



THE FUTURE OF DISNEY

FEBRUARY 06, 2024

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BLACKWELLS CAPITAL

Dear Fellow Walt Disney Company Shareholders,

Blackwells Capital LLC (“Blackwells”) is soliciting your vote to elect three individuals to join the Disney board of directors (the “Board”) as the Company navigates through a vast and novel opportunity set offering a near limitless potential.

The purpose of our campaign is simple: we want to ensure that Disney has the right collection of minds around the boardroom table, working constructively together to make decisions that will benefit ALL shareholders for decades to come.

Disney has one of the most attractive portfolios of beloved brands and businesses, that have delighted generations of people around the world. However, Disney has not delivered for its shareholders over the last few years.

In our letter, and throughout the course of our campaign, we will offer fellow shareholders perspective on why Disney’s share price has underperformed and, more importantly, what **the future of Disney** means for investors, and why our nominees are best suited to help deliver that future.

If elected, our three nominees for the Board have pledged to continue to support Disney’s transformation efforts under the leadership of the current Board and CEO, Robert A. Iger. In addition to an approach of constructive collaboration, our three nominees will bring unique skills, expertise and perspectives to the Board that draw on a range of experiences that **the future of Disney** depends on:

1. Media and Content

2. Real Estate and Strategic Asset Review

3. Physical, Spatial Computing, and AI-Driven Experiences

1. MEDIA AND CONTENT

Disney’s content engine is positioned to shine - with the right bench strength in the Boardroom. Disney is widely recognized as the **preeminent media company in the world, but has lagged in adding meaningful media expertise to its Board**. In its 2024 proxy statement, the Company lists only two non-executive directors on a board of twelve individuals who have significant media experience, and in the Company’s 2023 proxy statement, Disney did not even have a skill set marked for media experience.

Blackwells' nominee Jessica Schell is one of America’s preeminent experts in content monetization, and would be a valuable addition to the Board. Ms. Schell spent 20 years in strategic and operating roles at three major entertainment companies - Warner Bros., NBC Universal, and The Walt Disney Company - focusing on the impact of technological change on content distribution and monetization. She served as Executive Vice President and General Manager of Warner Bros. Home Entertainment where she led the over one-billion-dollar global film division of home entertainment and expanded her remit over time to include television and originals.

¹Source: Proxy Statement filed with the Securities and Exchange Commission by The Walt Disney Company on February 1, 2024 (the “Disney Proxy Statement”).

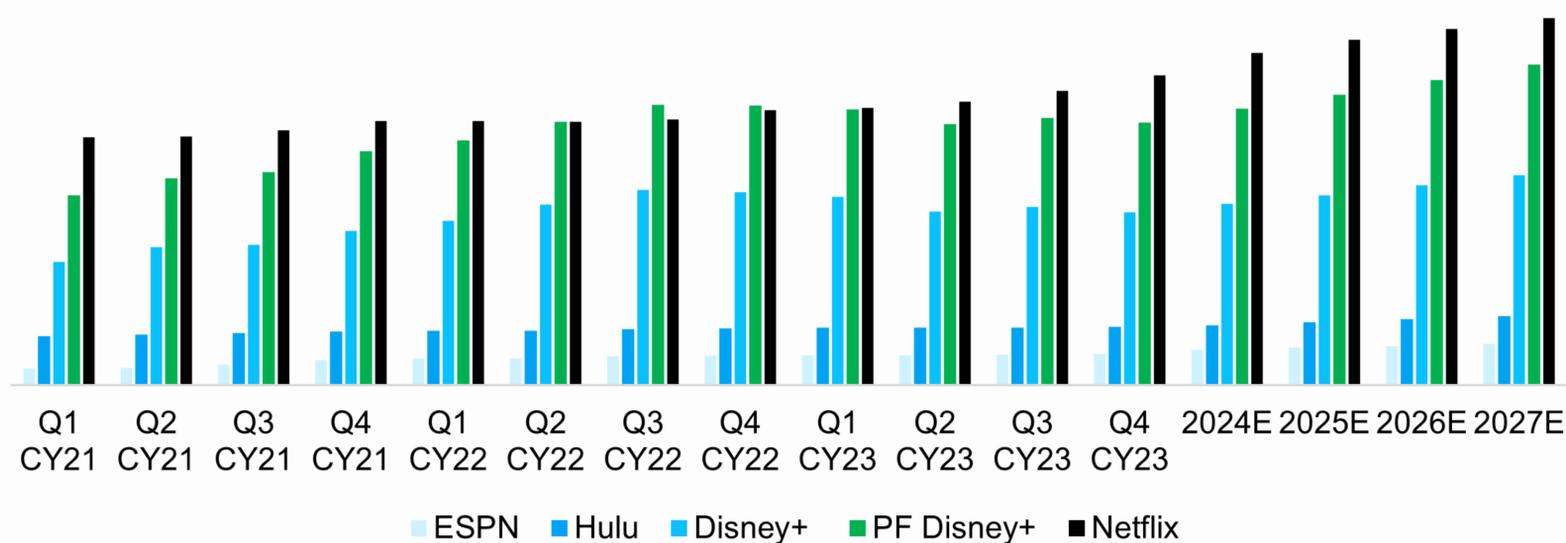
² Source: The Walt Disney Company 2023 Proxy Filing

