



Bank of America Media,
Communications & Entertainment
Conference
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Disney Speaker:

Jimmy Pitaro

Chairman, ESPN, The Walt Disney Company

PRESENTATION

Voice Over

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Jessica Reif Ehrlich – *Bank of America*

We could not be more excited to have Jimmy Pitaro, Chairman of ESPN, join us today. And, Jimmy, there has never been a busier time in sports with more distribution platforms, escalating media rights, emerging sports, and more ways to engage.

Since you took over ESPN in 2018, the sports world is a very different place. How has your vision of ESPN changed through the years?

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

I'd start by saying, our mission remains the same. So, our mission is to be of service, to serve the sports fan anytime, anywhere.

As an extension of that, we identified four key priorities when I started about seven and a half years ago: direct to consumer, audience expansion, quality storytelling and programming, and innovation. And so, if you fast forward to today and you walk the halls of any of our offices, they will be able to recite those four business priorities for you.

All that being said, we are watching the trends, of course. We are paying attention to how sports fans are engaging. And over the past several years, we've seen cord cutting, if anything, accelerate. And so, we made the decision a couple of years ago to go full-in, direct-to-consumer.

And so, two weeks ago, two things happened. We made our 12 networks available direct-to-consumer, that's over 47,000 live events. So, for the first time ever in our 46-year history, you are able to buy ESPN directly.

Part two is a significantly enhanced ESPN app. So, when we decided to go full direct-to-consumer, at the same time we decided we were not going to just flip the switch. We were going to, at the same time, make an enhanced app available to sports fans.

And so, that happened a couple of weeks ago. At the same time, we've been very clear about our continued focus on the traditional ecosystem, so the pay TV environment, and the way we describe it is it's a hybrid approach. We are running parallel paths. We are all in on direct-to-consumer, but we continue to see the value in that traditional pay TV environment, not just for our business, but also for the sports fan.

There's a lot of fragmentation. There's a lot of confusion in the sports industry right now, and that is minimized in the pay TV environment. You have most of your sports content there. So, when we did make the decision to go full direct-to-consumer, at the same time, we decided that we were going to make all of the features and functionality of the enhanced app available to a pay TV subscriber. And that was our way of saying, internally and externally, we are going to continue to add value to the pay TV environment, while, at the same time, making our 12 networks available direct-to-consumer.

Jessica Reif Ehrlich – *Bank of America*

So, let's talk – a lot of questions on ESPN DTC. So, you launched the service for \$29.99 a

month. Just start at the top. Like, what would you define as success for this product, or how would you define success?

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

Like I said, we are still in the pay TV environment, and we are still adding value to that environment. And so, when we think about our business, we think holistically. We don't focus on any one individual platform.

Ultimately, whether you subscribe to ESPN through an MVPD or digital MVPD, or you access us directly, our strategy, our goal, is to drive the sports fan to the ESPN app, which is the preeminent sports destination, or to Disney+ , because if you're a subscriber to ESPN direct, you will get access to all of your ESPN content within the Disney+ environment.

So, the answer to your question, Jessica, really is engagement within those two apps. That is something that we are hyper-focused on. How effective are we in terms of driving the sports fan – again, to the preeminent sports destination, which I'm sure you want to talk about more, or to a more holistic entertainment experience, maybe even for a casual sports fan where you're getting all the content within Disney+ and Hulu, that is also a priority for us.

Jessica Reif Ehrlich – *Bank of America*

Can you describe some of the features, just to stay on ESPN, not the holistic one, and then we'll come to the bigger picture, but can you describe some of the new features in this, the ESPN direct-to-consumer product that differentiates the experience for sports fans?

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

Absolutely. I'm going to start with personalization. So, at a high level, when I think about what we did with the enhanced app and what we continue to do, there's two buckets: there's personalization and interactivity.

