

BW

BLACKWELLS CAPITAL

THE FUTURE OF DISNEY

[THEFUTUREOFDISNEY.COM](https://thefutureofdisney.com)

PRESENTED BY BLACKWELLS CAPITAL

MARCH 2024

The Walt Disney Company (NYSE: DIS)

DISCLAIMER

The views expressed in this presentation (the "Presentation") represent the opinions of Blackwells Capital LLC and/or certain of its affiliates ("Blackwells") and the investment funds it manages that hold shares in The Walt Disney Company (the "Company", "Disney" or "DIS"). The Presentation is for informational purposes only, and it does not have regard to the specific investment objective, financial situation, suitability or particular need of any specific person who may receive the Presentation and should not be taken as advice on the merits of any investment decision. The views expressed in the Presentation represent the opinions of Blackwells and are based on publicly available information with respect to the Company and from other third-party reports. Blackwells recognizes that there may be confidential information in the possession of the Company that could lead it or others to disagree with Blackwells' conclusions. Blackwells reserves the right to change any of its opinions expressed herein at any time as it deems appropriate and disclaims any obligation to notify the market or any other party of any such change, except as required by law. The information contained herein is current only as of the date of this Presentation. Blackwells disclaims any obligation to update the information or opinions contained herein.

Certain financial projections and statements made herein have been derived or obtained from filings made with the U.S. Securities and Exchange Commission ("SEC") or other regulatory authorities and from other third-party reports. Neither Blackwells nor any of its affiliates shall be responsible or have any liability for any misinformation contained in any SEC or other regulatory filing or third-party report. Select figures included in this Presentation have not been calculated using generally accepted accounting principles ("GAAP") and have not been audited by independent accountants. Such figures may vary from GAAP accounting in material respects and there can be no assurance that the unrealized values reflected within such materials will be realized.

This Presentation does not recommend the purchase or sale of any security, and should not be construed as legal, tax, investment or financial advice, and the information contained herein should not be taken as advice on the merits of any investment decision.

The information contained in this Presentation is provided merely as information, and this Presentation is not intended to be, nor should it be construed as, an offer to sell or a solicitation of an offer to buy any security. Funds, investment vehicles, and accounts managed by Blackwells currently beneficially own shares of common stock, par value \$0.01 per share, of the Company ("Shares"). These funds, investment vehicles, and accounts are in the business of trading – buying and selling – securities and intend to continue trading in the securities of the Company. You should assume such funds, investment vehicles, and accounts will from time to time sell all or a portion of their holdings of the Company in open market transactions or otherwise, buy additional Shares (in open market or privately negotiated transactions or otherwise), or trade in options, puts, calls, swaps or other derivative instruments relating to such Shares, regardless of the views expressed in this Presentation. Blackwells reserves the right to take any actions with respect to investments in the Company as it may deem appropriate, including, but not limited to, communicating with the Company's management, the Company's board of directors, other investors and shareholders, stakeholders, industry participants, and/or interested or relevant parties about the Company or seeking representation constituting a minority of the Company's board of directors, and to change its intentions with respect to its investments in the Company at any time and disclaims any obligation to notify the market or any other party of any such changes or actions, except as required by law.

Although Blackwells believes the statements made in this Presentation are substantially accurate in all material respects and do not omit to state material facts necessary to make those statements not misleading, Blackwells makes no representation or warranty, express or implied, as to the accuracy or completeness of those statements or any other written or oral communication it makes with respect to the Company and any other companies mentioned, and each of Blackwells, the other Participants (as defined below) and their respective affiliates expressly disclaim any liability relating to those statements or communications (or any inaccuracies or omissions therein). Thus, shareholders and others should conduct their own independent investigation and analysis of those statements and communications and of the Company and any other companies to which those statements or communications may be relevant.

This Presentation contains forward-looking statements. All statements contained herein that are not clearly historical in nature or that necessarily depend on future events are forward-looking, and the words "anticipate," "believe," "expect," "potential," "could," "intend," "project," "will," "may," "would," "opportunity," "estimate," "plan," and similar expressions are generally intended to identify forward-looking statements.