Ms. Schell transformed the primarily physical DVD business into a global digital transactional business, driving years of double digit annual digital growth. She also led Warner Bros’ top entertainment franchises into markets enabled by new technologies, including Virtual Reality, Internet of Things (IOT) connected entertainment devices, and non-fungible tokens (NFTs). Ms. Schell was also an original member of the NBC Universal management team that launched Hulu.

Ms. Schell’s expertise will enable her to contribute insight in the Boardroom on day one. We believe there is no better suited person for the rest of the Board and management to leverage as Disney navigates the complex issues of integrating Hulu and Disney+ and the unbundling and transitioning of ESPN to a DTC service, and doubles down on producing extraordinary content for current and future franchises that has served as the creative engine driving all of Disney’s businesses.

Strategy Implementation Upside of Worldwide Disney Subscribers vs. Netflix ³

(millions)



Making the right choices about how to best use premium content to balance profitability, fan engagement, franchise strength, streaming subscriber acquisitions and retention are skills that fall squarely in Ms. Schell’s wheelhouse, and she intends to deliver for Disney shareholders. We firmly believe **Ms. Schell’s contributions as a director will help Disney attain Netflix like growth rates on subscribers and pricing for Disney+ based on her expertise**, with meaningful upside to be unlocked by integrating Disney +, Hulu, and ESPN+.

³Source: Company Filings, S&P Capital IQ Pro, and analyst estimates. Pro Forma Disney+ comprises of ESPN, Hulu, and Disney+.

2. REAL ESTATE AND STRATEGIC ASSET REVIEW

Disney has an almost unimaginable portfolio of real estate around the world. The Company owns tens of thousands of acres of land, more than 30,000 of the world's most profitable hotel rooms, thousands of vacation club units and more. The value of Disney's real estate holdings is obscured by the Company's conglomerate structure. But, **Disney's real estate is also the potential source of long duration capital to address balance sheet and income statement challenges and opportunities.**

Our nominee Craig Hatkoff has extensive real estate and capital markets experience, which would prove invaluable to the Board in evaluating and implementing, for example, a unique world class hotel and hospitality real estate investment trust (a "REIT"). For the last 13 years, Mr. Hatkoff has been an independent director of SL Green Realty Corp., Manhattan's largest office landlord. He has nearly 50 years of public company service as an independent director, **which cannot be said for any of the current Disney directors.**⁴

Disney could separate its owned real estate, which represents approximately 44% of its market capitalization⁵ **at cost**, into an independent publicly listed REIT or a series of investment vehicles in which the shares, cash and/or interests could be distributed to shareholders.

⁴Source: Company Filings, S&P Capital IQ.

⁵Source: Annual Report on Form 10-K with the SEC by The Walt Disney Company on November 21, 2023 (the "2023 Annual Report").

