal course of the ICP and delivered on the scheduled payment date for other Eligible Employees who remain employed by the Company. If local laws do not permit a delay of the payment until the scheduled payment date under the ICP, the Company at its sole discretion will determine the payment under the Program to be included in the pay for the last month of employment.
  6. Administration: The Senior Vice President for Total Rewards ("Administrator") has the full power and authority to construe, interpret and administer the ICP and the determinations of the Administrator are final, conclusive and binding on all persons unless any such determination is otherwise expressly and unequivocally prohibited by local laws and regulations of co determination rights. For participants employed in the United States, the ICP shall be construed, administered and governed under the laws of the State of Maryland, without regard to its conflict of law rules.
  7. Amendment, Modification, and Termination: The Company reserves the right to amend, modify or terminate the ICP at any time in its sole discretion and will implement those changes respecting the terms and conditions of local laws, works agreements or codetermination rights that expressly and unequivocally conflict, in whole or in part, with any such action or decision. The ICP will be implemented subject to and in accordance with local laws and regulations, which may require certain actions in particular circumstances.
  8. Clawback Policy: Notwithstanding any other provisions in this ICP, any ICP payout hereunder shall be subject to recovery or clawback by the Company under the Warner Bros. Discovery Inc. Clawback Policy or any other clawback policy adopted by the Company in accordance with applicable law, as such Policy(ies) may be amended or superseded from time to time.
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**WARNER BROS. DISCOVERY, INC.**

**Non-Employee Director Compensation Summary**

**Annual Cash Retainers:** Cash retainers to non-employee directors will be paid in equal quarterly installments in arrears on or around the last business day of each calendar quarter. Retainers will be pro-rated as appropriate.

- Board Member Retainer - \$125,000
- Board Chair Retainer - \$300,000\*
- Audit Committee Chair - \$40,000
- Audit Committee Member - \$20,000
- Compensation Committee Chair - \$35,000
- Compensation Committee Member - \$20,000
- Nominating/Corporate Governance Committee Chair - \$25,000
- Nominating/Corporate Governance Committee Member - \$10,000

\* *Board Chair doesn't receive Board Member Retainer*

**Annual Stock Retainer:** Each non-employee director shall receive an annual stock retainer for \$220,000 of WBD restricted stock units. Stock retainers will be granted on the date of the Company's Annual Meeting of Stockholders, or such other date as may be determined by the Board. Stock retainers will be granted under the Warner Bros. Discovery, Inc. 2005 Non-Employee Director Incentive Plan and will be subject to a one-year vesting period. The number of restricted stock units will be determined by dividing \$220,000 by the closing price of WBD on the last business day prior to the grant date, rounded up to the nearest whole share.

**Other Provisions:** Prior to the beginning of a calendar year, a non-employee director may elect to (i) receive shares of WBD stock in lieu of the cash portion of any retainer and/or (ii) defer all or a portion of any cash or stock retainer in accordance with the terms and conditions of the Warner Bros. Discovery, Inc. 2005 Non-Employee Director Incentive Plan and the Warner Bros. Discovery, Inc. Non-Employee Directors Deferral Plan.

## LIST OF SUBSIDIARIES OF WARNER BROS. DISCOVERY, INC.

<u>Entity</u>	<u>Place of Formation</u>
"Zilpzal" Vermögensverwaltung GmbH	Germany
137 Production Services Inc.	Canada
26th Street Development, LLC	United States
300 Pictures, Inc.	United States
3253 Production Services Inc.	Canada
4423 Productions LLC	United States
7 Friends Pictures Inc.	United States
AC Holdings, Inc.	United States
Accent Light Productions LLC	United States
Achilles Distributing, LLC	United States
Adjacent Production Services Inc.	Canada
Adobe Pictures, Inc.	United States
Adrian Court Productions Inc.	United States
Adventure TV Channel Pty Ltd	Australia
Affiliates Asia, L.L.C.	United States
AFN Productions, Inc.	United States
Airport Network LLC	United States
Airtime Sales AB	Sweden
Alameda Films LLC	United States
ALD Productions Inc.	United States
Alhambra Argentina Collections LLC	United States
Alhambra Collections LLC	United States
Alive and Kicking, Inc.	United States
Alliance Lumiere Limited	India
Alloy Entertainment, LLC	United States
Alloy Media Holdings, L.L.C.	United States
Alpha Theatres Inc.	United States
Ambient Sounds Productions LLC	United States
Ambleside Production Services Inc.	Canada
American Night Productions Limited	United Kingdom
AMHI, LLC	United States
AmLaw Enterprises Inc.	United States
AND Syndicated Productions Inc.	United States
ANE Productions, Inc.	United States
Animal Planet North America, Inc.	United States
Animal Planet Televizyon Yayincilik Anonim Sirketi	Turkey
Animal Planet, L.L.C.	United States
Animal Planet, LP	United States
AOP Inc.	United States
Applied Analytics Solutions, LLC	United States
AprodO Development, LLC	United States
AprodO, LLC	United States
ARB Productions Inc.	United States

Arctic Circle Productions Ltd.	Canada
Argentina Basic Networks, L.L.C	United States
Argentina Channels Distribution, L.L.C.	United States
Argentina Premium Networks L.L.C	United States
Articulated Productions Limited	United Kingdom
Autonomy Productions, LLC	United States
Avery Pix, Inc.	United States
Avrupa Spor Televizyon Yayıncılık Anonim Sirketi	Turkey
B&D Finance, LLC	United States
Backlight Productions LLC	United States
Base Light Productions LLC	United States
Bayou Film Funding, LLC	United States
B-Cam Productions LLC	United States
Bear Creek Canyon Home, LLC	United States
Beckmark Production Services Inc.	Canada
Beetlejuice Broadway, LLC	United States
BeMe Inc.	United States
Bernie Brillstein Productions, Inc.	United States
Big Bayou Productions, L.L.C.	United Kingdom
Big Pixel Studios Limited	Australia
Big Pond Productions Pty Limited	United States
Big Sky Cottage, LLC	Canada
BL Buster Production Services Inc.	New Zealand
Black Inc Media Limited	Belgium
BlazHoffski Belgic BV	Netherlands
BlazHoffski Holding B.V.	Netherlands
BlazHoffski Productions B.V.	United States
Bleacher Report, Inc.	United States
Blue Ribbon Content Inc.	Turkey
BluTV İletişim Ve Dijital Yayın Hizmetleri A.S.	United States
BNF Distributing, LLC	United States
Bonanza Productions Inc.	United States
Boomerang Plus, LLC	United Kingdom
Boswell Street Productions Limited	United States
Box Office Animation, Inc.	United States
Brasil Advertising, L.L.C.	Brazil
Brasil Channels Servicos Audiovisuais LTDA.	United States
Brasil Content, L.L.C.	United States
Brasil Distribution, L.L.C.	United States
Brasil Productions, L.L.C.	United States
Brasil Programming, L.L.C.	United States
Bride Distributing, LLC	United States
Bride Leasing, LLC	United States
Broken Foot Productions, Inc.	United States
Bumper Productions LLC	United States
Burbank Television Enterprises LLC	United States
Bwayne Distributing LLC	United States
Bwayne Leasing, LLC	United States

Cable News International France S.A.S.	France
Cable News International Israel Ltd.	Israel
Cable News International Limited	United Kingdom
Cable News International, Inc.	United States
Cable News Network, Inc.	United States
Cable Program Management Company, G.P.	United States
Caleb Theatre Productions, Inc.	United States
Calling Grace Productions, LLC	United States
Camdrew Productions LLC	United States
Canada Premiere Pictures Inc.	United States
Canadian AP Ventures Company	Canada
Canal del Futbol SpA	Chile
Cartoon Interactive Group, Inc.	United States
Cartoon Network Enterprises, Inc.	United States
Cartoon Network Productions, Inc.	United States
Cartoon Network Studios, Inc.	United States
Cartoon Network Ventures LLC	United States
Cash Quick Productions, LLC	United States
Cast Media Holdings, LLC	United States
Castle Rock Entertainment	United States
Castle Rock Entertainment, Inc.	United States
Castle Rock Pictures, Inc.	United States
Channels Collection Company, LLC	United States
Charlestown Productions LLC	United States
Charlotte Michelic Production Services Limited	Canada
Checky Pint Productions Limited	United Kingdom
Chime Films, LLC	United States
Chime Productions, LLC	United States
Chocolate Distributing, LLC	United States
Chocolate Leasing, LLC	United States
CHS34 Productions Inc.	United States
Classic Films Inc.	United States
Clear Sky Enterprises Inc.	United States
Closeup Productions LLC	United States
CNE Tours, Inc.	United States
CNN America, Inc.	United States
CNN Center Ventures	United States
CNN Interactive Group, Inc.	United States
CNN Newsource Sales, Inc.	United States
CNN Productions, Inc.	United States
CNNMexico.com Holdings, Inc.	United States
Coastal Getaway Homes, LLC	United States
Cobranzas Alhambra Argentina SRL	Argentina
Cologne Film GmbH	Germany
Comida Holdings, LLC	United States
Cooking Channel, LLC	United States
Cooler Waters Productions, LLC	United States
COTT Productions LLC	United States

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Court TV Music Publishing House LLC	United States
Court TV Music Publishing LLC	United States
Court TV Publishing House LLC	United States
Courtroom Television Network LLC	United States
CPMCO Holdings, LLC	United States
Crash For Gold Productions, LLC	United States
CRE GP Holdings LLC	United States
Cross Plains Productions Limited	United Kingdom
Crown City Pictures Inc.	United States
CTV Holdings III Inc.	United States
Daft Productions Inc.	United States
DAWN Syndicated Productions, Inc.	United States
DC COMICS	United States
DCE Creative Group LLC	United States
Deep Blue Productions Limited	United Kingdom
Delta Blues Holdings LLC	United States
Delta Blues Pictures LLC	United States
Delta Blues Productions LLC	United States
Dena Films Limited	United Kingdom
Derelect Investments, L.L.C.	United States
DHC Discovery, Inc.	United States
Digitalo, LLC	United States
Discovery (Barbados) Finance Srl	Barbados
Discovery (Barbados) Holdings SRL	Barbados
Discovery Advertising Sales Taiwan Ptc. Ltd.	Singapore
Discovery AP Acquisition, Inc.	United States
Discovery Asia, LLC	United States
Discovery Broadcasting Ireland Limited	Ireland
Discovery Channel (Mauritius) Private Limited	Mauritius
Discovery Child Entertainment (Beijing) Commercial Consultancy Co., Ltd.	China
Discovery Child Entertainment Limited	Hong Kong
Discovery Communications Argentina S.R.L.	Argentina
Discovery Communications Benelux B.V.	Netherlands
Discovery Communications Bulgaria EOOD	Bulgaria
Discovery Communications Chile Spa	Chile
Discovery Communications Colombia Ltda	Colombia
Discovery Communications Deutschland GmbH & Co. KG	Germany
Discovery Communications Europe Limited	United Kingdom
Discovery Communications Holding, LLC	United States
DISCOVERY Communications India	India
Discovery Communications Ltd., L.L.C.	United States
Discovery Communications, LLC	United States
Discovery Content Verwaltungs GmbH	Germany
Discovery Corporate Services Limited	United Kingdom
Discovery Czech Republic S.r.o	Czech Republic
Discovery Digital (Beijing) Commercial Consultancy Co., Ltd.	China
Discovery Digital Ventures, LLC	United States
Discovery doo Beograd-Stari grad	Serbia

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Discovery Enterprises, LLC	United States
Discovery Extreme Holdings, LLC	United States
Discovery Foreign Holdings, Inc.	United States
Discovery France Holdings SAS	France
Discovery G9 Holdings, LLC	United States
Discovery Golf, Inc.	United States
Discovery Health NS, ULC	Canada
Discovery Health Ventures, LLC	United States
Discovery Holding Company	United States
Discovery Hungary Media Szolgálató Kft.	Hungary
Discovery International Holdings Holdco, Inc.	United States
Discovery International Holdings LLC	United States
Discovery International Holdings LP	United Kingdom
Discovery International UK Holdings Limited	United Kingdom
Discovery Italia S.r.l.	Italy
Discovery Japan GK	Japan
Discovery Japan Inc.	Japan
Discovery Kids Entertainment (Beijing) Commercial Consultancy Co., Ltd.	China
Discovery Kids Entertainment Limited	Cayman Islands
Discovery Korea Holdings LLC	Korea, Republic of
Discovery Korea Networks LLC	Korea, Republic of
Discovery Latin America Holdings, LLC	United States
Discovery Latin America Investments, LLC	United States
Discovery Latin America, L.L.C.	United States
Discovery Licensing, Inc.	United States
Discovery Lightning Investments Ltd	United Kingdom
Discovery Luxembourg Holdings 1 S.a.r.l.	Luxembourg
Discovery Luxembourg Holdings 2 S.a.r.l.	Luxembourg
Discovery Media Ventures Limited	United Kingdom
Discovery Medya Hizmetleri Limited Sirketi	Turkey
Discovery Mexico Holdings, LLC	United States
Discovery Networks Asia-Pacific Pte. Ltd.	Singapore
Discovery Networks Brasil Agenciamento e Representação Ltda.	Brazil
Discovery Networks Caribbean, Inc.	Barbados
Discovery Networks Denmark ApS	Denmark
Discovery Networks Finland Oy	Finland
Discovery Networks International Holdings Limited	United Kingdom
Discovery Networks International LLC	United States
Discovery Networks Mexico S. de R.L. de C.V.	Mexico
Discovery Networks Norway AS	Norway
Discovery Networks OOO	Russian Federation
Discovery Networks Sweden AB	Sweden
Discovery Networks, S.L.	Spain
Discovery NZ Limited	New Zealand
Discovery OWN Holdings, LLC	United States
Discovery Polska Sp. Z.o.o.	Poland
Discovery Productions Group, Inc.	United States
Discovery Productions, LLC	United States