Going back to personalization, we've been leading at ESPN in the digital space for decades, and we've been leading in personalization. You can go to the ESPN app, even before we launched, or enhance the app. You could favorite a league, favorite a team, favorite a player. We then took all that explicit data and personalized. We also personalized based on implicit information that we had, you know, what content were you consuming?

We prided ourselves in right content to the right user at the right time. We decided when we were going to go direct-to-consumer that we were really going to lean into personalization. And one of our jewel assets, you all know this, is SportsCenter. And so, we decided – look, I'm a sports fan, I'm a huge sports fan, and for many – for decades, I've wanted a SportsCenter dedicated to me. I'm Yankees, Giants, Knicks, Rangers, Notre Dame.

So, when I fire up SportsCenter, that's what I want. I want to see my team's highlights first, if they played. And maybe I also want to see their rivals, the highlights from the rival teams. And so that's what you have now.

We call it SportsCenter for You. It is fully personalized, driven by AI, and we couldn't be more excited about it. That, for the most part today, lives within a new tab of the ESPN app that we call Verts, which is short for Vertical Short Form Video.

I mentioned before, one of our priorities is audience expansion. That means many things, but it especially means appealing to a younger generation. We all know younger people are consuming vertical video, short form video, swipeable video. So we have now – if you fire up the ESPN app, I won't be offended if you do it right now, if you fire it up, at the bottom, you'll see a new tab called Verts. You tap on that, and it's essentially a TikTok-like, an Instagram Reels-like feed of short form video. In that environment is a tab for SportsCenter for You.

So those are two things that we are incredibly excited about. Personalized SportsCenter, and then Verts short form video.

In addition to that, we have multi-view. So, this is especially compelling now with the US Open going on. You fire up the app, you can tap on the four-screen experience and watch four events at the same time. That is on the connected television. Today we, of course, are thinking about how we could expand that to other devices, but it's a fantastic experience on the connected television.

We have a product called StreamCenter, where if you're on your couch and you fire up your smart television, fire up the ESPN app within that environment, you open your phone, you can connect your ESPN app on your phone to the ESPN app on your connected television.

So, what that means is then you can control what's on your television with your phone, with the ESPN app. You will also get much more information. So contextual relevance, if you're watching a football game, you'll get all this. As you scroll down within the ESPN app on your phone, you'll get in-depth stats, you'll get betting information, etc. So that's StreamCenter.

Probably most important is what we call internally the Squeeze Back experience. So again, sticking with the living room, the connected television experience, if you're watching a game, you have the opportunity to tap on an icon and squeeze the video player back. When you do that, you'll see five tabs for many of our games.

The first tab is Stats. Okay, and the stats, of course, are relevant to what you're watching, what game you're watching real time. Then you'll have Fantasy. If you have a fantasy team, you'll see your fantasy lineup right there. The next tab is Bet. You'll be able to place a bet through ESPN Bet. The bet will be relevant to the game. If you have already placed the bet, that bet will show up there.

There is Key Plays, which is essentially catch up to live. If you fire up a game, and it's Yankee game, and it's the fourth inning, you'll have the opportunity to watch the key plays, which will bring you to the live game.

And then last is Commerce. Again, contextual relevance, you're watching the Yankees, you can buy the Yankees jersey, that's through a partnership with Fanatics, where we have a co-branded environment that we are very excited about. So I can go on and on. But those are some of the things that we went with when we launched a couple of weeks ago.

Jessica Reif Ehrlich – *Bank of America*

I mean, you said engagements, obviously, like any sports fan, or even a semi, like casual sports fan would be – it just seems you're going to keep people in the app.

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

Well, we say all the time at ESPN, that to really be effective, you have to be a sports fan. And so the features that we launched a couple of weeks ago are coming from hardcore sports fans. Like these are things that we all that we all wanted.

By the way, Jessica, I just want to emphasize, first inning. Like we are we are just getting started here. I've said this repeatedly, but it bears repeating. This is not a movie launch, right? At Disney, we're really good at opening movies. That's not what this is. Like we launched a couple weeks ago, we're very proud of the of the product and the features. But this is a marathon. And our roadmap is very – our product roadmap is very robust.

