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Michael Traube Discusses Industry Implications After OpenAI's Sora Shutdown and \$1B Disney Strategic Deal Collapse

What industry lessons emerge from OpenAI ending Sora despite a previously announced Disney partnership?

Articles & Press

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Highlights

- Michael Traube discusses industry implications after OpenAI's decision to shut down Sora, which derailed a planned strategic partnership with and \$1 billion investment by Disney.
- Traube points to OpenAI's refocus on higher-margin and upside business segments and the likelihood of the high-level investment deal never reaching final mutually agreed terms as potential factors behind the deal's collapse.
- Traube explains that Sora's shutdown appears driven by business realities in the competitive AI environment, including limited upside and OpenAI's strategic focus on core AI productivity tool development.

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Michael Traube discussed the entertainment industry implications of OpenAI's shutdown of Sora, its AI video-generation app, which derailed a blockbuster strategic partnership including a contemplated \$1 billion investment by Disney, in an article with [Corporate Counsel](#).

In December, Disney and OpenAI announced a planned partnership that would see Disney investing \$1 billion in OpenAI equity while licensing more than 200 of its characters for use in Sora-generated videos. The deal was never finalized and no money changed hands, but Disney reportedly was blindsided by the news that OpenAI was shutting down Sora.

"It's unclear whether or not there was some sort of discord and/or animosity in negotiating their terms," Traube said. "And that could have, in theory, limited the willingness of OpenAI to really give them a heads up, especially when they weren't obligated to."

Traube noted several unique factors that might be read as indicators that the deal was falling apart, including Disney being absent from OpenAI's most recent funding round, difficulties in the deal structure and the possibility that OpenAI deliberately slow walked the investment paperwork once the Sora shutdown seemed likely.

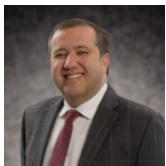
"To just throw in a billion dollars of new equity into the company can't be done very quickly. Again, the details weren't disclosed. I don't think the license agreement was filed. I couldn't find it," he said. "I assume it was a very, very light kind of agreement in terms of limitations, and working together on just rules of the road."

Ultimately, Traube discussed how OpenAI's decision to shut down Sora appears to reflect straightforward business realities, as the app's downloads dropped by roughly 66% from November to February and it generated only \$1.4 to \$2.1 million in lifetime revenue.

"They've been funded by a tremendous amount of money, but this business was bleeding a lot of money and a lot of resources. And the question is, at what point are you going to keep doing this where it doesn't look like this is really going to be a big money maker?" Traube said. "This is definitely not the focus. The focus is to get true AI that's going to change work for everybody."

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Michael Traube

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