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Discovery Romania S.r.l	Romania
Discovery Science Televizyon Yayincilik Anonim Sirketi	Turkey
Discovery Services Australia Pty Ltd	Australia
Discovery Services, Inc.	United States
Discovery Solar Ventures, LLC	United States
Discovery South America Holdings, LLC	United States
Discovery Studios, LLC	United States
Discovery Talent Services, LLC	United States
Discovery Television Center, LLC	United States
Discovery Televizyon Yayincilik Anonim Sirketi	Turkey
Discovery Times Channel, LLC	United States
Discovery Trademark Holding Company, Inc.	United States
Discovery Wings, LLC	United States
Discovery.com, LLC	United States
DLA Holdings LLC	United States
DLG Acquisitions Limited	United Kingdom
DLG Financing 1 Limited	United Kingdom
DLG Financing 2 Limited	United Kingdom
DMS Argentina, LLC	United States
DMS Media Services, L.L.C.	United States
DNAP Networks (Malaysia) Sdn. Bhd.	Malaysia
DNE Music Publishing Limited	United Kingdom
DNI Europe Holdings Limited	United Kingdom
DNI Foreign Holdings Limited	United Kingdom
DNI German Holdings I Limited	United Kingdom
DNI German Holdings II Limited	United Kingdom
DNI Group Holdings LLC	United States
DNI Netherlands Holdings 1 Limited	Ireland
DNI Netherlands Holdings 2 Limited	Ireland
Dombey Street Productions Limited	United Kingdom
Dover Distributing, LLC	United States
Dplay Entertainment Limited	United Kingdom
Dutch Boy Productions, LLC	United States
E.C. Publications, Inc.	United States
EDA Televizyon Yayincilik ve Porduksiyon Anonim Sirketi	Turkey
Egil Holdings Inc.	United States
Eldrick Productions Inc.	United States
Elementary Productions Limited	United Kingdom
Elf Broadway, Inc.	United States
Emporium Productions Limited	New Zealand
Empresa Argentina Generadora y Comercializadora de Senales, LLC	United States
End City Productions Limited	New Zealand
End Slate Productions LLC	United States
Enduro Sports Organisation Limited	United Kingdom
Enformasyon Reklamcilik ve Filmcilik Sanayi ve Ticaret A.S.	Turkey
Entertainment Merchandise Ltd	United Kingdom
Entertainment Merchandise NY, Inc.	United States
ESC Entertainment	United States

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ESP Media Distribution Portugal S.A.

Eurosport Media SA

Eurosport SAS

Everwood Utah, Inc.

Evolving Productions LLC

Eyeworks 4K Holding S.A.

Eyeworks Argentina S.A.

Eyeworks B.V.

Eyeworks Byte S.A.

Eyeworks Chile S.A.

Eyeworks do Brasil - Produtora de Programas Televisivos e Filmes Publicitários Ltda.

Eyeworks Film & TV Drama BV

Eyeworks Italia S.r.l.

Eyeworks Latam Holding B.V.

Eyeworks Scandinavia AB

Eyeworks Vision S.A.

Facil Productions Limited

Factual Productions, Inc.

Falcon 7X-75, LLC

Falcon 900EX-304, LLC

Farsight Films Ltd.

FCBC Leasing, LLC

Fire & Blood Productions Limited

Flixster, Inc.

Food Network Holdings, LLC

Food Network Magazine, LLC

Forest Productions Inc.

Fortuna Felix Films S.r.l.

Four Bros. Films North Inc.

Four Bros. Louisiana Productions, LLC

Fragrant Gumtree Entertainment Pty Limited

Fresh Out Pictures, Inc.

Fudd Ink

Fullscreen, LLC

Funfair Films Limited

Gabriel Simon Production Services Limited

GAC Holdings, LLC

Gate 4 Productions Limited

Gateway to the South Homes, LLC

Georgia Dogwood Homes, LLC

Ginkym Production Services Inc.

Girly Cove Production Services Inc.

GNH Productions Inc.

Go There Productions, LLC

Goodfeathers Pictures Inc.

Got Talent, LLC

Grande Order Productions, LLC

Portugal

Switzerland

France

United States

United States

Argentina

Argentina

Netherlands

Argentina

Chile

Brazil

Belgium

Italy

Netherlands

Sweden

Argentina

United Kingdom

United States

United States

United States

Canada

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United States

United States



Great Big Story, LLC	United States
Green Content Sp. z o.o.	Poland
GTC Management Services Inc.	United States
Guys With Books Entertainment Co.	United States
Half a Yogurt Productions, LLC	United States
Hampton Wave LLC	United States
Hanna-Barbera Productions, Inc.	United States
Hanna-Barbera Studios Europe Limited	United Kingdom
Hannah-Rachel Production Services Limited	Canada
Harry Potter Limited	United Kingdom
Hazardous Films, LLC	United States
Hazardous Productions, LLC	United States
HBO ADRIA d.o.o.	Croatia
HBO Adria SRB d.o.o. Beograd-Stari Grad	Serbia
HBO Asia Acquisitions, LLC	United States
HBO Asia Holdings LLC	United States
HBO Brasil Holdings, LLC	United States
HBO Brasil Ltda	Brazil
HBO Brasil Partners	United States
HBO Bulgaria EOOD	Bulgaria
HBO Canada Services, Inc.	Canada
HBO Central Europe Acquisitions, LLC	United States
HBO Code Labs International GmbH	Germany
HBO Digital Latin America Holdings LLC	United States
HBO Digital Latin America LLC	United States
HBO Digital Services, Inc.	United States
HBO Entertainment, Inc.	United States
HBO Europe Holdings, Inc.	United States
HBO Europe Original Programming Limited	United States
HBO Europe s.r.o.	United Kingdom
HBO Europe, LLC	Czech Republic
HBO Film & Television Development Limited	United States
HBO Films, Inc.	United Kingdom
HBO Holding Zrt	United States
HBO Home Entertainment, Inc.	Hungary
HBO Independent Productions, Inc.	United States
HBO International (Europe) Limited	United States
HBO Latin America Acquisitions, LLC	United Kingdom
HBO Latin America Holdings LLC	United States
HBO Latin America Production Services, L.C.	United States
HBO Mexico Holdco, LLC	United States
HBO Nordic AB	United States
HBO Nordic Services Denmark APS	Sweden
HBO Nordic Services Finland Oy	Denmark
HBO Nordic Services Norway AS	Finland
HBO Ole Acquisitions, LLC	Norway
HBO OLE Distribution I, VBA	United States
HBO Ole Distribution, L.L.C.	Aruba
	United States

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HBO Ole International Marketing Ltd.	Virgin Islands, British
HBO Ole International Sales Company, LTD.	Virgin Islands, British
HBO OLE MARKETING SERVICES, S. DE R.L. DE C.V.	Mexico
HBO Ole Partners	United States
HBO OLE PRODUCCIONES. C.A.	Venezuela
HBO Pacific Partners V.O.F.	Curacao
HBO Polska Sp. Z.O.O.	Poland
HBO Portugal, Unipessoal LDA	Portugal
HBO poslovne storitve d.o.o.	Slovenia
HBO Registry Services, Inc.	United States
HBO Romania, S.R.L.	Romania
HBO Rome Holdings, Inc.	United States
HBO Service Corporation	United States
HBO Singapore Productions Private Limited	Singapore
Het ThuisHuis BV	Belgium
HeyDey Productions, LLC	United States
HGTV Magazine, LLC	United States
Historic AOL LLC	United States
Historic TBS Asia LLC	United States
Historic TW Inc.	United States
HLR Legacy Limited	United Kingdom
Hollands Licht B.V.	Netherlands
Hollands Licht Projects I B.V.	Netherlands
Hollands Licht Projects II B.V.	Netherlands
Hollands Licht Projects III B.V.	Netherlands
Holon Productions, LLC	United States
HOME Box Office (Singapore) PTE. LTD	Singapore
Home Box Office (Taiwan) Co. Ltd.	Taiwan
Home Box Office Nordic Investments AB	Sweden
Home Box Office Spain Ventures, S. L.	Spain
Home Box Office, Inc.	United States
Horizon Alternative Television Inc.	United States
Horizon Scripted Television Inc.	United States
Horseshoe Productions, Inc.	United States
HTV, LLC	United States
Hub Television Networks, LLC	United States
ICC Ventures, Inc.	United States
Imagen Satelital S.A.	Argentina
Imagine Pictures Private Limited	India
Imagined Sights Productions, LLC	United States
In Development, LLC	United States
In The Arena Sports, LLC	United States
Indy Ripple Oasis, LLC	United States
Informant Louisiana Pictures LLC	United States
International News Ad Sales, Inc.	United States
International Services and Company, LLC	United States
International Television and Motion Pictures Association LLC	United States
Interplanetary Productions Inc.	Canada

Inversiones ARB S.A.	Venezuela
ISL International Company Services Ltd.	Virgin Islands, British
iStreamPlanet Co., LLC	United States
JASH Productions Limited	United Kingdom
Jay Squared Productions LLC	United States
Jellystone Films Inc.	Canada
Jettison Productions Limited	United Kingdom
Joshmax Production Services Limited	Canada
Juliett November Production Services Inc.	Canada
JUNO PIX, INC.	United States
JV Programs, L.L.C.	United States
Katja Motion Picture Corp.	United States
KC Heart of America Homes, LLC	United States
Keystone TV Productions LLC	United States
Kiki Bee Production Services Inc.	Canada
Kiki Tree Pictures Inc.	United States
L&M Distributing, LLC	United States
La Fille des Frères Srl	Belgium
LA International Ltd.	Virgin Islands, British
La Puerta Productions Inc.	United States
Latin American Golf S.L.	Spain
Lavell Completion Guarantors, LLC	United States
Lazer Team Productions LLC	United States
Lennox House Pictures Inc.	United States
LFN Productions Inc.	United States
Libbet Producing, LLC	United States
Liberty Animal, Inc.	United States
Lifestyle Domain Holdings, Inc.	United States
Lifestyle NewCo Limited	United Kingdom
Lima Papa Production Services Inc.	Canada
Linear Productions LLC	United States
LIS DISTRIBUTION, INC.	United States
Little Rhodie Home, LLC	United States
London Film Experience (Baker Street) Ltd	United Kingdom
London Film Museum (Covent Garden) Limited	United Kingdom
Lorimar Music A Corp.	United States
Lorimar Music Bee Corp.	United States
Lorimar Music Publishing, Inc.	United States
Louisiana Post Productions, LLC	United States
Louisiana Premiere Films LLC	United States
Louisiana Premiere Productions LLC	United States
Louisiana Special Funds, LLC	United States
Love And War Distribution, Inc.	United States
Lowcountry Waterfront Homes, LLC	United States
Machinima, Inc.	United States
Mad Bunny Productions Inc.	Canada
Magical Beginnings Productions Limited	United Kingdom
Magnolia Discovery Ventures, LLC	United States

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Magnolia DTC Ventures, LLC	United States
Main Gate Productions LLC	United States
Main Lot Productions LLC	United States
Makenna Productions, Inc.	United States
Mammoth Productions Limited	United Kingdom
Manly Shore Production Services Inc.	Canada
Mansion Music Publishing, LLC	United States
Manu One Limited	New Zealand
MC Cable Holdings, LLC	United States
MC Cable TV Limited Partnership	United States
Mexico Advertising, L.L.C.	United States
Mexico Channels Advertising Services, S. de R.L. de C.V.	Mexico
Mil Colmillos, LLC	United States
Mission Control Productions Limited	Canada
Mitchell Entertainment, Inc.	United States
Mixed Bag Productions, LLC	United States
Monterey Productions Limited	United Kingdom
Motion Graphics Production Services Inc.	Canada
Motor Trend Group, LLC	United States
MTT Enterprises Inc.	United States
Musictown Home, LLC	United States
Mutiny Pictures Inc.	United States
Narrow Mark Films Limited	United Kingdom
Neon Black Productions, LLC	United States
Networks Holdings, LLC	United States
New Line Cinema LLC	United States
New Line Cinema Picturehouse Holdings, Inc.	United States
New Line Distribution, Inc.	United States
New Line International Releasing, Inc.	United States
New Line Lor International Distribution, Inc.	United States
New Line New Media, Inc.	United States
New Line Productions (UK) Limited	United Kingdom
New Line Productions, Inc.	United States
New Line Theatricals, Inc.	United States
New Tricks TV Productions Limited	United Kingdom
New-Path Productions, Inc.	United States
Nicolas Entertainment, Inc.	United States
Nightfall Films, LLC	United States
Nightfall Productions, LLC	United States
Ninjutsu Pictures Inc.	United States
Ninth Floor Fiji Productions, LLC	United States
Ninth Floor UK Productions Limited	United Kingdom
NM Talent Inc.	United States
Non-Precedential Productions, LLC	United States
NonStop Sales AB	Sweden
North Center Productions, Inc.	United States
NS Pictures, Inc.	United States
Number Three Films Limited	United Kingdom