Jessica Reif Ehrlich – *Bank of America*

How do you think about the go-to-market strategy and evaluate options to offer this as a standalone product versus bundling with Disney+ and Hulu, as you already mentioned, or bundling even with third parties like Fox, which you've already announced?

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

So a couple things on that. First off, we're really excited about the Disney bundle. From a value perspective, you get all of ESPN, plus all of Disney+, plus all of Hulu for

\$29.99. And so, if you subscribe now, you'll lock that in for a year. And so, we feel great about that offering. In addition, you probably all saw several weeks ago we announced several different deals with the NFL, one of which – well, they're all incredibly important, but the –

Jessica Reif Ehrlich – *Bank of America*

We'll get to the NFL, if you want to save that.

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

Do you want to dive in on that now or should I –

Jessica Reif Ehrlich – *Bank of America*

We can wait a second.

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

Okay. All right, I'll pause –

Jessica Reif Ehrlich – *Bank of America*

There's a whole list of things as well. I mean, there's a lot.

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

All right. Keep going. Keep going.

Jessica Reif Ehrlich – *Bank of America*

No, no – I mean, because you have – obviously there's so many ways to offer this to consumers and get them in. But just one last thing and then we can just keep going.

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

Let me just finish on that, the last before we go to – so what I was getting to is the NFL bundle, right? So, because you were asking me about bundle.

So, one of the things that we did announce is a bundle with NFL+ premium. And so the marketing for that actually launches today. And so for \$39.99, you will get all of ESPN+ plus NFL+ premium, which includes Red Zone, which we're really excited about. So as a sports fan, that is a cost-effective way to access not just all of ESPN but RedZone.

And then the last thing I'd say, Jessica, is the Fox bundle. We're going to launch that on October 2nd. And so that's a pretty compelling offering as well at \$39.99.

Jessica Reif Ehrlich – *Bank of America*

Is that the last of the bundles that you expect to offer?

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

I don't know. If it makes business sense, we will, of course, have the conversation. That's all we have announced thus far.

But we're of course – look, just to back up, we pride ourselves on being the starting point, being the front door for sports fans. And so we want to provide access. And we take a lot of pride in that. And so if it makes sense for us, it makes sense for the business, if it makes sense for the sports fan, we're going to pursue it.

Jessica Reif Ehrlich – *Bank of America*

I mean, I would just imagine that if you're a sports network or you have sports properties, you'd want to be aligned with ESPN because it's a powerful combination.

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

Yeah. Well, thank you. I would say there is power in our four letters. Our four letters stand for something. We do regular research at ESPN, and I don't think it's any surprise that for hardcore sports fans like myself, we continue to resonate.

But what does make us very proud is the fact that we've been able to protect our brand with the core fan, someone like me, and also expand and make it relevant to younger people.

So what we see from younger people is we're the most trusted sports brand. We're the most innovative sports brand. Younger people see us as a digital first brand, which is amazing. They see us as the leader in streaming. This is pre-launch of ESPN direct-to-consumer where we only had ESPN+ in market. They still saw us as the leader in streaming. We're the number one media brand in the world on TikTok. So, there is power in our brand and our four letters.

Jessica Reif Ehrlich – *Bank of America*

I mean, you mentioned the offer with Disney+ and Hulu. I mean, basically, you're either getting Disney+ and Hulu free for a year or you're getting ESPN DTC free for a year. So, it's a really incredible way to get people in the door.

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

Yes.

Jessica Reif Ehrlich – *Bank of America*

I know you're not giving sub numbers, but don't you think that would have an impact on sub growth on one or the other? Like, you're not reporting subs anymore.

