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ROB BONTA*Attorney General*

Attorney General Bonta Announces Settlement in Warner Bros./Paramount Litigation

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Contact: (916) 210-6000, agpressooffice@doj.ca.gov

Settlement resolves antitrust concerns, protects the livelihoods of Hollywood workers, and guarantees massive investments in domestic film production

LOS ANGELES — California Attorney General Rob Bonta today led a coalition of 12 attorneys general in securing a settlement with Paramount Skydance Corporation (Paramount), resolving the states' lawsuit alleging the merger of the entertainment giant and Warner Bros. Discovery (Warner Bros.) would harm competition by lowering output and raising prices, hurting both workers and consumers in the process. Today's settlement, pending approval by the court, includes a five-year court enforceable commitment to increase film output, a minimum of an additional \$1.5 billion commitment

to bolster domestic film production, a \$47.5 million fund for workers who are impacted by the merger, and restrictions on how the company handles cable negotiations to help keep prices competitive.

"Today, we have secured a settlement that resolves our antitrust concerns of the Warner Bros./Paramount merger — concerns that the merger will lower output and increase prices — by guaranteeing massive investment in domestic film production and providing enforceable guardrails to help keep cable prices competitive. Let me be clear: This settlement is not a vote of support for this merger. But we believe this settlement, which resolves our antitrust concerns in every market alleged in our case, protects competition and consumer choice, and puts workers' needs, concerns, and futures first, is the best course of action," **said Attorney General Rob Bonta.** "When we get down to brass tacks, what we heard over and over from people who would be most directly and immediately impacted by the merger is that what matters most is consistent film output, domestic production, and protecting the livelihoods of workers above and below the line. As such, our settlement provides court-enforceable commitments for more films, an infusion of an additional \$1.5 billion into home-grown film production, and protections for workers who are impacted by the merger. There's no Hollywood without the people who work on and off screen to make the magic happen, and today's settlement protects workers, jobs, and Hollywood."

"I want to take this opportunity to thank AG Bonta for a job well done in settling with Paramount and achieving protections for workers, enforceable safeguards and other important commitments from the company as the merger may now move forward," **said IATSE International President Matthew D. Loeb.** "I look forward to working with the company and am greatly appreciative of the framework the AGs office put in place to protect IATSE members into the future."

"We congratulate the parties on reaching an agreement that addresses a number of critical concerns related to the Paramount/WBD merger. The AG agreement contains important binding and enforceable commitments that protect theatrical film and television markets and domestic film jobs. Equally important, it brings clarity and stability to the industry during a period of decreased production," **said Directors Guild of America National Executive Director Russell Hollander.** "We especially thank California Attorney General Rob Bonta, and New York Attorney General Letitia James, for their leadership. We intend to continue our discussions with Paramount regarding domestic television production, with a focus on ensuring a competitive and robust marketplace that protects jobs."

"We appreciate Attorney General Rob Bonta and his team for their leadership, thoughtful engagement, and work throughout this process to support continued film and television production and good jobs in California. We also recognize Paramount for its longstanding commitment to California's entertainment industry, its strong relationship with the workers who help make that industry successful, and its continued investment in production and jobs here at home," **said Alex Aguilar Jr., LiUNA! Local 724 Business Manager.** "Thousands of LIUNA members are proud to be part of this industry, and we look forward to seeing these commitments create continued opportunities for workers and communities across California."

"The Teamsters Union supports the settlement agreement announced today by California Attorney General Rob Bonta to move forward the pending merger between Paramount Skydance and Warner Bros. Discovery. We thank Attorney General Bonta for his hard work to bring together the unions, employers, and other interested parties to craft a deal that protects American jobs in the film and television industry," **said International Brotherhood of Teamsters General President President Sean M. O'Brien.** "The agreement includes protections for workers on the frontlines of this merger, which is the

highest priority for the Teamsters Union. We must continue to do everything we can to work together to keep good-paying union jobs in America and to ensure America remains at the forefront of the global entertainment industry."