Note (1): Market capitalization calculated as of February 2, 2024. Based on the quotient resulting from dividing (i) the Company's gross real estate value of \$77,551 million, as disclosed in the 2023 Annual Report, by (ii) the Company's market capitalization.

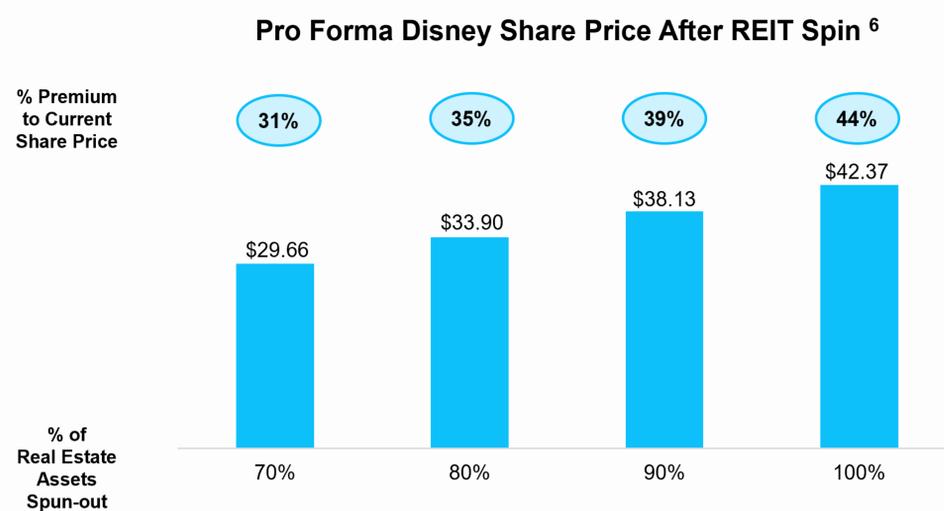
Note (2): Assumes no tax leakage

⁶Source: Company filings. Note: Assumes the value ascribed to the REIT spin-off is equivalent to the gross real estate value and there is no synergies or incurrence of tax leakage.

Stock Price (2/2/24)	\$	97.13
Share Outstanding		1,830
Market Capitalization	\$	177,779

Attractions, buildings and equipment	\$	70,090
Projects in process	\$	6,285
Land	\$	1,176
Total Gross Real Estate Value	\$	77,551

Market Capitalization	\$	177,779
<i>Gross Real Estate as % of MC</i>		<i>44%</i>



Mr. Hatkoff's substantial expertise extends to **exploring all strategic possibilities with cold eyes**, including the potential separation of Disney into three entities, beginning with a management reorganization and leadership selection for each business and resulting in standalone public companies. Disney may simply be too complex for any one successor to Mr. Iger to manage holistically, and Blackwells believes that it is the responsibility of the Board to oversee these types of analyses in the ordinary course.

Sum Of the Parts ⁷

Segments		Consolidated	
Sports			
2025E EBITDA ⁸	\$ 2,764	Consolidated Value of Segments	\$ 367,040
Multiple ⁹	21.5x	Value Per Share	\$ 200.53
Value	\$ 59,434		
Value Per Share	\$ 32.47	Less: Corporate Expenses	(1,115)
		Multiple	20.3x
Entertainment		Less: Corporate Expenses Value	\$ (22,580)
2025E EBITDA ⁸	\$ 3,789	Value Per Share	\$ (12.34)
Multiple ¹⁰	21.5x		
Value	\$ 81,455	Total Implied EV	\$ 344,460
Value Per Share	\$ 44.50	Less: Debt	46,431
		Less: Minority Interest	13,735
Experiences		Plus: Cash	14,182
2025E EBITDA ⁸	\$ 13,706	Less: Net Debt and Minority Interest	\$ (45,984)
Multiple ¹¹	16.5x	Value Per Share	\$ (25.12)
Value	\$ 226,152		
Value Per Share	\$ 123.56	Total Implied MC	\$ 298,476
		Shares Outstanding	1,830
		Total Implied Share Price	\$ 163.07
		Current Share Price	\$ 97.13
		% Premium	67.9%

⁷Source: Company's 2023 10k and analyst estimates

⁸2025 Estimated EBITDA pulled from analyst consensus estimates

⁹Note: Sports segment EBITDA multiple on par with Netflix, Inc. (NASDAQ:NFLX) according to S&P Capital IQ Pro as Netflix has begun to enter into the sports streaming world with its deal with the WWE.