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NuprodO, LLC	United States
NZK Productions Inc.	United States
OLD ALM, L.P.	United States
Olive Avenue Productions LLC	United States
On Bells Productions, LLC	United States
One Eighty Productions LLC	United States
One Point Productions LLC	United States
One Thirty Seven Productions Inc.	United States
Orange Conc Productions LLC	United States
Ospecials, LLC	United States
OWN Digital, LLC	United States
OWN LLC	United States
OWN Productions, LLC	United States
OWN: Oprah Winfrey Network LLC	United States
Pacing Productions LLC	United States
Painted Sky Homes, LLC	United States
Palladin Productions LLC	United States
Palm Retreat, LLC	United States
Paragon Communications Inc.	United States
Parallax TV Productions LLC	United States
Paris Leasing, LLC	United States
Pass Films LLC	United States
Patch Bay Productions LLC	United States
Peachy Clean Productions, LLC	United States
Penny Lanc Productions, LLC	United States
Plane Meets Paper Productions, LLC	United States
Platform 9 3/4 Kings Cross Ltd	United Kingdom
Platform 9 3/4 Retail Ltd	United Kingdom
Play Sports Group Limited	United Kingdom
Play Sports Network Limited	United Kingdom
Potter Leasing, LLC	United States
PP21 Productions LLC	United States
PromO Productions, LLC	United States
Proximity Productions LLC	United States
PSN Leasing, LLC	United States
Random Films Inc.	Canada
Random Pictures Inc.	United States
Random Productions, LLC	United States
Rebel Post Inc.	United States
Red Castle Productions Limited	United Kingdom
Red Zone Pictures, Inc.	United States
Redemption Pictures, Inc.	United States
Renegade Pictures (UK) Limited	United Kingdom
Renegade South Limited	United Kingdom
Renraw Production Services Inc.	Canada
Rent Now Productions, Inc.	United States
RET Music, Inc.	United States
Retro, Inc.	United States

Rettop I Leasing, LLC	United States
Rettop II Distributing, LLC	United States
Rettop II Leasing, LLC	United States
Rettop III Distributing, LLC	United States
Rettop III Leasing, LLC	United States
Rettop IV Distributing, LLC	United States
Rettop IV Leasing, LLC	United States
Ricochet Limited	United Kingdom
Ricochet Productions Limited	United Kingdom
Riverboat Films, LLC	United States
Riverboat Productions, LLC	United States
Riverside Avenue Distributing Inc.	United States
Riverside Olive Productions, Inc.	United States
Rocklock Films Limited	United Kingdom
Rocksteady Studios Limited	United Kingdom
Rooster Teeth Productions, LLC	United States
Rose City Pictures, Inc.	United States
Roundabout Productions Limited	United Kingdom
Rozar Pictures, LLC	United States
RTX Exhibitions LLC	United States
Ruby Lake Productions LLC	United States
Rush Hour Productions, Inc.	United States
S&K Pictures, Inc.	United States
Sarah Connor Pictures, Inc.	United States
Scope Productions, LLC	United States
Screaming Spirit Productions, LLC	United States
Scripps International Media Holdings, LLC	United States
Scripps Networks Interactive, Inc.	United States
Scripps Networks International (UK) Limited	United Kingdom
Scripps Networks Polska sp. z.o.o	Poland
Scripps Networks, LLC	United States
Second Breakfast Pictures Inc.	United States
Second In Command Productions, LLC	United States
SF Guarantors, LLC	United States
Shawn Danielle Production Services Limited	Canada
Shed Media Limited	United Kingdom
Shed Media Scotland Limited	United Kingdom
Shed Media US Inc.	United States
Shoe Bucket Limited	United Kingdom
Silverstrand Production Services Inc.	Canada
Singular Productions LLC	United States
Site Five Productions Limited	United Kingdom
SL Patent Holdings LLC	United States
SLO Productions Inc.	United States
Sloane Square Films Limited	United Kingdom
Smallville Studios Inc.	United States
SMBBW Inc.	United States
SMBGM Inc.	United States

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SMC Holdings, VBA	Aruba
SMJT Inc.	United States
SMUS Inc.	United States
SMWD Inc.	United States
Snow Business Films Inc.	Canada
SNU Inc.	United States
Sourdough Productions, LLC	United States
Southbank Media Ltd.	United Kingdom
Southern Conc Networks, L.L.C.	United States
Sparky Productions Inc.	United States
Spencer Theatre Productions, LLC	United States
Sports Networks, LLC	United States
SportsNet Northwest Holdings, LLC	United States
SportsNet Rocky Mountain, LLC	United States
Sportv Medya Hizmetleri A.S.	Turkey
Spring Rains Productions Limited	United Kingdom
Square One Studios, LLC	United States
Stage 13 Inc.	United States
STAVKA sp. z o.o.	Poland
Stress Less Productions Inc.	United States
Studio Discovery Co. Ltd.	Korea, Republic of
STZ Productions Inc.	United States
Sugar High Theatre Productions, Inc.	United States
Super Soul Sunday LLC	United States
Supernatural 5 Films Inc.	Canada
Superstation, Inc.	United States
Takhayal for Art Production JSC	Egypt
Takhayal Television FZ LLC	United Arab Emirates
TAPV, LLC	United States
TBS Interactive Group, Inc.	United States
TBS Istanbul Yayıncılık ve Prodüksiyon Anonim Sirketi	Turkey
TBS Productions, Inc.	United States
TCM Interactive Group, Inc.	United States
Techwood Clearinghouse, Inc.	United States
Techwood Music, Inc.	United States
Telepictures Productions Inc.	United States
Television Food Network, G.P.	United States
Ten Fifty Music, Inc.	United States
TEN Network Holding, Inc.	United States
The Bountiful Company Limited	United Kingdom
The Cartoon Network, Inc.	United States
The Travel Channel, L.L.C.	United States
Theoretical Pictures, Inc.	United States
Third Act Productions Inc.	Canada
Thompson Place Productions Limited	United Kingdom
Three Girl Singers Inc.	United States
Thumbprint Productions LLC	United States
Time Telepictures Television Inc.	United States

Time Warner CIMM Holdings LLC	United States
Time Warner Connect of San Antonio, Inc.	United States
Time Warner ContentGuard Holdings Inc.	United States
Time Warner EIS Technology LLC	United States
Time Warner Entertainment Limited	United Kingdom
Time Warner Holdings Limited	United Kingdom
Time Warner International Finance Limited	United Kingdom
Time Warner London Limited	United Kingdom
Time Warner Media Holdings B.V.	Netherlands
Time Warner Money Purchase Pension Plan Trustee Limited	United Kingdom
Time Warner Pension Trustee Limited	United Kingdom
Time Warner Realty Inc.	United States
Time Warner Services Inc.	United States
Time Warner SiTV Holdings Inc.	United States
Time Warner UK Limited	United Kingdom
Title Match Music, Inc.	United States
TNT Interactive Group, Inc.	United States
TNT Originals, Inc.	United States
TNT Productions, Inc.	United States
TNT Televizyon Produksiyon Limited Sirketi	Turkey
TopSports Ventures LTDA.	Brazil
TP Promotions Inc.	United States
Triple Point Productions LLC	United States
Triton Films Limited	United Kingdom
TT Animation Limited	United Kingdom
TT Games Limited	United Kingdom
TT Games Studios Limited	United Kingdom
TTT West Coast, Inc.	United States
Turner 1050 Productions, Inc.	United States
Turner Asia Pacific Investments, Inc.	United States
Turner Broadcasting Sales Southeast Asia, Inc.	United States
Turner Broadcasting Sales Taiwan, Inc.	United States
Turner Broadcasting System Arabia FZ-LLC	United Arab Emirates
Turner Broadcasting System Asia Pacific, Inc.	United States
Turner Broadcasting System Denmark ApS	Denmark
Turner Broadcasting System Deutschland GmbH	Germany
Turner Broadcasting System Espana, S.L.	Spain
Turner Broadcasting System Europe Limited	United Kingdom
Turner Broadcasting System France SAS	France
Turner Broadcasting System Holdings (Europe) Limited	United Kingdom
Turner Broadcasting System Italia Srl	Italy
Turner Broadcasting System Limited Liability Company	Russian Federation
Turner Broadcasting System Poland SP z.o.o.	Poland
Turner Broadcasting System, Inc.	United States
Turner China Ventures Limited	Hong Kong
Turner Classic Movies, Inc.	United States
Turner Commercial Consulting (Shanghai) Co., Ltd.	China
Turner Digital Basketball Services, Inc.	United States



Turner Entertainment Co.	United States
Turner Entertainment Holdings Asia Pacific Limited	Hong Kong
Turner Entertainment Networks International Limited	United Kingdom
Turner Entertainment Networks, Inc.	United States
Turner Feature Animation, Inc.	United States
Turner Festivals, Inc.	United States
Turner Films, Inc.	United States
Turner Financing Inc.	United States
Turner General Entertainment Networks India Private Limited	India
Turner Home Entertainment, Inc.	United States
Turner International Chile Holdings, LLC	United States
Turner International Colombia S.A.S.	Colombia
Turner International Holding LLC	United States
Turner International Latin America Networks LLC	United States
Turner International Latin America, Inc.	United States
Turner International Mexico SA de CV	Mexico
Turner International Panama, S.A.	Panama
Turner International, Inc.	United States
Turner Japan K.K.	Japan
Turner Mexico Holdco, LLC	United States
Turner Music Canada, Inc.	United States
Turner Music Publishing, Inc.	United States
Turner Network Television, Inc.	United States
Turner New Media Investments, Inc.	United States
Turner NOLA Productions, Inc.	United States
Turner Nordic and Baltic AB	Sweden
Turner Nordic Holding AB	Sweden
Turner Oh!K Limited	Hong Kong
Turner Omni Venture, Inc.	United States
Turner Original Productions, Inc.	United States
Turner Philippines Inc.	Philippines
Turner Pictures Worldwide Distribution, Inc.	United States
Turner Private Networks, Inc.	United States
Turner Properties, Inc.	United States
Turner Retail Company	United States
Turner Second Generation, Inc.	United States
Turner Security, Inc.	United States
Turner Services, Inc.	United States
Turner South Africa (Pty) Ltd	South Africa
Turner Sports Interactive, Inc.	United States
Turner Sports, Inc.	United States
TVN Media sp. z o.o.	Poland
TVN S.A.	Poland
TVN spółka akcyjna sp.j.	Poland
TW AOL Holdings LLC	United States
TW Global Properties LLC	United States
TW Media Holdings LLC	United States
TW NY Properties LLC	United States

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TW Real Estate Services LLC	United States
TW Service Inc.	United States
TW UK Holdings Inc.	United States
TW Ventures Inc.	United States
TW/TT Holdings Limited	United Kingdom
TWC R&D-Hungary Kft.	Hungary
Twenty Twenty Brighton Limited	United Kingdom
Twenty Twenty Production Services Limited	United Kingdom
Twenty Twenty Productions Limited	United States
TWI Visible World Holdings Inc.	United States
TW-SF LLC	United States
TW-SPV Co.	United States
TXR Studios, LLC	United States
Tyler Distributing, LLC	United States
Ulysses U.K. Inc.	United States
UNDERDOWN PRODUCTIONS PTY LIMITED	Australia
Upside Down Productions Inc.	United States
Urban Retreat, LLC	United States
Velocity Productions Limited	United Kingdom
Vendetta Leasing, LLC	United States
Vermont Mountain Home, LLC	United States
Vertical Hold Productions LLC	United States
VirtuCon, Inc.	United States
VLK Management LLC	United States
W Cinemas Holding Inc.	United States
W Cinemas Inc.	United States
WAD Productions Inc.	United States
WAG Leasing, LLC	United States
WAG Pictures Inc.	United States
WAG Productions Canada Inc.	Canada
Wall to Wall (Holdings) Limited	United Kingdom
Wall to Wall Drama Ltd	United Kingdom
Wall to Wall Media Limited	United Kingdom
Wall to Wall South Limited	United Kingdom
Wall to Wall Television Limited	United Kingdom
Warner Bros Turkey Film Limited Sirketi	Turkey
Warner Bros. (Asia/Pacific) LLC	United States
Warner Bros. (F.E.), Inc.	United States
Warner Bros. (Japan), Inc.	United States
Warner Bros. (Korea) Inc.	Korea, Republic Of
Warner Bros. (South), Inc.	United States
Warner Bros. (Transatlantic) France SAS	France
Warner Bros. (Transatlantic), Inc.	United States
Warner Bros. Advanced Media Services Inc.	United States
Warner Bros. Animation Inc.	United States
Warner Bros. Australian Productions Pty Ltd	Australia
Warner Bros. CC Productions Australia Pty	Australia
Warner Bros. Cinemas (Holdings) Limited	United Kingdom

