



What Fox's Roku Purchase Means for Netflix Investors

Description

Roku has accepted a buyout offer from Fox for \$22 billion. This deal is important because it shows how the media industry is changing. Roku used to be part of Netflix, which is a big video streaming service.

Netflix sold its hardware business to avoid trouble with government rules, so now it is surprising to see Roku linking up with another media company. Fox's offer suggests that it may have won a bidding war with Netflix. But Roku believes the deal will pass government checks without problems.

In the past, Netflix tried to buy Warner Bros. but found the cost too high. Netflix's co-CEO, Ted Sarandos, said that they learned to focus on what is best for the company. Meanwhile, some insiders say Netflix almost made a bid for Roku.

If Netflix takes over Lionsgate Studios for about \$8 billion, it may strengthen its position in streaming. However, merging with Roku could cause issues because Netflix has deals with other companies for content, meaning the partnership might disrupt those agreements.

Netflix seems careful not to make expensive purchases while keeping its partnerships strong.

Vocabulary List:

1. **buyout** //ˈbaɪ,aʊt// (noun): payment to buy all a company's shares
2. **industry** //ˈɪndəstri// (noun): group of businesses in one area of work
3. **streaming** //ˈstri:mɪŋ// (noun): sending video or audio over the internet
4. **hardware** //ˈhɑ:dweɪ// (noun): physical parts of a computer or device
5. **bidding** //ˈbɪdɪŋ// (noun): offering money to try to buy something
6. **disrupt** //dɪsˈrʌpt// (verb): to cause problems and stop normal activity

Comprehension Questions

Multiple Choice

1. What was the buyout offer amount accepted by Roku from Fox?

Option: \$18 billion



- Option: \$20 billion
- Option: \$22 billion
- Option: \$25 billion

2. Which company was Roku previously part of?

- Option: Hulu
- Option: Amazon
- Option: Netflix
- Option: Disney

3. Who is the co-CEO of Netflix?

- Option: Reed Hastings
- Option: Ted Sarandos
- Option: Shonda Rhimes
- Option: David Cohen

4. How much might Netflix pay to acquire Lionsgate Studios?

- Option: \$6 billion
- Option: \$8 billion
- Option: \$10 billion
- Option: \$12 billion

5. What does Fox's offer suggest regarding competition?

- Option: They might collaborate with Netflix
- Option: They may have lost a bidding war
- Option: They might have won a bidding war
- Option: They intend to exit media

6. What is one of the concerns regarding Netflix merging with Roku?

- Option: Increased government scrutiny
- Option: Disruption of existing content agreements
- Option: Too high costs
- Option: Weakening of brand identity

True-False

7. Roku was previously a part of Hulu.



8. Netflix sold its hardware business to comply with government regulations.
9. Roku believes the buyout deal will face significant government problems.
10. Ted Sarandos is the sole CEO of Netflix.
11. Netflix has previously tried to acquire Warner Bros.
12. If Netflix takes over Lionsgate Studios, it will weaken its streaming position.

Gap-Fill

13. Roku accepted a buyout offer from Fox for \$ _____ billion.
14. Netflix sold its hardware business to avoid issues with government _____ .
15. Roku used to be part of _____ before the buyout.
16. Webb suggests that Netflix is focusing on what is best for the _____ .
17. If Netflix acquires Lionsgate Studios for about \$ _____ billion, it may strengthen its position.
18. Netflix seems careful not to make expensive purchases while keeping its _____ strong.

Answer

- Multiple Choice:** 1. \$22 billion 2. Netflix 3. Ted Sarandos 4. \$8 billion 5. They might have won a bidding war
6. Disruption of existing content agreements
True-False: 7. False 8. True 9. False 10. False 11. True 12. False
Gap-Fill: 13. 22 14. rules 15. Netflix 16. company 17. 8 18. partnerships

CATEGORY

1. Business - LEVEL2

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