¹⁰Note: Entertainment segment EBITDA multiple on par with Netflix, Inc. (NASDAQ:NFLX) according to S&P Capital IQ Pro.

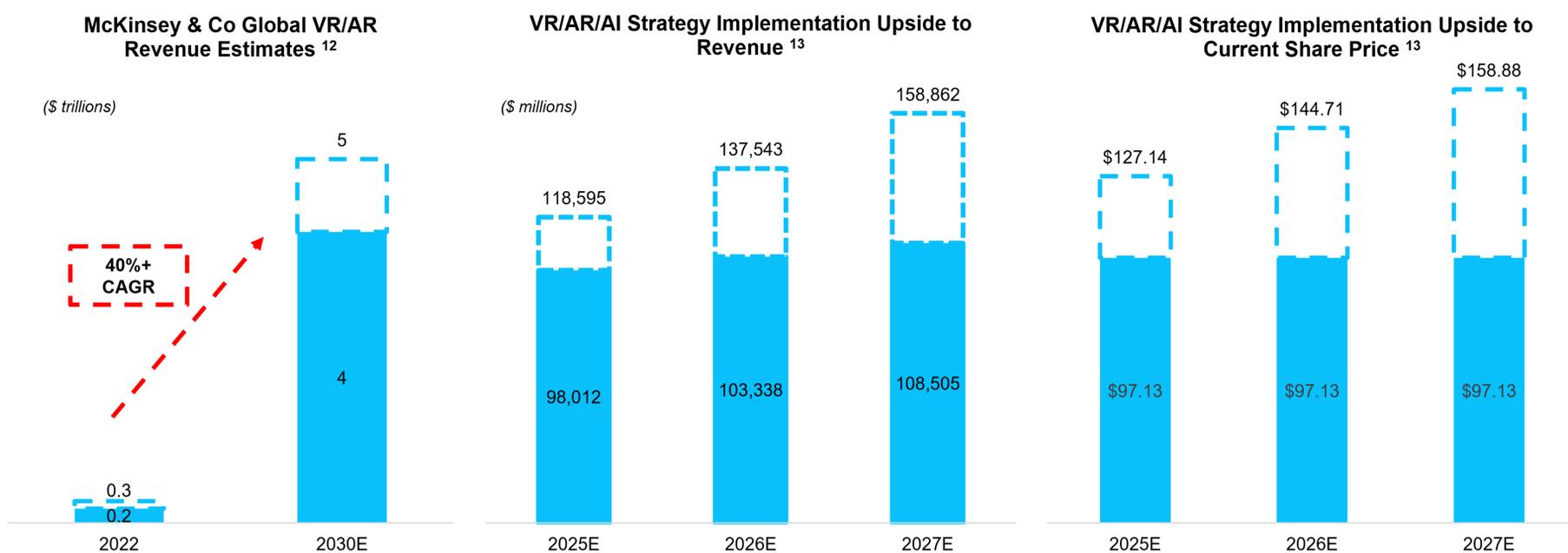
¹¹Note: Experiences segment EBITDA multiple on par with Hilton Worldwide Holdings Inc. (NYSE:HLT) according to S&P Capital IQ Pro.

3. DISNEY'S PHYSICAL, SPATIAL COMPUTING, AND AI-DRIVEN EXPERIENCES

Disney has arguably the greatest opportunity set of any media company in the world as it pertains to AR/VR given its breadth of media content. Imagine a Disney World where you could have a lightsaber spar with a Jedi on Tatooine, or team-up with Simba and traverse the African plains!