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Warner Bros. Consulting Services (Beijing) Co., Ltd.  
Warner Bros. Consumer Products Inc.  
Warner Bros. Denmark ApS  
Warner Bros. Digital Networks Inc.  
Warner Bros. Digital Networks Labs Inc.  
Warner Bros. Discovery Chile Inversiones Limitada  
Warner Bros. Discovery Receivables Funding, LLC  
Warner Bros. Distributing Inc.  
Warner Bros. Enterprises LLC  
Warner Bros. Entertainment Australia Pty Limited  
Warner Bros. Entertainment Canada Inc.  
Warner Bros. Entertainment Espana S.L.U.  
Warner Bros. Entertainment France S.A.S.  
Warner Bros. Entertainment GmbH  
Warner Bros. Entertainment Inc.  
Warner Bros. Entertainment Italia S.R.L.  
Warner Bros. Entertainment Limited Liability Company  
Warner Bros. Entertainment Noderland B.V.  
Warner Bros. Entertainment Nordic AB  
Warner Bros. Entertainment Norge AS  
Warner Bros. Entertainment Polska Sp. z o.o.  
Warner Bros. Entertainment Switzerland GmbH  
Warner Bros. Entertainment UK Limited  
Warner Bros. Feature Productions Pty Limited  
Warner Bros. Features NZ Limited  
Warner Bros. Finland Oy  
Warner Bros. Games Limited  
Warner Bros. Games Manchester Limited  
Warner Bros. Home Entertainment Inc.  
Warner Bros. International Cinemas Inc.  
Warner Bros. International Enterprises Inc.  
Warner Bros. International Television Distribution Inc.  
Warner Bros. International Television Production Australia Pty Ltd  
Warner Bros. International Television Production Belgie BV  
Warner Bros. International Television Production Belgie Specials BV  
Warner Bros. International Television Production Danmark ApS  
Warner Bros. International Television Production Deutschland GmbH  
Warner Bros. International Television Production Espana, S.L.  
Warner Bros. International Television Production Finland Oy  
Warner Bros. International Television Production France S.A.S.  
Warner Bros. International Television Production Holding B.V.  
Warner Bros. International Television Production Holding Nederland B.V.  
Warner Bros. International Television Production Limited  
Warner Bros. International Television Production Nederland B.V.  
Warner Bros. International Television Production New Zealand Limited  
Warner Bros. International Television Production Norge AS  
Warner Bros. International Television Production Projects Nederland B.V.  
Warner Bros. International Television Production Sverige AB

China  
United States  
Denmark  
United States  
United States  
Chile  
United States  
United States  
United States  
Australia  
Canada  
Spain  
France  
Germany  
United States  
Italy  
Russian Federation  
Netherlands  
Sweden  
Norway  
Poland  
Switzerland  
United Kingdom  
Australia  
New Zealand  
Finland  
United Kingdom  
United Kingdom  
United States  
United States  
United States  
United States  
Australia  
Belgium  
Belgium  
Denmark  
Germany  
Spain  
Finland  
France  
Netherlands  
Netherlands  
United Kingdom  
Netherlands  
New Zealand  
Norway  
Netherlands  
Sweden

Warner Bros. International Television Production Sverige Drama AB	Sweden
Warner Bros. International Television Production Switzerland GmbH	Switzerland
Warner Bros. Investment (Holdings) Limited	United Kingdom
Warner Bros. ITVP NZ Projects 2 Limited	New Zealand
Warner Bros. ITVP NZ Projects 3 Limited	New Zealand
Warner Bros. ITVP NZ Projects 4 Limited	New Zealand
Warner Bros. ITVP NZ Projects 5 Limited	New Zealand
Warner Bros. ITVP NZ Projects 6 Limited	New Zealand
Warner Bros. ITVP NZ Projects 7 Limited	New Zealand
Warner Bros. ITVP NZ Projects 8 Limited	New Zealand
Warner Bros. ITVP NZ Projects Limited	New Zealand
Warner Bros. Japan LLC	Japan
Warner Bros. Literary Rights LLC	United States
Warner Bros. Malaysia Sdn. Bhd.	Malaysia
Warner Bros. Master Distributor Inc.	United States
Warner Bros. Pictures (B.C.), Inc.	Canada
Warner Bros. Pictures (India) Private Limited	India
Warner Bros. Pictures Ges.m.b.H.	Austria
Warner Bros. Productions (Boulet) Limited	United Kingdom
Warner Bros. Productions Limited	United Kingdom
Warner Bros. Programming Inc.	United States
Warner Bros. Singapore PTE Ltd.	Singapore
Warner Bros. Studios Japan LLC	Japan
Warner Bros. Studios Leavesden Limited	United Kingdom
Warner Bros. Technical Operations Inc.	United States
Warner Bros. Television (B.C.), Inc.	Canada
Warner Bros. Television Production (Fiji) Pte Ltd	Fiji
Warner Bros. Television Production Projects (Fiji) Pte Ltd	Fiji
Warner Bros. Television Production UK Limited	United Kingdom
Warner Bros. Theatre Ventures Inc.	United States
Warner Bros. Theatres (Australia) Pty. Limited	Australia
Warner Bros. Theatres (Holdings) Limited	United Kingdom
Warner Bros. Theatres (UK) Limited	United Kingdom
Warner Bros. Theatrical Enterprises LLC	United States
Warner Bros. TV Production Services Limited	United Kingdom
Warner Bros. UK Features Limited	United Kingdom
Warner Bros. Worldwide Television Distribution Inc.	United States
Warner Channel Brazil Inc.	United States
Warner Communications (Canada) Ltd.	Canada
Warner Communications LLC	United States
Warner Home Video (U.K.) Limited	United Kingdom
Warner Home Video Mexico, Sociedad Anónima de Capital Variable	Mexico
Warner Home Video Service Company, S.A. de C.V.	Mexico
Warner Horizon Television Inc.	United States
Warner Media (Barbados) Holdings SRL	Barbados
Warner Media (Barbados) Licensing SRL	Barbados
Warner Media 2.0 Investment Holdings, LLC	United States
Warner Media Care Limited	United Kingdom

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Warner Media Content Holdings I, LLC	United States
Warner Media Content Holdings II, LLC	United States
Warner Media Content Holdings III, LLC	United States
Warner Media Content Holdings, L.P.	United States
Warner Media Digital Holdings, Inc.	United States
Warner Media Direct Televizyon Yayincilik Anonim Sirketi	Turkey
Warner Media Entertainment Pages, Inc.	United States
Warner Media Europe Inc.	United States
Warner Media Hong Kong Limited	Hong Kong
Warner Media International Limited	United Kingdom
Warner Media, LLC	United States
Warner New Asia Inc.	United States
Warner Specialty Films Inc.	United States
Warner Specialty Productions Inc.	United States
Warner Specialty Video Productions Inc.	United States
Warner Theatre Productions Inc.	United States
Warner World Limited	United Kingdom
Warner-Barham Music LLC	United States
Warner-Hollywood Music LLC	United States
WarnerMedia (Malaysia) Sdn. Bhd.	Malaysia
WarnerMedia (Thailand) Limited	Thailand
WarnerMedia Advertising Sales, Inc.	United States
WarnerMedia Amsterdam B.V.	Netherlands
WarnerMedia Asia Pacific (HK) Limited	Hong Kong
WarnerMedia Asia Pacific Ventures, Inc.	United States
WarnerMedia Australia Pty. Limited	Australia
WarnerMedia Business Services LLC	United States
WarnerMedia Chile Inversiones Limitada	Chile
WarnerMedia Direct Asia Pacific, LLC	United States
WarnerMedia Direct France S.A.S.	France
WarnerMedia Direct Greece Ltd.	Greece
WarnerMedia Direct Latin America, LLC	United States
WarnerMedia Direct, LLC	United States
WarnerMedia Entertainment Networks Korea, Ltd	Korea, Republic Of
WarnerMedia Global Digital Services, LLC	United States
WarnerMedia Holdings, Inc.	United States
WarnerMedia India Private Limited	India
WarnerMedia Korea, Ltd	Korea, Republic Of
WarnerMedia Network Sales, Inc.	United States
WarnerMedia Pakistan (Private) Limited	Pakistan
WarnerMedia Services, LLC	United States
WarnerMedia Studios, Inc.	United States
Warner-Olive Music LLC	United States
Water Tower Production Services Inc.	Canada
Watershed Television Limited	United Kingdom
WAV Distribution LLC	United States
Waveform Productions LLC	United States
Wayne Enterprises Feature Productions Limited	United Kingdom

WB 100-Plus Station Group Inc.	United States
WB Communications II LLC	United States
WB Communications Inc.	United States
WB Discovery International Limited	Jersey
WB Games Boston Inc.	United States
WB Games Inc.	United States
WB Games Montreal Inc.	Canada
WB Mexico Holdco I, LLC	United States
WB Mexico Holdco II, LLC	United States
WB Studio Enterprises Inc.	United States
WB/TT Holdings Limited	United Kingdom
WBD Asia Pacific Content, LLC	United States
WBD Investment Holdings, LLC	United States
WBD Sports Events Limited	United Kingdom
WBDUK Sport Services Ltd	United Kingdom
WBSshop.com Inc.	United States
WBTv Canada Productions Services Inc.	Canada
WBTvPUK Pictures (WR) Limited	United Kingdom
WBTvPUK Pictures Limited	United Kingdom
WBTvPUK WGA Writers Limited	United Kingdom
WCI Global Business Services Inc.	United States
WCI Record Club Inc.	United States
WCI Theater Inc.	United States
WCI/AmLaw, Inc.	United States
West of 7th Digital Productions, LLC	United States
While You Were Sleeping, LLC	United States
Williams Street Productions, LLC	United States
WM Columbus Holdings, Inc.	United States
WM Interactive Media Holdings, LLC	United States
WM Max Holdings II, LLC	United States
WM Max Holdings, LLC	United States
WM Max, LLC	United States
WM Mexico Holdco, LLC	United States
WML Services, LLC	United States
WMNS Transmission LLC	United States
WT Distributing, LLC	United States
WV Films II LLC	United States
WV Films III LLC	United States
WV Films IV LLC	United States
WV Films LLC	United States
WW Productions	United States
Xworks B.V.	Netherlands
Yalli Productions Limited	United Kingdom
YNFS Productions LLC	United States
You I Labs (US) Inc.	United States
You I Labs Inc.	Canada

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-264453) and Form S-8 (Nos. 333-264461 and 333-268850) of Warner Bros. Discovery, Inc. of our report dated February 23, 2024 relating to the financial statements and financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP  
Washington, District of Columbia  
February 23, 2024

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO RULE 13a - 14(a) AND RULE 15d - 14(a)  
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David M. Zaslav, certify that:

1. I have reviewed this Annual Report on Form 10-K of Warner Bros. Discovery, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2024

By: /s/ David M. Zaslav

David M. Zaslav  
President and Chief Executive Officer



**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO RULE 13a - 14(a) AND RULE 15d - 14(a)  
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gunnar Wiedenfels, certify that:

1. I have reviewed this Annual Report on Form 10-K of Warner Bros. Discovery, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2024

By: /s/ Gunnar Wiedenfels  
Gunnar Wiedenfels  
Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Warner Bros. Discovery, Inc. ("Warner Bros. Discovery"), on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David M. Zaslav, President and Chief Executive Officer of Warner Bros. Discovery, certify that to my knowledge:

- 1 the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2 the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Warner Bros. Discovery.

Date: February 23, 2024

By: /s/ David M. Zaslav  
David M. Zaslav  
President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Warner Bros. Discovery, Inc. ("Warner Bros. Discovery"), on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gunnar Wiedenfels, Chief Financial Officer of Warner Bros. Discovery, certify that to my knowledge:

- 1 the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2 the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Warner Bros. Discovery.

Date: February 23, 2024

By: /s/ Gunnar Wiedenfels

Gunnar Wiedenfels  
Chief Financial Officer

## Compensation Clawback Policy

Global Employees  
Effective October 2, 2023

### Overview

The Board of Directors (the “**Board**”) of Warner Bros. Discovery, Inc. (the “**Company**”) has adopted this Compensation Clawback Policy (the “**Policy**”), which provides for the recovery of incentive compensation from Covered Executives (as defined below) under certain circumstances, consistent with Section 10D of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), Rule 10D-1 promulgated under the Exchange Act (“**Rule 10D-1**”) and Nasdaq Listing Rule 5608 (the “**Listing Standards**”).

### Scope

This Policy applies to Incentive-Based Compensation (as defined below) received by a Covered Executive (as defined below):

- after beginning services as a Covered Executive;
- who served as a Covered Executive at any time during the performance period for such Incentive-Based Compensation; and
- while the Company had a listed class of securities on a national securities exchange.

Incentive-Based Compensation is “**received**” for purposes of this Policy in the Company’s fiscal period during which the Financial Reporting Measure (as defined below) specified in the Incentive-Based Compensation award is attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.



## Administration

Except as specifically set forth herein, this Policy is administered by the Compensation Committee of the Board (the "**Administrator**").

The Administrator is authorized to interpret this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy and may consult with the full Board or other committees of the Board. The Administrator's determinations will be final and binding.

The Administrator may authorize and empower any officer or employee of the Company to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee).

## Definitions

As used in this Policy, the following definitions apply:

**"Accounting Restatement"** means an accounting restatement of the Company's financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

**"Applicable Period"** means the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement, as well as any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years (except that a transition period that comprises a period of at least nine months will count as a completed fiscal year). The **"date on which the Company is**



**required to prepare an Accounting Restatement**” is the earlier to occur of (a) the date the Board or the Audit Committee of the Board concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement, in each case regardless of if or when the restated financial statements are filed.