"The settlement of the Attorneys General antitrust lawsuit, announced today, addresses some of our deep concerns about production levels and investment in U.S. production. We thank California Attorney General Rob Bonta, New York Attorney General Letitia James and the other Attorney's General for helping to ensure our members' interests were part of the conversation. Their advocacy is deeply appreciated," **said Sean Astin, President of SAG-AFTRA and Duncan Crabtree-Ireland, National Executive Director and Chief Negotiator of SAG-AFTRA.** "We will continue to approach our relationship with Paramount with professionalism and the intention to work well together. We hope that the process of engaging with the attorneys general has impressed upon them the fact that in addition to collective bargaining, our members rely on the law to help protect our interests. These are the lowest standards that our employers must meet. All of the companies have the opportunity to exceed their legal obligations and make additional efforts to ensure that our workplaces are healthy and that employers honor our dignity."

In July, Attorney General Bonta and a coalition of attorneys general sued to challenge the merger of Paramount and Warner Bros., arguing the deal was illegal, likely to lessen competition, and threatened viewers with higher prices, the decline of theatrical exhibition of films, and a reduction in the variety, quality, and amount of content distributed.

Today's settlement includes:

An Annual Film Release Commitment: Paramount has agreed to a five-year term, where the merged company will commit to release:

- 30 films a year — including 20 wide releases — in the first two years.
- 32 films a year — with 21 wide releases — in years three, four, and five.
- Paramount commits to release at least four independent films in each year of the commitment period.

If Paramount fails to meet this film output requirement in any year, the company will be required to divest Miramax Studios and must pay \$30 million per missed film toward the healthcare and retirement trust funds associated with the Writers Guild of America (WGA), International Alliance of Theatrical Stage Employees (IATSE), Directors Guild of America (DGA), International Brotherhood of Teamsters (IBT) and other unions, and to the National Association of Attorneys General (NAAG) for more antitrust enforcement.

Domestic Production: Paramount has agreed to bolster the merged company's U.S. film production and spend an at least additional \$1.5 billion over five years over its 2025 U.S. spending levels. Importantly, this is a baseline. Right now, around 5% of all of Paramount's production is in the U.S. If a federal film tax credit of at least 20% is passed, production in the U.S. would need to increase to be 20% of all film production for years one and two and at least 30% of all film production for the remaining years. If, in addition to a federal tax credit, a more expansive state film tax credit is also passed in either California or New York, then production investment would need to increase to at least 40% of all film production being in the U.S instead of overseas.

In the next legislative session, Attorney General Bonta will be working closely with the legislature to uncap the California Film and Television Tax Credit in order to strengthen California's competitiveness, encourage productions to spend and hire more in the state, and support jobs and businesses across the state.

Independent Film Fund: The merged company will form and operate a fund for purchasing independent films and will make an annual contribution of \$5 million per year, for a total of \$25 million.

Protections for Workers: The merged company will commit \$47.5 million in a Workforce Fund over five years for training and career development for workers who are displaced by the merger. The merged company must also honor previously established collective bargaining agreements and bargain in good faith with unions in years to come.

Cable Agreements: For five years, the merged company must conduct negotiations for Paramount basic cable channels independently from negotiations for Warner Bros. basic cable channels, preserving the existing competitive dynamic between the companies. Preserving competition helps to keep prices down for consumers. The merged company also must continue to offer a free streaming service, like Pluto TV, and maintain its current service and quality. Additionally, the company agrees to a News Editorial Independence Board to help CNN and CBS maintain editorial independence.

Ongoing Monitoring: The company also agreed to appointment of an independent monitor to oversee its compliance with this agreement.

In securing this settlement, Attorney General Bonta leads the attorneys general of Arizona, Colorado, Connecticut, Massachusetts, Minnesota, Nevada, New Jersey, New Mexico, New York, Oregon and Washington.

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