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

Correct, correct. We're not reporting subs. Look, like I said, we are going to evaluate ourselves primarily on engagement. But with more engagement, Jessica, of course, we expect that that will drive revenue and OI. We do report ESPN separately now, you know that. And so, in addition to engagement, we're going to continue to focus on top line and bottom line.

Jessica Reif Ehrlich – *Bank of America*

So, another thing you mentioned, we'll get to the list, but you mentioned younger audiences who are obviously your future consumers, and their viewing habits are different. Can you describe how younger audiences, like you mentioned short form content, are there other things that drive their fandom?

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

It's become almost cliché to say this, but authenticity. We've signed up a bunch of influencers that we believe are going to resonate with them. Influencers that are going to be creating content specifically for that Vercel destination that I mentioned before.

Look, just to back up again here, years ago, many years ago, we decided that we were going to invest in social. We decided as a leadership team at ESPN that we needed to be open and we need to be present on third-party social platforms, which was a tough decision, right?

In a world where you have finite resources, there's an argument to be made that those resources should be invested in owned and operated properties. We ultimately debated that and aligned on this idea of being where the fan is, especially the younger fan, i.e. third-party social platforms.

And so, we've done a great job at creating content, not just taking clips of first take and putting them on social platforms. We do some of that and they land well, but more important is the fact that we are both creating content natively for those platforms and we're identifying content on the web or online that we think represents our brand and including that.

But again, that's where younger people are and so we have to be there. And so going back to research, what we see is that the more we invest in social, the more those fans, the more time those fans are spending with ESPN's owned and operated properties.

So, the strategy is working. It's helping to grow our brand with younger people, but it's also helping to grow our business because those people are spending more time with owned and operated.

Jessica Reif Ehrlich – *Bank of America*

So, as the way content is consumed has fragmented, it's created confusion for sports fans. Nobody – I mean, you know what's on ESPN, but really it's hard to sometimes define which game is where. You've spoken before about how ESPN is poised to help simplify how fans engage with sports.

So with that as a backdrop, how do you view the experience evolving over the next several years?

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

That's a great question. I'm sure we've all experienced the frustrations. If you're a – well you could pick a league. For the most part, you're going to have to go to more than one provider. I don't want to pick on any one league, but it's challenging with the fragmentation.

Going back to my point before about us being the front door, the starting point, a place of record, when something happens in the sports industry, people tune into ESPN. In that vein, we decided that we needed to solve for this or at least be part of the solution. And so, I don't know, about a year ago, we launched a new product called Where to Watch.

And so that's an icon that lives across our digital pages on both .com and the app. And you tap on it, and you search for your team, and we'll tell you what time the game is on and where it's on. And that includes when the game is on one of our competitor platforms.

And again, somewhat polarizing internally – wait a second, time out, do we want to actually send our users to competitive platforms? And full disclosure, there were people at ESPN that

felt like we should not. Fortunately, I got to make the call. And so, we went ahead and did it. And I felt like going back to our brand and our mission of serving the sports fan, this was directly connected to our mission.

And I ultimately believe that the rising tide will pay dividends for us, meaning you deliver for the sports fan, you deliver the information that they're looking for, they're going to come back. So that is one of the ways that we are trying to solve for this fragmentation issue.

That being said, we can't have it all. No matter what, we cannot have all of the sports rights. It wouldn't make sense for our business. And so, we are looking at other opportunities like we talked about in terms of bundles. We feel like that's compelling marketplace opportunity to bundle with someone like Fox and offer a discounted price.

Jessica Reif Ehrlich – *Bank of America*

Sports advertising is the most premium of advertising. You now offer the potential of a personalized sports app that can provide hyper level targeting. What can this enable you to do from an ad monetization standpoint that you previously couldn't?

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

Well, look, I'd start with the fact that advertisers now have access to more inventory and more fans through our enhanced app and our direct-to-consumer offering.

Within the ESPN app, and within the games within our app, we will pass through ads from linear television, and we will also dynamically serve ads.