**“Covered Executives”** means the Company’s current and former executive officers, as determined by the Board in accordance with the definition of executive officer set forth in Rule 10D-1 and the Listing Standards.

A **“Financial Reporting Measure”** is any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measure that is derived wholly or in part from such measure. Financial Reporting Measures include, but are not limited to, the following (and any measures derived from the following):

- Company stock price;
- total shareholder return;
- revenues;
- net income;
- operating income;
- profitability of one or more reportable segments;
- financial ratios (e.g., accounts receivable turnover rate);
- earnings before interest, taxes, depreciation and amortization (“**EBITDA**”);
- funds from operations and adjusted funds from operations;
- liquidity measures (e.g., working capital, operating cash flow, free cash flow);
- return measures (e.g., return on invested capital, return on assets);
- earnings measures (e.g., earnings per share);
- revenue per subscriber, or average revenue per subscriber, where revenue is subject to an Accounting Restatement;

- cost per employee, where cost is subject to an Accounting Restatement;
- any of such financial reporting measures relative to a peer group, where the Company’s financial reporting measure is subject to an Accounting Restatement; and
- tax basis income.

A Financial Reporting Measure does not need to be presented within the Company’s financial statements or included in a filing with the Securities Exchange Commission.

**“Incentive-Based Compensation”** means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

### **Required Recoupment of Erroneously Awarded Compensation**

In the event the Company is required to prepare an Accounting Restatement, the Company will promptly recoup the amount of any Erroneously Awarded Compensation received by any Covered Executive, as calculated in accordance with the below, during the Applicable Period.

#### **Amount Subject to Recovery**

The amount of **“Erroneously Awarded Compensation”** subject to recovery under the Policy, as determined by the Administrator, is the amount of Incentive-Based Compensation received by the Covered Executive that exceeds the amount of Incentive-Based Compensation that would have been received by the Covered Executive had it been determined based on the restated amounts.

$$\begin{array}{l}
 \text{Erroneously Awarded Compensation} \\
 \text{=} \\
 \text{Total Incentive-Based Compensation Received by the Covered Executive} \\
 \text{minus} \\
 \text{Incentive-Based Compensation Determined Based on Accounting Restatement}
 \end{array}$$



The Administrator will determine Erroneously Awarded Compensation without regard to any taxes paid by the Covered Executive on the Erroneously Awarded Compensation.

In addition, with respect to any compensation plans or programs that take into account Incentive-Based Compensation, the amount of Erroneously Awarded Compensation subject to recovery includes, but is not limited to, the amount contributed to any account based on Erroneously Awarded Compensation and any earnings accrued to date on that amount. Matching contributions contributed to the Company's 401(K) Plan are not subject to clawback.

For Incentive-Based Compensation based on stock price or total shareholder return:

- the Administrator will determine the amount of Erroneously Awarded Compensation based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received; and
- the Company will maintain documentation of the determination of that reasonable estimate and provide such documentation to the Nasdaq Stock Market ("**Nasdaq**").

### **Compensation Not Subject to Recovery**

Recovery of compensation is not required:

- for compensation received while an individual was serving in a non-executive capacity prior to becoming a Covered Executive; or
- from any individual who is a Covered Executive on the date on which the Company is required to prepare an Accounting Restatement but who was not a Covered Executive at any time during the performance period for which the Incentive-Based Compensation is received.





## Method of Recoupment

The Administrator will determine, in its sole discretion, the timing and method for promptly recouping Erroneously Awarded Compensation, which may include, without limitation:

- seeking reimbursement of all or part of any cash or equity-based award;
- canceling prior cash or equity-based awards, whether vested or unvested or paid or unpaid;
- canceling or offsetting against any planned future cash or equity-based awards;
- forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder; and
- any other method authorized by applicable law or contract.

Subject to compliance with any applicable law, the Administrator may affect recovery under this Policy from any amount otherwise payable to the Covered Executive, including amounts payable under another Company plan or program, including base salary, annual cash incentives or bonuses and compensation previously deferred by the Covered Executive.

## Exceptions to Recoupment

The Company is authorized and directed pursuant to this Policy to recoup Erroneously Awarded Compensation in compliance with this Policy unless the Administrator has determined that recovery would be impracticable solely for the following limited reasons, and subject to the following procedural and disclosure requirements:

- The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Administrator must make a reasonable attempt



to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover, and provide that documentation to Nasdaq;

- Recovery would violate laws of the United States adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of U.S. laws, the Administrator must satisfy the applicable opinion and disclosure requirements of Rule 10D-1 and the Listing Standards; or
- Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder. For the avoidance of doubt, matching contributions made to a Company 401(k) Plan are not subject to clawback.

## **No Indemnification of Covered Executives**

Notwithstanding the terms of any indemnification or insurance policy or any contractual arrangement with any Covered Executive that may be interpreted to the contrary, the Company will not indemnify any Covered Executives against the loss of any Erroneously Awarded Compensation, including any payment or reimbursement for the cost of third-party insurance purchased by any Covered Executives to fund potential clawback obligations under this Policy.

## **Administrator Indemnification**

Any members of the Administrator, and any other members of the Board who assist in the administration of this Policy, will not be personally liable for any action, determination or interpretation made with respect to this Policy and will be indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation. The



foregoing sentence will not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.

### **Effective Date**

This Policy is effective as of October 2, 2023 (the "**Effective Date**"). The terms of this Policy will apply to Incentive-Based Compensation received by Covered Executives on or after the Effective Date, even if such Incentive-Based Compensation was approved, awarded, granted or paid to Covered Executives prior to the Effective Date.

### **Amendment; Termination**

The Board may amend, modify, supplement, rescind or replace all or any portion of this Policy at any time and from time to time in its discretion, and shall amend this Policy as it deems necessary to comply with applicable law or any rules or standards adopted by a national securities exchange on which the Company's securities are listed.

### **Retroactive Recoupment**

Subject to applicable law, the Administrator may affect recovery of Erroneously Awarded Compensation under this Policy from any amount of compensation approved, awarded, granted, payable or paid to the Covered Executive prior to, on or after the Effective Date.

### **Other Recoupment Rights**

The Board intends for this Policy to be applied to the fullest extent of the law. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company under applicable law or pursuant to the terms of any similar policy in any employment agreement, equity award agreement, compensation plan documents or similar agreement



and any other legal remedies available to the Company, including, but not limited to, Section 304 of the Sarbanes-Oxley Act of 2002.

### **Company Claims**

Nothing contained in this Policy, and no recoupment or recovery as contemplated by this Policy, will limit any claims, damages or other legal remedies the Company or any of its affiliates may have against a Covered Executive arising out of or resulting from the Covered Executive's actions or omissions.

### **Successors**

This Policy is binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

### **Exhibit Filing Requirement**

A copy of this Policy and any amendments thereto will be posted on the Company's website and filed as an exhibit to the Company's Annual Report on Form 10-K.

### **Questions about the Policy**

Any questions regarding this Policy should be directed to the Company's General Counsel or its Chief People and Culture Officer.



**EXHIBIT A**

**Compensation Clawback Policy Acknowledgment**  
*(to be signed by each Covered Executive)*

I, the undersigned, agree and acknowledge that I am fully bound by, and subject to, all of the terms and conditions of the Warner Bros. Discovery, Inc. Compensation Clawback Policy (as may be amended, restated, supplemented or otherwise modified from time to time, the "**Policy**"). In the event of any inconsistency between the Policy and the terms of any employment agreement to which I am a party, or the terms of any compensation plan, program or agreement under which any compensation has been granted, awarded, earned or paid, the terms of the Policy shall govern. In the event it is determined by the Administrator that any amounts granted, awarded, earned or paid to me must be forfeited or reimbursed to the Company, I will promptly take any action necessary to effectuate such forfeiture and/or reimbursement. Any capitalized terms used in this Acknowledgment without definition shall have the meaning set forth in the Policy.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_ Date



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
05/13/2024

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> MARSH USA, LLC. 1166 AVENUE OF THE AMERICAS NEW YORK, NY 10036  CN101825320-ALL-GAW-24-25	<b>CONTACT NAME:</b> CSS	<b>FAX (A/C, No):</b>	
	<b>PHONE (A/C, No, Ext):</b>	<b>E-MAIL ADDRESS:</b> NewYork.Certs@marsh.com	
<b>INSURED</b> Home Box Office, INC HeyDey Productions, LLC - subdivision of Home Box Office, INC 2500 Broadway Santa Monica, CA 90404	<b>INSURER(S) AFFORDING COVERAGE</b>		<b>NAIC #</b>
	<b>INSURER A:</b> National Union Fire Insurance Company		19445
	<b>INSURER B:</b> All Insurance Co		19399
	<b>INSURER C:</b>		
	<b>INSURER D:</b>		
	<b>INSURER E:</b>		

### COVERAGES

**CERTIFICATE NUMBER:** NYC-011290701-36

**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			6882261	05/01/2024	05/01/2025	EACH OCCURRENCE	\$ 5,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 1,000,000
							MED EXP (Any one person)	\$ 100,000
							PERSONAL & ADV INJURY	\$ 5,000,000
							GENERAL AGGREGATE	\$ 10,000,000
							PRODUCTS - COMP/OP AGG	\$ 10,000,000
								\$
A	AUTOMOBILE LIABILITY			7031092 (AOS)	05/01/2024	05/01/2025	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
B	<input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS ONLY			7031093 (MA)	05/01/2024	05/01/2025	BODILY INJURY (Per person)	\$
							BODILY INJURY (Per accident)	\$
							PROPERTY DAMAGE (Per accident)	\$
								\$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB						EACH OCCURRENCE	\$
							AGGREGATE	\$
								\$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY <input type="checkbox"/> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below			20396077 (AOS)	05/01/2024	05/01/2025	<input checked="" type="checkbox"/> PER STATUTE	
B				20396078 (CA)	05/01/2024	05/01/2025	E.L. EACH ACCIDENT	\$ 1,000,000
B				20396079 (WI)	05/01/2024	05/01/2025	E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
							E.L. DISEASE - POLICY LIMIT	\$ 1,000,000

**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)**  
Re: Production: The Gilded Age (S2) - For Use of the facilities at Old Bethpage Village Restoration ; Location: Old Bethpage Village Restoration, Old Bethpage, NY  
HeyDey Productions, LLC is a subdivision of Home Box Office, INC. 2500 Broadway Santa Monica, CA 90404

The Certificate holder, Nassau County is/are included as Additional Insured under the General Liability and Automobile Liability policies but only with respect to the requirements of the contract between the Certificate Holder and the Insured.

### CERTIFICATE HOLDER

### CANCELLATION

COUNTY OF NASSAU 1550 FRANKLIN AVENUE MINEOLA, NY 11501	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE  <i>Marsh USA LLC</i>
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## COUNTY OF NASSAU

### PERMIT FOR USE AND OCCUPATION OF COUNTY OWNED PROPERTY

THIS PERMIT, (together with the schedules, appendices, attachments and exhibits, if any, hereinafter referred to as this "Permit" or "Agreement"), made as of the date (the "Effective Date") that this Permit is executed by the County, is entered into by and between (i) Home Box Office, Inc. (hereinafter referred to as the "Permittee" or "HBO"), with offices at 2500 Broadway, Santa Monica, California 90404 and (ii) the County of Nassau (hereinafter referred to as the "County"), a municipal corporation of the State of New York having its principal office at 1550 Franklin Avenue, Mineola, New York 11501, acting on behalf of Department of Parks, Recreation and Museums, having its address at Administration Building, Eisenhower Park, East Meadow, New York 11554 ("Parks" or the "Department").

WHEREAS, Parks, pursuant to Section 2165 of the County Charter, has jurisdiction over parklands of the County of Nassau and facilities therein;

WHEREAS, the Permittee has applied to the County for permission to use and occupy certain premises (the "Premises") owned by the County and located in Old Bethpage Village Restoration ("OBVR"), consisting of the vacant dirt area adjacent to the Museum of American Armor, approximately 6.25 acres of undeveloped land, as depicted on the attached map designated as Exhibit "A", to construct a temporary set, and film episodes of the television series project currently entitled "The Gilded Age" (the "Production");

WHEREAS, OBVR is a living history museum that provides visitors with the unique opportunity to step back in time and experience life as it was on Long Island during the 19th century, and Permittee's temporary set will supplement the OBVR buildings with a reproduction of a 19th century streetscape;

WHEREAS, the land subject to this Permit is a barren and underutilized section of OBVR and the use of the Premises pursuant to the terms and conditions of this Permit will enhance the visibility of OBVR, improve the public recreational benefits of the venue, and generally increase public awareness of the County's parks, museums and cultural attractions and assets;

WHEREAS, the County desires to build upon the success of the burgeoning film industry in Nassau County, which brings both direct and indirect economic benefits to the County, including to the County's park system;

WHEREAS, the County is desirous of fulfilling its mission of improving parks facilities for the use and enjoyment of all of the citizens of the County;

WHEREAS, the Permittee is assisting the County in its mission, including by grading and landscaping the Premises, which will help prevent the flooding of the Museum

of American Armor, infusing much needed revenue into Parks, and, at Parks' request, funding the cost of constructing sports or athletic/recreational fields and associated parking on the Premises as provided below; and

WHEREAS, the Permittee is willing to abide by and carry out the conditions and regulations of this Permit which shall not be considered a lease, but merely a license, revocable on notice, as further provided herein.