The Board **must be more** focused on this once in a lifetime shift in consumer behaviour and interaction. Our nominee Leah Solivan has built her career on imagining, and creating. She is precisely the candidate that this Board needs to continue imagining **the future of Disney** as we navigate a world that sees physical, digital, and virtual worlds converging.

Ms. Solivan is deeply immersed in the latest AR/VR and AI trends as a General Partner at Fuel Capital. She is surrounded by cutting edge AR/VR and spatial computing technologies, and the founders that are making it all possible. Prior to Fuel Capital, Ms. Solivan created TaskRabbit, Inc. ("TaskRabbit"), a pioneering on-demand marketplace company she founded in 2008. As TaskRabbit's CEO for eight years, she scaled the company into an international business with operations in 44 cities, prior to overseeing TaskRabbit's sale to IKEA.



⁷Source: Company's 2023 10k and analyst estimates

⁸2025 Estimated EBITDA pulled from analyst consensus estimates

⁹Note: Sports segment EBITDA multiple on par with Netflix, Inc. (NASDAQ:NFLX) according to S&P Capital IQ Pro as Netflix has begun to enter into the sports streaming world with its deal with the WWE.

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Blackwells has been vocal in its support for Disney’s Board, including its recent additions. However, the Board can benefit from critical experience, and expertise that our nominees exclusively represent.

The Board today has an abundance of former large company CEOs and executives from industries such as automobile manufacturing, pharmaceuticals, banking, and corporate infrastructure technology, but **only one** entrepreneur/founder, Amy L. Chang.

Even a gifted leader like Mr. Iger requires oversight and accountability. The current Disney Board is especially reliant on management’s expertise and assurances about the Company’s strategy and execution. The Board has also struggled with succession, which, as the tumultuous tenure and haphazard exit of Mr. Chapek as CEO demonstrated, cannot be driven or planned by management without direct Board input and oversight.

Moreover, recent concerns surrounding an information sharing agreement between Disney and ValueAct, are proof positive that independent and new perspectives are necessary. Disney’s share price suffers from a significant information discount, as recently noted by several key market analysts. Showering one shareholder with information that is withheld from all other shareholders, will only make matters worse. We intend to ensure for all shareholders that this arrangement is terminated or that shareholders are given the same access to information that ValueAct seems to enjoy.

PLEASE VOTE YOUR PROXY TODAY ON THE GREEN UNIVERSAL PROXY CARD “FOR” EACH OF THE BLACKWELLS NOMINEES AND THE BLACKWELLS PROPOSAL.



JESSICA SCHELL



CRAIG HATKOFF



LEAH SOLIVAN

¹² Source: McKinsey & Co, June 2022.

¹³ Source: Company filings, analyst consensus estimates. Note: Assumes a 10% uplift to analyst consensus revenue estimate from a successful implementation of a VR/AR/AI strategy based on comparative analysis from analysts using AAPL, META integration of VR/AR/AI to Disney.

THE TRIAN DISTRACTION

Shareholders are faced with three competing candidate slates at the 2024 Annual Meeting: Disney's, Blackwells' and Trian's.

We urge our fellow shareholders to be on high alert with respect to Trian's campaign and its two nominees, Nelson Peltz and Jay Rasulo. Mr. Peltz has requested a seat on Disney's Board no less than 24 times in the last year and half. During that time, Mr. Peltz has not offered a **single strategic idea** that would benefit shareholders. Mr. Rasulo also lacks the relevant skills and expertise that we firmly believe Disney could use additional support with.

Begging for Board seats is not a strategy that will make any money for shareholders. We strongly urge our fellow shareholders to vote **"WITHHOLD"** on the Trian nominees.

To learn more about Ms. Schell, Mr. Hatkoff and Ms. Solivan, we encourage shareholders to visit www.TheFutureOfDisney.com. Our campaign website will also include materials for shareholders to evaluate and help make the best voting decisions.

Disney Shareholders – Please vote your proxy today on the GREEN universal proxy card "FOR" each of the Blackwells nominees and the Blackwells proposal.

If you have any questions about voting your proxy or need replacement proxy materials, contact:

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