In terms of the latter category, when you do that, and you know this, Jessica, you have the ability to, number one, target specific audiences, and just as importantly, you have the ability to measure performance and provide that data back to your client, your partner, your advertiser.

And so, when someone places an ad with ESPN, when an enterprise places an ad, we can then monitor web and app activity, we can monitor search activity, we can monitor purchase activity and, again, see the effectiveness of that ad and measure it specifically. And that's significant, that's of significant value. So again, targeting and measuring is a game-changer.

Jessica Reif Ehrlich – *Bank of America*

I mean, if I'm Rita Farrow, she has to be in heaven.

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

Very happy, yes.

Jessica Reif Ehrlich – *Bank of America*

So, is there a way to think about how much – how this opens ESPN to different advertising – different pool of advertising?

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

Again, through the expanded reach, the expanded platform, and the targeting, and the measurement. I would also say, I probably buried the lead here. We have an award-winning tech stack, ad tech stack at Disney.

Jessica Reif Ehrlich – *Bank of America*

At Disney –

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

Correct. We were just recognized by Digiday as the best ad platform, and ESPN is now on it. So, you can now buy holistically across ESPN, Disney+, and Hulu. On top of that, because ESPN is now on it, we can benefit because smaller advertisers can now go ahead and buy through automation, right, and manage their own campaigns. And that's something historically we have not been able to do.

Jessica Reif Ehrlich – *Bank of America*

You've never done that. You're opening the door to self-serve, you've measured targeting. This is like another world.

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

Exactly right.

Jessica Reif Ehrlich – *Bank of America*

Okay. It must be an accounting nightmare, but – as you report. But anyway, let's move on to NFL.

So you recently announced a deal to sell a 10% stake of ESPN to the NFL, and with that, you also get rights to three extra games each year, alongside some repositioning of where the games are broadcast. So obviously, this will deepen your relationship with the NFL, but what else should investors take away from the new relationship?

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

Look, there were several deals. The first one was an equity deal, the NFL taking a 10% stake in ESPN in exchange, once the deal closes, we will be acquiring the NFL network, the games, the studio programming, part of their films library will live within NFL network. Our plan is to, again, when the deal closes, the plan would be to include NFL Network within ESPN, direct-to-consumer. It'll be another one of our marquee networks.

Number two was RedZone. Again, sticking with the 10% equity transaction, we are acquiring the linear rights to RedZone and all their affiliate contracts.

In addition to that, we will be acquiring the RedZone brand, so there's opportunity to potentially expand RedZone, which is an amazing product, an amazing brand, potentially expanding it to other sports, other leagues.

And number three, Fantasy. We're acquiring their Fantasy business, and we will become the official Fantasy game of the NFL. Fantasy is a huge part of our DNA at ESPN. It's a growth business. We couldn't be more excited about it from an advertising and sponsorship perspective. So, to be the official game of the NFL when this deal closes is fantastic.

So that was – at a high level, that's part one. Part two was, yes, additional games that we are licensing, which we believe will – we all know how valuable NFL games are.

Part three is an agreement with the league to include their content in our features and functionality, to include their content on platforms like Disney+, and to bundle with NFL+ Premium so that our fans get access to RedZone.

And then the fourth component was NFL Draft. So, we helped create the NFL Draft with the league. And so many people, hundreds and hundreds, if not thousands of employees at ESPN, take pride in what we've done to help grow the NFL Draft. And it was really important to us that we extend that deal. And we were able to reach – a separate agreement, but we were able to reach agreement with the league on that.

Jessica Reif Ehrlich – *Bank of America*

You just said so much.

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

I know.

Jessica Reif Ehrlich – *Bank of America*

I don't know which part to expand on, but the things that you're doing with RedZone, there are a lot of things in there besides Fantasy. What does this do for your overall audience? Doesn't this – well, you answer.