The projected results and statements contained herein that are not historical facts are based on current expectations, speak only as of the date of these materials and involve risks, uncertainties and other factors that may cause actual results, performances or achievements to be materially different from any future results, performances or achievements expressed or implied by such projected results and statements. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which entail risks and uncertainties and are beyond the control of Blackwells.

Though this Presentation may contain projections, nothing in this Presentation is, or is intended to be, a prediction of the future trading price or market value of securities of the Company. Accordingly, there is no assurance or guarantee with respect to the prices at which any securities of the Company will trade, and such securities may not trade at prices that may be implied herein. The estimates, projections and potential impact of the opportunities identified by Blackwells herein are based on assumptions that Blackwells believes to be reasonable as of the date of the Presentation, but there can be no assurance or guarantee that (i) any of the proposed actions set forth in this Presentation will be completed, (ii) the actual results or performance of the Company will not differ, and such differences may be material, or (iii) any of the assumptions provided in this Presentation are accurate.

There can be no assurance that the projected results or forward-looking statements included herein will prove to be accurate, and therefore actual results could differ materially from those set forth in, contemplated by, or underlying these forward-looking statements. In light of the significant uncertainties inherent in the projected results and forward-looking statements included herein, the inclusion of such information should not be regarded as a representation as to future results or that the objectives and strategic initiatives expressed or implied by such projected results and forward-looking statements will be achieved. Blackwells will not undertake and specifically declines any obligation to disclose the results of any revisions that may be made to any projected results or forward-looking statements herein to reflect events or circumstances after the date of such projected results or statements or to reflect the occurrence of anticipated or unanticipated events.

Blackwells has neither sought nor obtained the consent from any other third party to use any statements or information contained herein that have been obtained or derived from statements made or published by such third parties, nor has it paid for any such statements. Any such statements or information should not be viewed as indicating the support of such third parties for the views expressed herein. Blackwells does not endorse third-party estimates or research which are used in this Presentation, and such use is solely for illustrative purposes. No warranty is made that data or information, whether derived or obtained from filings made with the SEC or any other regulatory agency or from any third party, are accurate. Past performance is not an indication of future results.

This Presentation may contain citations or links to articles and/or videos (collectively, "Media"). The views and opinions expressed in such Media or those of the author(s)/speaker(s) referenced or quoted in such Media, unless specifically noted otherwise, do not necessarily represent the opinions of Blackwells.

All registered or unregistered service marks, trademarks and trade names referred to in this Presentation are the property of their respective owners, and Blackwells' use herein does not imply an affiliation with or endorsement by, the owners of these service marks, trademarks and trade names. Some of the materials in this Presentation are copyrighted by Blackwells and portions are copyrighted by others and are used with their permission.

Blackwells Onshore I LLC, Blackwells Capital LLC, Jason Aintabi, Craig Hatkoff, Jessica Schell and Leah Solivan (collectively, the "Participants") are participants in the solicitation of proxies from the shareholders of the Company for the 2024 Annual Meeting of Shareholders (the "Annual Meeting"). On February 6, 2024, the Participants filed with the SEC their definitive proxy statement and accompanying GREEN Proxy Card in connection with their solicitation of proxies from the shareholders of the Company for the 2024 Annual Meeting.

All shareholders of the Company are advised to read the definitive proxy statement, the accompanying GREEN proxy card and other documents related to the solicitation of proxies by the Participants, as they contain important information, including additional information related to the Participants and their direct or indirect interests in the Company, by security holdings or otherwise.

The definitive proxy statement and an accompanying GREEN proxy card will be furnished to some or all of the Company's shareholders and are, along with other relevant documents, publicly available at no charge on the SEC's website at <http://www.sec.gov>. In addition, the Participants will provide copies of the definitive proxy statement without charge, when available, upon request. Requests for copies should be directed to Blackwells Onshore I LLC.

TABLE OF CONTENTS

I	Executive Summary	4
II	The Case For Change	16
III	Governance & Transparency	37
IV	The Future of Media & Content	52
V	The Future of Technology	67
VI	Triant's Misguided Campaign	88
VII	Conclusion	97

EXECUTIVE SUMMARY



“From Mickey and Minnie, to Snow White and Mary Poppins, Disney is not a company that makes widgets – it makes magic. And it takes a special group of leaders with a deep respect and understanding for this tradition to develop the kinds of incredible experiences that touch people’s hearts. Bob Iger, his management team, and the Board of Directors are faithful to this magic.”