NOW, THEREFORE, in consideration of the covenants and restrictions and demands contained herein and the fee(s) to be paid by the Permittee to the County, the Permittee shall have the non-exclusive right to use and occupy the Premises as detailed herein, pursuant to the conditions and regulations, whether general or special, which are hereinafter set forth; to wit:

### CONDITIONS AND REGULATIONS

#### 1. GRANT/USE OF PROPERTY:

(a) The Permittee is hereby granted a non-exclusive right to use and occupy the Premises, which right, subject to the terms and conditions of this Permit, shall be non-exclusive. The Premises shall be used only for the purpose of constructing sets and conducting activities relating to the filming of episodes for the Production.

(b) Prior to commencing filming on each applicable season of the Production, HBO shall submit a description of anticipated hours of operation, and number of persons on site to the County.

(c) Under the terms of the County's permit with the Museum of American Armor (the "Museum"), upon notice to the Museum the County has access to use the Museum parking lot adjacent to the Premises (the "Lot"). HBO will advise the County in advance of any requirements to use the Lot for parking and associated uses (including dates and number of spaces). In conjunction with the Museum, the County will exercise reasonable efforts to accommodate HBO's requested uses.

(d) The Permittee shall operate and maintain the Premises in a first class, safe, operable, and sanitary manner at all times, consistent with the operations and best practices of comparable usage, and in such further manner as prescribed in this Permit and as permitted by the laws, rules, regulations and orders of the government agencies having jurisdiction.

(e) The Permittee assumes all risk of loss respecting this Permit except as provided herein. In no event will the Permittee be entitled to a credit against the use fee for this Permit.

(f) The Permittee shall be solely responsible for properly securing and safeguarding its personal property, equipment, personnel, employees, invitees and guests throughout the term of this Permit. The County assumes no responsibility for the loss or



damage to any equipment, property or persons; provided, however, that the Permittee shall not be responsible for that portion, if any, of any loss or damage that is caused by the negligence or willful misconduct of the County.

(g) The Permittee shall provide, at its sole cost and expense, the necessary equipment, supplies and personnel to properly operate under the terms of this Permit.

(h) The Permittee shall, at its sole cost and expense, obtain all licenses and permits that may be required to use the Premises in accordance with applicable rules, laws and regulations.

(i) The Permittee's use of the Premises shall not materially interfere with the public's use and enjoyment of OBVR and the Museum.

2. COUNTY USE; JOBS AND EDUCATIONAL BENEFITS; EXHIBITION:

(a) The County and HBO will mutually agree on a plan for public access to the Premises under HBO's supervision, including scheduled school tours of the set, highlighting historical aspects of the set as a recreation of a New York City street, circa 1882. Tours will be arranged at times mutually agreeable to the parties. HBO, the Museum, and the County will work together in good faith to create cooperative educational programs at the Premises under HBO supervision.

(b) The Permittee will work cooperatively with the County and Parks to explore opportunities to (i) offer job and educational opportunities to County residents in connection with the Production; (ii) provide seminars on film; and (iii) pursue internship and training programs with local colleges and other organizations.

(c) The Permittee will work collaboratively with the County to explore the establishment of an exhibition or other opportunity to showcase the production of The Gilded Age.

3. TERM: The term of this Permit (inclusive of any extensions, the "Permit Period") shall commence on the Effective Date and shall terminate in eighteen (18) months. HBO shall have four (4) one (1) year extension options exercisable by HBO upon written notice to County thirty (30) days prior to the expiration of the applicable period, unless sooner terminated as provided for herein.

4. USE FEE:

(a) The Permittee shall pay an annual base fee (the "Use Fee") to the County in the amount of Six Hundred Thousand (\$600,000.00) Dollars, subject to a five percent (5%) increase, compounded, for each extension option exercised by the Permittee. The Use Fee is due and payable in monthly installments during each month of the Permit Period (prorated for partial months), due on the first day of the month (or within ten (10) days of the Effective Date or the first date of any extension term if such day is not the first day of the

applicable month). The Permittee shall make the first payment within ten (10) days after the Effective Date covering the period from the Effective Date until the end of the month within which the Effective Date falls. Thereafter, monthly payments shall be due in advance on the first day of each month. The Use Fee shall be dedicated to the Department solely for recreational and park uses.

All fees to be paid by the Permittee shall be paid by certified check, bank cashier's check, or U.S. Post Office money order, payable to the "Nassau County Department of Parks, Recreation and Museums" and delivered to the office of the Commissioner, Department of Parks, Recreation and Museums ("Commissioner"), Eisenhower Park, Administration Building, East Meadow, New York 11554. All fees may also be paid by ACH transfer.

(b) Late Fee. In the event the Permittee fails to pay any of the required Use Fees before the tenth (10<sup>th</sup>) day of the month when said fee(s) are due, then in that event the Permittee shall be charged a late fee of five percent (5%) of the base fee. Failure to make such late fee payment shall be deemed a material breach of this Agreement.

#### 5. SET CONSTRUCTION/SITE IMPROVEMENT:

(a) As part of the site preparation, HBO will grade and landscape the Premises to provide proper drainage. HBO shall work with the County and the Museum in good faith to ensure that such site preparation remediates flooding of the Museum. HBO shall, at its own cost and expense, cause any and all utilities, lines, dry wells, and other disposal systems needed for the use and occupation of the Premises, to be installed at the Premises.

(b) HBO shall construct sets and associated improvements for the Production, at its own cost and expense, in a good and workmanlike manner and in compliance with all applicable laws, rules and regulations. Prior to the commencement of construction, HBO shall submit to the County, the Department of Public Works and Parks for review and approval, not to be unreasonably withheld or delayed, such fully-engineered site plans, specifications, schematics, working and mechanical drawings (collectively, the "Plans") specifications and contracts for the construction work that the Department of Public Works requires, including but not limited to, any excavation work and subcontracting, as well as the project budget and timeline. HBO will pay prevailing wages for construction work and activities.

(c) HBO shall submit to the Department of Public Works and all other governmental agencies having jurisdiction, for prior approval, which shall not be unreasonably withheld or delayed, Plans in regard to all construction work that the Department of Public Works requires, which shall be signed and sealed by a New York State Registered Architect or Licensed Professional Engineer, who will oversee the entire construction project. HBO shall submit the architect's or engineer's qualifications to the Department of Public Works for prior approval, which shall not be unreasonably withheld or delayed. All Plans shall be in such detail as the Department of Public Works shall require. All work shall be undertaken in accordance with the Plans approved in writing in advance by the Department of Public Works. The supervising architect or engineer is

required to ensure that all construction conforms in all material respects to the Plans approved by the Department of Public Works. Upon completion of the work, HBO shall deliver to the County final "As-Built" plans in digital format.

(d) The Permittee will be required to supply a contractor's performance bond and payment bond ("Bonds") of a financially sound surety company from every trade contractor, which Bonds shall be in form and content reasonably satisfactory to the County and shall secure (i) completion of the work required under the trade contract for the work to be constructed, and (ii) the payment of all sums required of the trade contractor under the trade contract. Alternatively, the Permittee may provide equivalent security acceptable to the Department to the extent permitted under applicable law.

(e) The Permittee shall make no material structural alterations or improvements that materially vary from the Plans without the prior written consent of the County. It is understood by the Permittee that the Permittee shall be responsible for the cost of any repairs, improvements, cleaning or maintenance work of any kind to be performed upon the Premises.

6. RECORDINGS: The Permittee will have the right to photograph, film, tape, record and reproduce the Premises and scenes thereon (such photography, film, tape, and other recordings collectively, the "Recordings"), and the exclusive right (but not the obligation) to use, reproduce, exhibit and license others to exhibit, and otherwise exploit the Recordings, in whole or in part, in any and all media, now known or hereafter devised, throughout the world, in perpetuity. Permittee shall be the sole and exclusive owner of all rights, title and interest of whatever nature, including without limitation all copyrights, in and to the Recordings, throughout the world, in perpetuity. The rights granted herein shall not limit any rights the Permittee may already have as a member of the general public. The County agrees not to seek injunctive or other equitable relief that would interfere with HBO's use of the Recordings. Permittee's rights in and to the Recordings shall survive the expiration or earlier termination of this Agreement.

7. CONDITION OF PREMISES; TITLE; SURRENDER; POST-FILMING IMPROVEMENTS:

(a) The Permittee represents and acknowledges that it has inspected the Premises, has knowledge of its condition, and has found the Premises to be suitable for its permitted use as provided herein. The Permittee acknowledges and represents to the County that neither the County nor any agent or representative of the County has made any statements or representations regarding the quality, nature, adequacy or physical condition of the Premises, the uses which can be made of the same, its compliance with any environmental or occupational protection laws, rules, regulations or requirements, the state of title, or any other matter or thing affecting or relating to the Premises. The Permittee is accepting the Premises in its "AS IS" condition "WITH ALL FAULTS" as of the date of this Permit, and hereby releases the County from any claim arising thereto.

(b) The Permittee acknowledges that this Permit is a license solely for the

Premises and nothing contained herein is intended to transfer to the Permittee any rights with respect to the Premises.

(c) It is anticipated that there will be minimal, if any, negative impact to the Premises and surrounding park areas as a result of Permittee's use and to the extent there is any damage to the Premises or surrounding park areas, including to any flora and fauna thereon, the Permittee agrees, subject to the provisions of Subsection 7(e), below, to promptly restore the damaged area(s) to its natural physical condition.

(d) The Permittee further covenants that it will surrender and give up the Premises to the County upon the termination of this Permit, and that, upon vacating the Premises, it will forthwith remove sets and all personal and other property belonging to it from the Premises on the date that it surrenders the Premises (or promptly within sixty (60) days thereafter if the Permit Period is terminated on less than sixty (60) days' notice) and will execute a full release to the County for any damages which may have resulted to its property either arising out of or due to its occupancy of the Premises. The Permittee acknowledges that any personal property remaining on the Premises after the expiration, or within thirty (30) days of any sooner termination, of this Permit, is intended by the Permittee to be abandoned. The Permittee shall remain liable to the County for any damages should the Permittee fail to cease operations, vacate or remove all possessions from the Premises on or before the dates set forth above.

(e) Promptly following the expiration or earlier termination of the Permit Period, Permittee will level the Premises sufficient for the construction of athletic/recreational fields and associated parking, and will fund the cost of the County's future construction of such fields and associated parking in the amount of Three Hundred Thousand (\$300,000.00) Dollars, provided, however, that, notwithstanding the foregoing, in the event that this Permit is revoked, the Permittee's payment for the construction of the athletic/recreational fields will instead be reduced to an amount equal to Fifty Thousand (\$50,000.00) Dollars for each year of the Permittee's use of the Premises under this Permit (pro-rated for partial years).

(f) The provisions of this Section shall survive the expiration or earlier termination of this Agreement.

#### 8. INSURANCE:

(a) Types and Amounts. The Permittee shall obtain and maintain throughout the term of this Agreement, at its own expense: (i) one or more policies for commercial general liability insurance, which policy(ies) shall name "Nassau County" as an additional insured but only with respect to liability for bodily injury or property damage caused in whole or in part by Permittee's acts or omissions, or the acts or omissions of those acting on Permittee's behalf in the performance of Permittee's operations at the property located herein and have a minimum single combined limit of liability of not less than five million dollars (\$5,000,000) per occurrence with a yearly aggregate of ten (10) million dollars; (ii) compensation insurance for the benefit of the Permittee's employees ("Workers' Compensation Insurance"), which insurance is in compliance with the New York State

Workers' Compensation Law; (iii) commercial automobile liability insurance with a limit of not less than One Million Dollars (\$1,000,000) combined single limit and endorsed to cover owned, hired and non-owned automobiles; and (iv) such additional insurance, such as "Permittee's Liability Insurance" including Builder's All-Risk Insurance, as the County may from time to time specify.

(b) Acceptability; Deductibles; Subcontractors. All insurance obtained and maintained by the Permittee pursuant to this Agreement shall be (i) written by one or more commercial insurance carriers licensed to do business in New York State and acceptable to the County, and (ii) in form and substance acceptable to the County. The Permittee shall be solely responsible for the payment of all deductibles to which such policies are subject. The Permittee shall require any subcontractors hired in connection with this Agreement to carry insurance with the same limits and provisions required to be carried by the Permittee under this Agreement.

(c) Delivery; Coverage Change; No Inconsistent Action. Prior to the execution of this Agreement copies of current certificates of insurance evidencing the insurance coverage required by this Agreement shall be delivered to the Department. prior to the date of any expiration or renewal of, or actual, proposed or threatened reduction or cancellation of coverage under, any insurance required hereunder, the Permittee shall provide written notice to the Department of the same and deliver to the Department renewal or replacement certificates of insurance. The Permittee shall cause all insurance to remain in full force and effect throughout the term of this Agreement and shall not take any action or omit to take any action that would suspend or invalidate any of the required coverages. The failure of the Permittee to maintain Workers' Compensation Insurance shall render this contract void and of no effect. The failure of the Permittee to maintain the other required coverages shall be deemed a material breach of this Agreement upon which the County reserves the right to consider this Agreement terminated as of the date of such failure.