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

Yes. Well, look, again, we love Red Zone. You know, I have kids. I see how they're engaging, it's a younger audience. It's a fantastic product. It's a very modern product. Just to be clear, the NFL will continue to operate RedZone. We are acquiring the linear rights to RedZone and those contracts. The NFL will still own NFL RedZone. It'll be included in NFL+ Premium. It's their product.

In terms of the brand, yes, I see a ton of opportunity here. I don't have anything to report right now. And again, we won't have the RedZone brand until the deal closes. But we've already started to think about how we could potentially expand it. It's a great asset.

Jessica Reif Ehrlich – *Bank of America*

And this is like your point – this is just the beginning –

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

Right, first inning.

Jessica Reif Ehrlich – *Bank of America*

Of the product. And do you see a deal of this type being replicated with other sports leagues or other partners? Or is this just a unique one-time event?

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

It's a unique deal at a unique moment in time. I think, I don't want to speak for the NFL, but I believe that they have seen what we can do on the studio side. I think they have a lot of trust and faith in us in terms of continuing to operate NFL Network consistent to how it's been operated in the past. And so – look, I think that there is there's a ton of excitement there on the NFL Network side.

Whether we would ever try to replicate this, Jessica, I would say it would have to make business sense. Like, again, I hate to say the same thing, but if – we're always interested in ways to advance the business and, just as importantly, ways to serve the sports fan. And so if someone comes to us and presents a compelling opportunity, we're, of course, going to listen.

Jessica Reif Ehrlich – *Bank of America*

And then there's been a lot of discussion about NFL expanding internationally. Do you have anything to do with that or this is all domestic?

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

NFL expanding internationally, you said?

Jessica Reif Ehrlich – *Bank of America*

International, yeah. So this you, like, is there - do you participate in any of that or can you participate in any of that?

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

You're talking about them having more games internationally?

Jessica Reif Ehrlich – *Bank of America*

Could air I guess –

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

I mean, look, we have a package of games. Once this closes, once the NFL Network deal closes, we will be acquiring three additional games. And so there's that component, but there's also – you know, it's going to be fascinating to see what the NFL does with their opt out.

I think you know this, but in 2029, they have an opt out and a year later they have an opt out with us. So we'll see how that plays out. They could, I suppose, put together – and again, this is

just what I've read. I've not talked to the league about this, but I've read that there's potential for them to put together another international package.

From our perspective, we're always interested in growing our business. So if something like that – if they were to put together an international package, we would, of course, be interested in having the conversation.

Jessica Reif Ehrlich – *Bank of America*

Another dimension. Okay, so you've been fairly active in recent months, restructuring your sports rights. So, you've added more NFL games, which we just discussed, you've renewed your NBA package, you picked up WWE, but you gave up UFC, MLB, and apparently Formula One.

How do you evaluate which sports are courted ESPN and the ROI on incremental rights dollars spent, which are substantial?

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

On baseball, I just want to clarify one thing. We opted out of our agreement. There was a mutual opt out. We exercised the out, but we are – fast forward to today, we are in conversations with the league and those conversations have been healthy, they've been positive. So just wanted to clarify that.

Yes, UFC went with Paramount. You saw that. Look, we – just to back up, Jessica, we know we can't have everything. It's just not feasible for our business. And we operate with a ton of discipline here.

A few things I would call out. First off, I really like our position in the marketplace, when it comes to rights. And if you look at our megaphone, right, how we promote sports 24/7, 365 days a year, who else does that? No one. And I don't believe anyone will anytime soon. No one can really replicate what we've created here.

On top of that, when you look at the power of The Walt Disney Company and the fact that we can bring ABC to the table, broadcast, the fact that we can bring Disney+, and Hulu, and theme parks promotion, when you look at that in its totality, we have a huge advantage over our competitors. So, I very much like our hand when we sit down and negotiate with leagues. So that's part one.

Part two is there's not a lot left to acquire, right? Most things are spoken for. Yes, baseball still has to decide. I expect that those deals will close relatively soon. But beyond that, most things are spoken for over the next five, seven, ten years.

