

CNBC's *Squawk Box*

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8:44:08 a.m.

JOE KERNEN: Hey, John, as a someone that people follow so closely and obviously a legendary in media and in all different aspects of it, another kerfuffle was right before Discovery was going to — to merge with Warner Media. And I think you made some comments about, I think, to our own David Faber here about CNN hiring some actual journalists. Now, since then, I know that was that was quite a moment. And — and that did result in some changes at CNN. And then I don't know if some even more changes after that. And we've seen what's happened with CBS and, you know, the Stephen Colbert and pressure from the Trump administration. I've always said that almost any mainstream media entity, you could have almost made the same comments about, John. Do you think CNN has changed to the point where you'd like where you are seeing actual journalism now? Do you see it across mainstream media anywhere?

JOHN MALONE: No. And in fact, it's very difficult. I — I get it, you know — I get — I was around when you guys were created. Zaslav and I basically created CNBC.

KERNEN: Yes.

MALONE: You know, I was around — I was partners with Rupert when they created Fox News. We used to own *MacNeil-Lehrer* as a public service. We supported that effort on public broadcasting for many years. So, you know, I've been in and around the news delivery game for a long while, and I've always struggled with the question of — of news. Just — just give me the news, the factual news. And how do you separate news from the impossible bias that, that the journalist has? They always come to it with pre conceived attitudes. When Rupert pitched Fox News, it was going to be that we're going to have a true news division. That will be just the news. And I guess you would say that's Bret Baier today. But then we're going to have essentially entertainment programing focused on news and current events and culture and so on and that was his formula and — and C — CNN decided to stay and try and be just news as opposed to news and comedy and entertainment. My view was that you should have — that it was okay for Fox to do what they did, as long as you labeled opinion as opinion like the newspapers did. You know, you have journalism, you have the facts, and then you have editorial opinions, and then you may have guest editorials. I mean, and you can make it all interesting and entertaining, but what you're calling factual news, it would be nice to be just factual news. Now, I know how difficult that is. CNN has great journalists. They always have had great journalists. They have a large organization that does the best job of covering breaking news worldwide. That clearly is a big strength for them. The reality is that journalism schools turn out people who are tend to be reformers. They tend to want to fix the world from the journalistic perspective, so they tend to be “progressives” personally and it's impossible to separate that sort of personal opinion structure from the way they — they cover news, the kind of adjectives that come to their mind when they are reporting a story. Now, I never had much to do with CNN — you know, I was chair of the governance committee at Warner. I stepped off that board this spring and became executive chairman emeritus, but so that they could keep me tied up and, you know, I could

continue to be involved, but — but not be a voting member of the board, even during the period, the three years when I was on the board of the combined company, I had zero to do with the governance of CNN. That was — that was David and his efforts to bring in leadership, new leadership. It's a — it's a — as you guys well know, the linear television business of which news is part is suffering from the rapid decline of viewership of the big cable bundle and — and that's putting a lot of pressure on these organizations financial pressure and they're going to have to figure out where it's appropriate to morph to be more relevant in a streaming world.

ANDREW ROSS SORKIN: Hey, John. So, you know, I don't think we've had a chance to talk since the announcement of the breakup between Warner and Discovery and what your thoughts are about it, what you think the prospects are for, for both businesses? Do they remain independent? Do they ultimately get sold? Does a business like CNN get sold? I don't know if they can, given the — the debt load. How do you think about the breakup, and does it suggest at all that the original plan to merge them made sense or didn't?

MALONE: Well, I guess the only thing personally that didn't make sense is I should have bailed out of my Discovery shares before we put the companies together. The reality is that all these linear businesses were going to come under enormous pressure as streaming became the favorable way for consumers to consume programming, so Discovery, had we kept it isolated, would have faced the same headwinds and probably ended up roughly in the same place that the combined company is. That is, trying to deal with a streaming world while still being heavily encumbered by contractual relationships in the old linear world. And so, for instance, when AT&T tried to do CNN+, it was a streaming service that did not include CNN, which they couldn't include for contractual reasons. So, you know, we're in the midst, I think, of watching a transition in consumer consumption right now. You guys, as well as know as well as anybody that you are lashed your wagon to, to a linear business that's losing about eight percent of its customers a year. That is a pretty heavy headwind and that's been going on now for probably four or five years. And so, eventually you're going to have to transition to where you're a random access service. Now, the good news for you guys and for news generally, is that you have a stream of live information and content that the public is always going to be interested in.