## 9. INDEMNITY:

(a) The Permittee shall be solely responsible for and shall indemnify and hold harmless the County, the Department and its officers, employees, agents, volunteers and representatives (the "Indemnified Parties") from and against any and all liabilities, losses, costs, expenses (including, without limitation, reasonable outside attorneys' fees and disbursements) and damages ("Losses"), arising out of or in connection with any acts or omissions of the Permittee or any agent of Permittee, including any Losses from claims of invasion of privacy or publicity, regardless of whether due to negligence, fault, or default, and including Losses in connection with any threatened investigation, litigation or other proceeding or preparing a defense to or prosecuting the same; provided, however, that the Permittee shall not be responsible for that portion, if any, of a Loss that is caused by the negligence or willful misconduct of the County or the Department.

(b) The Permittee shall indemnify, defend, protect and hold harmless the Indemnified Parties from and against any and all Losses arising from the use by the Permittee of proprietary intellectual property of third parties (whether such claims are

actual or threatened) under the copyright or other laws of the United States. The foregoing shall apply regardless of the means of publication or performance by the Permittee, and shall include without limitation the use of recordings, audio broadcasts, video broadcasts and all other publication or performances whatsoever, whether now known or developed after the date of this Agreement.

(c) The Permittee shall, upon the County's demand and at the County's direction, promptly and diligently defend, at the Permittee's own risk and expense, any and all suits, actions, or proceedings which may be brought or instituted against one or more Indemnified Parties for which the Permittee is responsible under this Section, and, further to the Permittee's indemnification obligations, the Permittee shall pay and satisfy any judgment, decree, loss or settlement in connection therewith.

(d) The Permittee shall, and shall cause all agents of Permittee to reasonably cooperate with the County and the Department in connection with the investigation, defense or prosecution of any action, suit or proceeding in connection with this Agreement, including the acts or omissions of the Permittee and/or a Permittee Agent in connection with this Agreement.

(e) The provisions of this Section shall survive the expiration or earlier termination of this Agreement.

#### 10. COMPLIANCE WITH LAWS, REGULATIONS AND CODES:

(a) The Permittee shall comply with any and all applicable Federal, State and local Laws, including, but not limited to those relating to conflicts of interest, discrimination, prevailing and living wage, disclosure of information, and vendor registration, in connection with its performance under this Permit. Permittee shall comply with the County's vendor registration protocol. As used in this Agreement the word "Law" includes any and all statutes, local laws, ordinances, rules, regulations, applicable orders, and/or decrees, and any requisite approvals or permits as may be required by the Nassau County Police Department or Nassau County Department of Public Works, as the same may be amended from time to time, enacted, or adopted. The Permittee shall obtain, at its sole cost and expense, any and all approvals, permits and other licenses required by federal, state and local laws, rules, regulations and orders which are or may become necessary including, but not limited to, any required Nassau County Department of Health permits and any and all inspections of the Nassau County Fire Marshall's Office .

(b) NASSAU COUNTY LIVING WAGE LAW. Pursuant to LL 1-2006, as amended, and to the extent that a waiver has not been obtained in accordance with such law or any rules of the County Executive, the Permittee agrees as follows:

- (i) The Permittee shall comply with the applicable requirements of the Living Wage Law, as amended;
- (ii) Failure to comply with the Living Wage Law, as amended, may constitute a material breach of this Agreement, the occurrence of

which shall be determined solely by the County. The Permittee has the right to cure such breach within thirty (30) days of receipt of notice of breach from the County. In the event that such breach is not timely cured, the County may terminate this Agreement as well as exercise any other rights available to the County under applicable law.

- (iii) It shall be a continuing obligation of the Permittee to inform the County of any material changes in the content of its certification of compliance and shall provide to the County any information necessary to maintain the certification's accuracy. On a yearly basis, Permittee shall provide the County with any material changes to its Certificate of Compliance, attached to this Agreement as Appendix L.

(c) Records Access. The parties acknowledge and agree that all records, information, and data ("Information") acquired in connection with performance or administration of this Agreement shall be used and disclosed solely for the purpose of performance and administration of the Agreement or as required by law. The Permittee acknowledges that Permittee Information in the County's possession may be subject to disclosure under Article 6 of the New York State Public Officer's Law ("Freedom of Information Law" or "FOIL"). In the event that such a request for disclosure is made, the County shall make reasonable efforts to except such information from public disclosure on the grounds that the information constitutes trade secrets, sensitive proprietary information and that the information, if disclosed, would cause substantial injury to Permittee's competitive position. In any event, the County will notify the Permittee of such request prior to disclosure of the Information so that the Permittee may take such action as it deems appropriate.

(d) Prohibition of Gifts. In accordance with County Executive Order 2-2019, the Permittee shall not offer, give, or agree to give anything of value to any County employee, agent, consultant, construction manager, or other person or firm representing the County (a "County Representative"), including members of a County Representative's immediate family, in connection with the performance by such County Representative of duties involving transactions with the Permittee on behalf of the County, whether such duties are related to this Agreement or any other County contract or matter. As used herein, "anything of value" shall include, but not be limited to, meals, holiday gifts, holiday baskets, gift cards, tickets to golf outings, tickets to sporting events, currency of any kind, or any other gifts, gratuities, favorable opportunities or preferences. For purposes of this Subsection, an immediate family member shall include a spouse, child, parent, or sibling. The Permittee shall include the provisions of this Subsection in each subcontract entered into under this Agreement.

(e) Disclosure of Conflicts of Interest. In accordance with County Executive Order 2-2019, the Permittee has disclosed as part of its response to the County's Business History Form, or other disclosure form(s), any and all instances where the Permittee employs any spouse, child, or parent of a County employee of the agency or department

that contracted or procured the goods and/or services described under this Agreement. The Permittee shall have a continuing obligation, as circumstances arise, to update this disclosure throughout the term of this Agreement.

(f) Vendor Code of Ethics. By executing this Agreement, the Permittee hereby certifies and covenants that:

- (i) The Permittee has been provided a copy of the Nassau County Vendor Code of Ethics issued on June 5, 2019, as may be amended from time to time (the "Vendor Code of Ethics"), and will comply with all of its provisions;
- (ii) All of the Permittee's Participating Employees, as such term is defined in the Vendor Code of Ethics (the "Participating Employees"), have been provided a copy of the Vendor Code of Ethics prior to their participation in the underlying procurement;
- (iii) All Participating Employees have completed the acknowledgment required by the Vendor Code of Ethics;
- (iv) The Permittee will retain all of the signed Participating Employee acknowledgements for the period it is required to retain other records pertinent to performance under this Agreement;
- (v) The Permittee will continue to distribute the Vendor Code of Ethics, obtain signed Participating Employee acknowledgments as new Participating Employees are added or changed during the term of this Agreement, and retain such signed acknowledgments for the period the Permittee is required to retain other records pertinent to performance under this Agreement; and
- (vi) The Permittee has obtained the certifications required by the Vendor Code of Ethics from any subcontractors or other lower tier participants who have participated in procurements for work performed under this Agreement.

11. CLEANING, REPAIRS, UTILITIES AND MAINTENANCE:

(a) The Permittee understands that the Permittee shall be responsible for, and shall perform, any and all cleaning of any kind necessitated due to the Permittee's use and occupancy of the Premises.

(b) The County shall have no obligation to furnish heat, water, fuel, or any other service, maintenance, cleaning, snow removal, trash removal, to the Premises. It is understood by the Permittee that the Permittee shall, at the Permittee's sole cost and expense and to the satisfaction of the County, (i) keep the Premises clean and neat and in every respect sanitary; (ii) collect and remove all litter, debris and rubbish generated from its operations at the Premises; (iii) pay for any utilities, fuel, water, telephone or other costs relating to the improved or unimproved portions of the Premises, whether furnished to the Permittee by or through the County or obtained directly by the Permittee from the utility provider, provided, however, that the Permittee shall not undertake the installation of any



new utility lines without first having obtained all necessary permits and approvals, including the prior written consent of the County which consent shall not be unreasonably withheld; and (iv) provide adequate security at all times for its equipment, products and personnel and invitees.

12. ASSIGNMENT: This Permit shall not be assigned, shared or otherwise transferred without the prior written consent (not to be unreasonably withheld or delayed) of the County Executive and any purported assignment, sharing or transfer without such consent shall be void ab initio.

13. REVOCAION: The County reserves the right to revoke this Permit in good faith upon sixty (60) days' prior written notice mailed to the Permittee at the address given in the Permit herein. The County shall not exercise any revocation in an arbitrary and capricious manner.

14. TERMINATION FOR CAUSE/DEFAULT: Parks may terminate this Permit for cause as follows:

(a) Should the Permittee materially breach or materially fail to comply with any of the material provisions of this Permit, any federal, state or local law, rule, regulation or order affecting the Permit or the Premises with regard to any and all matters, County may in writing order the Permittee to remedy such breach or comply with such provision, law, rule, regulation or order, and in the event that the Permittee fails to comply with such written notice within thirty (30) days from the receipt thereof (or if such breach is not reasonably subject to cure within such thirty (30) day period, then such further period of time as shall be reasonably required to effectuate such cure in the exercise of reasonable diligence), then this Permit shall immediately terminate.

(b) The following shall constitute events of default for which this Permit may be terminated on ten (10) day notice: (i) appointment of any receiver of the Permittee's assets; (ii) the making of a general assignment for the benefit of creditor's; (iii) the occurrence of any act which operates to deprive the Permittee permanently of the rights, powers, and privileges necessary for the proper conduct and operation of the Permit; (iv) the levy of any attachment or execution which substantially interferes with the Permittee's operations under this Permit and which attachment or execution is not vacated, dismissed, stayed or set aside within a period of one hundred and eighty (180) days; and/or (v) should the Permittee be the subject of any non-frivolous proceeding under which all or a material portion of its assets may be subject to seizure, forfeiture or divestiture. Nothing contained in Subsections (a) or (b) above shall be deemed to imply or to be construed to represent an exclusive enumeration of circumstances under which County may terminate this Permit.

(c) The Permittee agrees that upon the expiration or sooner termination of this Permit, it shall immediately cease all operations pursuant to this Permit and shall vacate the Premises without any further notice by the County and without resort to any judicial proceeding by the County. Upon the expiration or sooner termination of this Permit, the County reserves the right to take immediate possession of the Premises.

(d) The Permittee shall, on or prior to the expiration or sooner termination of this Permit, remove all personal possessions from the Premises. Permittee acknowledges that any personal property remaining on the Premises after the expiration or sooner termination of this Permit is intended by Permittee to be abandoned. Permittee shall remain liable to the County for any damages; including lost revenues and the cost of removal or disposal of property should the Permittee fail to remove all possessions from the premises on or before the expiration or termination date.

(e) No receipt of moneys by Parks from the Permittee after the termination of this Permit, or after the giving of any notice of the termination of this Permit, shall reinstate, continue or extend the Term or affect any notice theretofore given to the Permittee, or operate as a waiver of the right of Parks to enforce the payment of fees payable by the Permittee hereunder or thereafter falling due, or operate as a waiver of the right of Parks to recover possession of the Premises by proper remedy. After the service of notice to terminate this Permit or the commencement of any suit or summary proceedings or after a final order or judgment for the possession of the Premises, Parks may demand, receive and collect any moneys due or thereafter falling due without in any manner affecting the notice, proceeding, order, suit or judgment, all such moneys collected being deemed payments on account of the use and occupation of the Premises or, at the election of Parks, on account of the Permittee's liability hereunder.

15. REPOSSESSION: The Permittee acknowledges that the Premises are owned by the County and will be used for a public purpose and that repossession by the County of the Premises is essential to the orderly scheduling of work on the Premises or use by the County; that any delay in such work or use, may subject the County to substantial claims for damages, or adversely affect the County's use of same. The Permittee hereby waives the requirements of personal service of the notice of the Writ of Assistance and covenants that in any action or proceeding brought by the County to recover possession of the Premises that the Permittee will not enter any answer and that he will not petition the Court having jurisdiction thereof for a stay of execution of the warrant issued in accordance with the final order in such action or proceeding.

16. ACCOUNTING PROCEDURES; RECORDS: The Permittee shall maintain and retain, for a period of six (6) years following the later of termination of or final payment under this Agreement, complete and accurate records, documents, accounts and other evidence, if any, whether maintained electronically or manually ("Records"), pertinent to performance under this Agreement. Records shall be maintained in accordance with Generally Accepted Accounting Principles and, if the Permittee is a non-profit entity, must comply with the accounting guidelines set forth in the applicable provisions of the Code of Federal Regulations, 2 C.F.R. Part 200, as may be amended. Such Records shall at all times be available for audit and inspection by the Comptroller, the Department, any other governmental authority with jurisdiction over the provision of services hereunder and/or the payment therefore, and any of their duly designated representatives. The provisions of this Section shall survive the expiration or earlier termination of this Agreement.

17. NO ARREARS OR DEFAULT: The Permittee is not in arrears to the

County upon any debt or contract and it is not in default as surety, Permittee, or otherwise upon any obligation to the County, including any obligation to pay taxes to, or perform services for or on behalf of, the County.