On top of that, I would say even for the stuff that's not spoken for and potentially big tech stepping up, what we've seen is a couple of things there. Number one, big tech is operating with the same discipline that we are. They have to show growth, okay? They also have many different components of their business. So if you're a league and you sit down with big tech, you have to ask yourself, how committed are they to sports or – said a different way, how distracted are they going to be? Whereas when we sit down with ESPN, this is what they do. They breathe this 24/7. So again, I think we're in good shape from that perspective.

And then the last point I'd make here is that even when big tech goes out and makes the acquisition, like Thursday Night Football – rising tide, right? Like, Amazon has been able to has been able to bring more fans into the game of football, into the NFL, younger fans. We believe that that's beneficial for ESPN and Monday Night Football.

Jessica Reif Ehrlich – *Bank of America*

Right, but do you think your rights portfolio is set for now, or are there gaps that you'd like to fill? Like you've alluded to MLB. What about MLB Local?

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

So a couple of things. Best rights portfolio we've ever had, and our 46-year anniversary is

fast approaching. It's like in three days. We're united in that this is the best set of rights that we have ever had at ESPN.

That said, we're never satisfied. We're always going to look for rights that make sense and rights that we think can drive our business. But again, Jessica, I'm not sure how much there is to acquire over the next few years.

We've made really smart acquisitions over the past decade. We've also, as you know, we've walked away from things that did not pencil for us, that did not make sense for our business.

Jessica Reif Ehrlich – *Bank of America*

With rising sports rights costs and increasing competition for those rights, what is your view on the trajectory of sports rights going forward?

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

Look, I think, look, you've seen significant increases over the past several years. I don't have a crystal ball. I don't know how sustainable this type of growth is.

Again, you're seeing big tech operate with discipline, which I think even a few years ago, a lot of people did not expect. I think a lot of people expected the big tech players to spend more aggressively, bid more aggressively than they have. But, you know, I'm not sure how we're going to continue to see significant increases when there's not a lot on the marketplace.

Jessica Reif Ehrlich – *Bank of America*

I mean, but, well, as you know, like UFC went for like basically double, which.

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

That was a great deal for TKO.

Jessica Reif Ehrlich – *Bank of America*

What role do you think ESPN plays in building sports franchises like we've recently seen with women's basketball?

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

I think women's basketball is a great example. We have been invested in women's sports for decades. Again, I mentioned the draft before being a big part of our DNA, I would say women's sports, not just basketball, women's sports in general, are a big part of our DNA. And this long predates me at ESPN. We've taken a ton of pride in how we've invested in and grown women's sports.

I think, yes, it does start with basketball, both WNBA and college basketball. We're seeing records being set in both, but it extends beyond that. I think you have to look at softball. I think you have to look at volleyball, gymnastics. All of that is up and up and to the right. And it's at least in part because of our coverage.

We are dedicating more platforms, like broadcast, like ABC, like Disney+, not just ESPN. We are dedicating better windows, more high-profile windows to women's sports.

We're doing things like creating a WNBA fantasy game. No one's making the investments. No one has made the investments in women's sports that we've made, and no one, fast forward to today, is making the investments that we're making in women's sports, and so when we did the NBA deal last year, a big part of that and a big part of our focus was not just renewing on the NBA side, but also on the WNBA side, and we were very pleased that we were able to get that done, but I would expect that you will continue to see women's sports up and to the right, not just because of us. Now, so many others are making the investments, which is great for everyone.

Jessica Reif Ehrlich – *Bank of America*

I can't believe we only have two minutes left. So, my last question, obviously, after this conversation, we can see how much ESPN has done and how exciting some of these developments are. With all of this happening, what are you most excited about as you look forward to the next couple of years?

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

The product roadmap. At heart, I'm a product guy. I love giving – I'm driving our product and tech team crazy, but I love giving feedback. I love building out a roadmap. I love making recommendations on enhancements to the fan experience. Again, I'm a sports fan, and so I'd start with that.