18. SECURITY DEPOSIT: Upon affixing its signature to this Permit, Permittee shall provide the County with a security deposit in the amount of Fifty Thousand (\$50,000.00) Dollars ("Security Deposit") payable to "*Treasurer of Nassau County*". Failure to make payment according to this schedule shall result in revocation of this Permit. The Security Deposit shall be held by the County without liability for the County to pay interest thereon, as security for the full, faithful and prompt performance of and compliance with each and every term and condition of this Permit to be observed and performed by the Permittee.

19. NOTICES: Any notice, request, demand or other communication required to be given or made in connection with this permit shall be (a) in writing, (b) delivered or sent (i) by hand delivery, evidenced by a signed, dated receipt, (ii) postage prepaid via certified mail, return receipt requested, or (iii) overnight delivery via a nationally recognized courier service, (c) deemed given or made on the date the delivery receipt was signed, three (3) business days after it is mailed or one (1) business day after it is released to a courier service, as applicable; in each case to the attention of and at the address specified below:

Notices to the County will be given to:

Commissioner  
Nassau County Department of Parks Recreation & Museums  
Administration Building  
Eisenhower Park  
East Meadow, NY 11554  
(516) 572-0272

With a copy to:

County Attorney, Nassau County  
Attn: Bureau Chief, Municipal Transactions  
One West Street  
Mineola, New York 11501  
(516) 571-3076

Notices to the Permittee will be given to:

Executive Vice President and Chief Counsel  
Home Box Office, Inc.  
2500 Broadway  
Santa Monica, CA 90404  
(310) 382-3000

20. COMMUNICATIONS: The Permittee shall provide to the appropriate County staff a list of names and cell phone numbers of those persons on-site who are responsible for directing the use and occupation of the Premises.

21. SPECIAL CONDITIONS AND REQUIREMENTS:

(a) The Permittee shall promptly notify Parks of material accidents or material damage occurring at the Premises. Such notice, including documents filed with any County or local law enforcement, or insurance agencies, shall also be provided in writing within five (5) business days of the discovery of such accident or occurrence. Such accidents or incidents shall include, without limitation, injury to person, including death, and/or damage to property, fire, flood and casualty. The Permittee shall also designate a person to handle all such claims, including all claims for loss or damage including all insured claims for loss or damage pertaining to the operation of the Premises, and the Permittee shall notify Parks in writing as to said person's name and address.

(b) This Permit is not a lease. It is not the intent of the parties to create a Landlord-Tenant relationship.

(c) Controlled substances are strictly prohibited. Alcoholic beverages may be allowed with the approval of the Parks Commissioner, provided, however, that no prior approval from the Parks Commissioner is required for the use of alcoholic beverages to the extent any such alcoholic beverages are used in connection with the Recordings.

(d) The Permittee shall, at all times during construction and production at the Premises, have a certified emergency medical technician present at the Premises during the operations of this Permit, and shall otherwise have in effect during production an emergency medical response plan comporting with standard industry practices.

22. NO WAIVER OF COUNTY'S RIGHTS:

The failure of the County at any time to demand strict performance by the Permittee of any of the terms, covenants or conditions set forth herein shall not be construed as a continuing waiver or relinquishment thereof and the County may, at any time, demand strict and complete performance by the Permittee of said terms, covenants and conditions or of any other term and conditions of this Permit.

23. RIGHTS RESERVED BY THE COUNTY/CONCESSIONS:

(a) All rights not specifically granted to the Permittee in this Agreement shall be reserved by the County.

(b) The Permittee shall not operate, or permit the operation of, any concession on the Premises, or permit others to use all or a portion of the Premises for commercial events, except with the prior written approval of the County.

24. ALL LEGAL PROVISIONS DEEMED INCLUDED; SEVERABILITY, SUPREMACY:

(a) Every provision required by law to be inserted into or referenced by this Agreement is intended to be a part of this Agreement. If any such provision is not inserted or referenced or is not inserted or referenced in correct form then (i) such provision shall be deemed inserted into or referenced by this Agreement for purposes of interpretation and (ii) upon the application of either party this Agreement shall be formally amended to comply strictly with the Law, without prejudice to the rights of either party.

(b) In the event that any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(c) Unless the application of this Subsection will cause a provision required by law to be excluded from this Agreement, in the event of an actual conflict between the terms set forth above, the signature page to this Agreement and those contained in any schedule, exhibit, appendix, or attachment to this Agreement, the terms and conditions set forth above the signature page shall control. To the extent possible, all the terms of this Agreement should be read together as not conflicting.

(d) Each party has cooperated in the negotiation and preparation of this Agreement, so if any construction is made of the Agreement it shall not be construed against either party as drafter.

#### 25. LIMITATIONS ON ACTIONS AND SPECIAL PROCEEDINGS AGAINST THE COUNTY:

No action or special proceeding shall lie or be prosecuted or maintained against the County upon any claims arising out of or in connection with this Agreement unless:

(a) Notice. At least thirty (30) days prior to seeking relief the Permittee shall have presented the demand or claim(s) upon which such action or special proceeding is based in writing to the Chief Deputy County Executive ("CDCE") for adjustment and the County shall have neglected or refused to make an adjustment or payment on the demand or claim for thirty (30) days after presentment. The Permittee shall send or deliver copies of the documents presented to the CDCE under this Section to each of (i) the Department and the (ii) the County Attorney (at the address specified above for the County) on the same day that documents are sent or delivered to the CDCE. The complaint or necessary moving papers of the Permittee shall allege that the above-described actions and inactions preceded the Permittee's action or special proceeding against the County.

(b) Time Limitation. Such action or special proceeding is commenced within the earlier of (i) one (1) year of the first to occur of (A) final payment under or the termination of this Agreement, and (B) the accrual of the cause of action, and (ii) the time specified in any other provision of this Agreement.

#### 26. ADVERTISING AND SIGNAGE:

(a) The Permittee may release news items to the media referencing filming of

The Gilded Age at OBVR provided that the Permittee coordinates any such release with the County.

(b) Subject to Section 10 (c) above, the County agrees that before, during and after the term hereof, the County shall not disclose, publish, distribute, make use of or otherwise exploit, whether orally, in writing or by any electronic or other means (including, without limitation, via newspapers, magazines, television or radio programs, websites, blogs, social networks, posts, e-mails, texts, photos, etc.), any material or information regarding Permittee's use of the Premises and/or the Production being produced by Producer, including without limitation any script(s), plot(s), locations, footage, characters, or the identity of the production, the network, or any performer, writer, director or other personnel.

27. RECOGNITION: In the event that other similarly situated third parties are provided screen credit, HBO will provide the County screen credit consistent therewith. Notwithstanding the foregoing, no casual or inadvertent failure by HBO to comply with the credit obligations of this paragraph, nor the failure of any third parties to so comply, shall be deemed a breach of this Agreement. HBO will not use the County seal without express written permission from the County.

28. SECTION AND OTHER HEADINGS: The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

29. EXECUTORY CLAUSE: Notwithstanding any other provision of this Agreement:

Approval and Execution. The County shall have no liability under this Permit (including any extension or other modification of this agreement) to any Person unless (i) all County approvals have been obtained, including, if required, approval by the County Legislature, and (ii) this Agreement has been executed by the Commissioner (as defined in this Agreement).

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Permittee and the County have executed this Permit as of the Effective Date.

HOME BOX OFFICE, INC.

By: George J. Roewe III (Jay)

Name: GEORGE J. ROEWE III (Jay)  
Title: SUP PRODUCTION - HBO  
Date: 11/13/19

NASSAU COUNTY

By: Brian J. Schneider

Name: BRIAN J. SCHNEIDER  
Title: DEPUTY COUNTY EXECUTIVE  
Date: 10/19/19

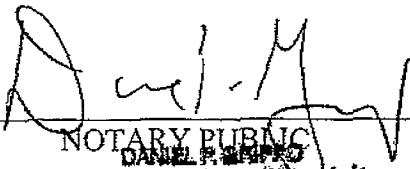
PLEASE EXECUTE IN BLUE INK

STATE OF NEW YORK)

) ss.:

COUNTY OF NASSAU )

On the 13<sup>th</sup> day of November in the year 2019 before me personally came George J. Rowett III to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of Los Angeles, Ca.; that he or she is the Senior Vice President of HBO, Inc., the corporation described herein and which executed the above instrument; and that he or she signed his or her name thereto by authority of the board of directors of said corporation.

  
NOTARY PUBLIC  
DANIEL P. DISTASIO  
Notary Public, State of New York  
No. 4935448  
Qualified in Suffolk County  
Commission Expires December 31, 2021

STATE OF NEW YORK)

) ss.:

COUNTY OF NASSAU )

On the 11 day of November in the year 2019 before me personally came Brian J. Schneider to me personally known, who, being duly sworn, did depose and said that (s)he resides in Nassau County; that (s)he is the County Executive or      Chief Deputy County Executive or  Deputy County Executive of the County of Nassau, or      the Commissioner of Parks, the municipal corporation described herein and which executed the above instrument; and that (s)he signed his/her name thereto.

  
NOTARY PUBLIC

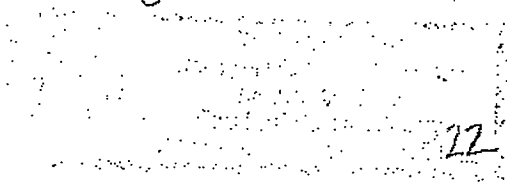




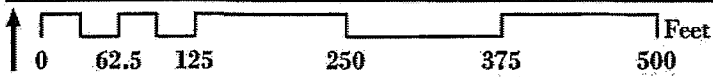
EXHIBIT "A"  
SITE MAP SHOWING PREMISES



# Map of Premises



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, AeroGRID, IGN, and the GIS User Community



*Nassau County Depart*

APPENDIX L

Certificate of Compliance

In compliance with Local Law 1-2006, as amended (the "Law"), the Permittee hereby certifies the following:

1. The <sup>President</sup> chief executive officer of the Permittee is:

Casey Bloys (Name)

2500 Broadway SANTA MONICA CA (Address)

310-382-3000 (Telephone Number)

2. The Permittee agrees to either (1) comply with the requirements of the Nassau County Living Wage Law or (2) as applicable, obtain a waiver of the requirements of the Law pursuant to Section 9 of the Law. In the event that the Permittee does not comply with the requirements of the Law or obtain a waiver of the requirements of the Law, and such Permittee establishes to the satisfaction of the Department that at the time of execution of this agreement, it had a reasonable certainty that it would receive such waiver based on the Law and Rules pertaining to waivers, the County will agree to terminate the contract without imposing costs or seeking damages against the Permittee

3. In the past five years, Permittee \_\_\_\_\_ has \_\_\_\_\_ has not been found by a court or a government agency to have violated federal, state, or local laws regulating payment of wages or benefits, labor relations, or occupational safety and health. If a violation has been assessed against the Permittee, describe below:

HBO is a large corporation, with the potential for many nonmaterial claims.

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4. In the past five years, an administrative proceeding, investigation, or government body-initiated judicial action \_\_\_\_\_ has \_\_\_\_\_ has not been commenced against or relating to the Permittee in connection with federal, state, or local laws regulating payment of wages or benefits, labor relations, or occupational safety and health. If such a proceeding, action, or investigation has been commenced, describe below:

As above.

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5. Permittee agrees to permit access to work sites and relevant payroll records by authorized County representatives for the purpose of monitoring compliance with the Living Wage Law and investigating employee complaints of noncompliance.

I hereby certify that I have read the foregoing statement and, to the best of my knowledge and belief, it is true, correct and complete. Any statement or representation made herein shall be accurate and true as of the date stated below.

11/12/19  
Dated

*George J. Profwe II (Jay)*  
Signature of Chief Executive Officer

GEORGE J. PROFWE II (Jay)  
Name of Chief Executive Officer

Sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

SEE ATTACHED  
Notary Public

# California Jurat Certificate

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Los Angeles

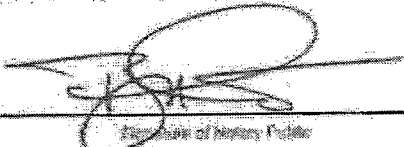
S.S.

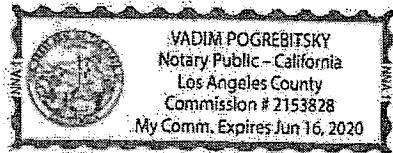
Subscribed and sworn to (or affirmed) before me on this 12 day of November

20 19, by George J. Roewe and

\_\_\_\_\_ proved to me on the basis of

satisfactory evidence to be the person(s) who appeared before me.

  
\_\_\_\_\_  
Notary Public  
Vadim Pogrebitsky



### OPTIONAL INFORMATION

#### Description of Attached Document

The certificate is attached to a document titled for the purpose of

containing \_\_\_\_\_ pages, and dated \_\_\_\_\_

Additional Information	
<b>Method of Affiant Identification</b>	
Proved to me on the basis of satisfactory evidence: <input type="radio"/> form(s) of identification <input type="radio"/> credible witness(es)	
Notarial event is detailed in notary journal on: Page #: _____ Entry #: _____	
Notary contact: _____	
Other	
<input type="checkbox"/> Affiant(s) Thumbprint(s)	<input type="checkbox"/> Describe: _____