I would also say I'm excited about getting the NFL deal closed and taking on NFL Network. We're all very excited about that, and as an extension of that, we have our first Super Bowl at ESPN coming up in February of 2027, and so I am especially excited to see – this is actually full circle, I'm especially excited to see the power of The Walt Disney Company at play there, and we're already seeing the entire company rally around this event. You know executives outside of ESPN that are hyper-focused on making sure that this event is a success, and there's no one better than The Walt Disney Company to execute here.

Jessica Reif Ehrlich – *Bank of America*

Have you decided who the half-time performer is –

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

I don't even know if they've decided. I read this morning that the commissioner did not dismiss the idea of Taylor Swift. So, I don't know if that's true or not, but no, we have not yet decided on a half-time show.

Jessica Reif Ehrlich – *Bank of America*

Because that's what I'll be watching.

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

That's what you'll be watching? Okay. Well, you'll be watching.

Jessica Reif Ehrlich – *Bank of America*

Of course, everybody will. Anyway, thank you so much. You're amazing.

Jimmy Pitaro – *Chairman, ESPN, The Walt Disney Company*

Thank you, Jessica. Appreciate it. Thank you all.

Forward-Looking Statements

Certain statements in this discussion may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our expectations, beliefs, plans, goals, financial prospects, trends, outlook or guidance and drivers; business plans, priorities and opportunities; future expenditures and investments; timing, availability, nature and expected benefits of our content, product offerings and new initiatives; transactions for which conditions to close have not been satisfied, including entering into definitive agreements, regulatory or other approvals or other conditions; consumer sentiment, behavior or demand; value of our intellectual property, content offerings, businesses and assets, including franchises and brands; and other statements that are not historical in nature. Any information that is not historical in nature is subject to change. These statements are made on the basis of management’s views and assumptions regarding future events and business performance as of the time the statements are made. Management does not undertake any obligation to update these statements.

Actual results may differ materially from those expressed or implied. Such differences may result from actions taken by the Company, including restructuring or strategic initiatives (including capital investments, asset acquisitions or dispositions, new or expanded business lines or cessation of certain operations), our execution of our business plans (including the content we create and license and IP we invest in, our pricing decisions, our cost structure and our management and other personnel decisions), our ability to execute on cost rationalization while preserving revenue, the discovery of additional information or other business decisions, as well as from developments beyond the Company’s control, including:

- the occurrence of subsequent events;
- deterioration in domestic and global economic conditions or a failure of conditions to improve as anticipated;
- deterioration in or pressures from competitive conditions, including competition to create or acquire content, competition for talent and competition for advertising revenue;
- consumer preferences and acceptance of our content, offerings, pricing model and price increases, and corresponding subscriber additions and churn, and the market for advertising sales on our direct-to-consumer services and linear networks;
- health concerns and their impact on our businesses and productions;
- international, including tariffs and other trade policies, political or military developments;
- regulatory and legal developments;
- technological developments;
- labor markets and activities, including work stoppages;
- adverse weather conditions or natural disasters; and
- availability of content.

Such developments may further affect entertainment, travel and leisure businesses generally and may, among other things, affect (or further affect, as applicable):

- our operations, business plans or profitability, including direct-to-consumer profitability;
- demand for our products and services;
- the performance of the Company’s content;
- our ability to create or obtain desirable content at or under the value we assign the content;
- the advertising market for programming;
- taxation; and
- performance of some or all Company businesses either directly or through their impact on those who distribute our products.

Additional factors are set forth in the Company’s most recent Annual Report on Form 10-K, including under the captions “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business,” quarterly reports on Form 10-Q, including under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and subsequent filings with the Securities and Exchange Commission. The terms “Company,” “Disney,” “we,” and “our” are used above and in this discussion to refer collectively to the parent company and the subsidiaries through which our various businesses are actually conducted.