“An Open Letter to Shareholders of The Walt Disney Company”

by Roy P Disney, Susan Disney Lord, Abigail E Disney and Tim Disney

February 28, 2024

Dear Fellow Walt Disney Shareholders,

Like the Disney family members themselves, Blackwells believes that anyone fortunate enough to earn the responsibility to serve on Disney's Board must, first and foremost, be faithful to Disney's Magic.

Blackwells is soliciting your vote not to cast a shadow on Disney's current directors, but rather to expose more of the hidden light. In three years, Disney has lost more than \$200 billion of market value, and Blackwells believes this loss is the result of falling behind in the areas of content, media, technology, and governance best practices.

Walt Disney once said, "times and conditions change so rapidly that we must keep our aim constantly focused on the future."

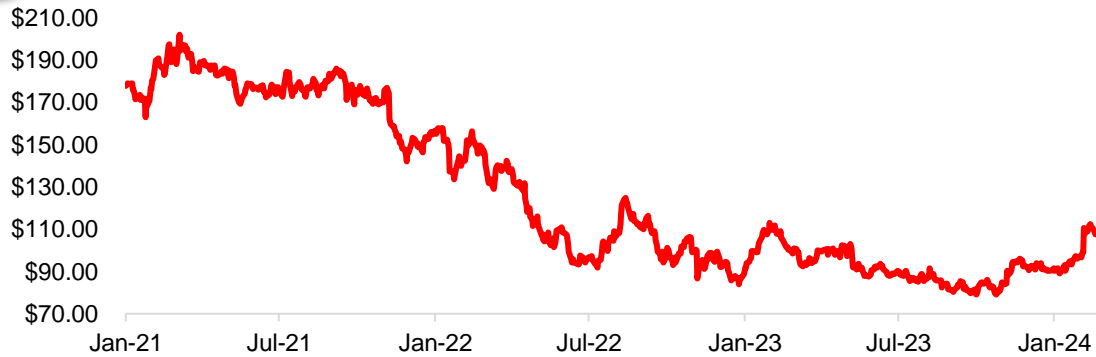
The three Blackwells nominees - Jessica Schell, Leah Solivan, and Craig Hatkoff - can provide assistance to the current Disney Board that is necessary to recapture dominance in content, media and technology by ensuring that - like its founder - The Walt Disney Company places appropriate emphasis on the future.

We invite all shareholders to review this presentation, and ask: will the Blackwells nominees add missing expertise in critical areas to Disney's Board? Will the Blackwells nominees work constructively with Disney's current Board members to faithfully ensure the brightest future possible for all Disney stakeholders?

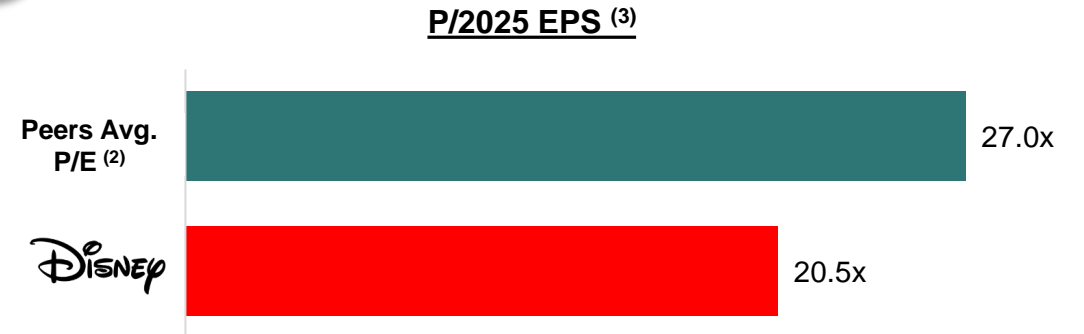
DISNEY'S PERFORMANCE

Disney's share price and valuation have suffered

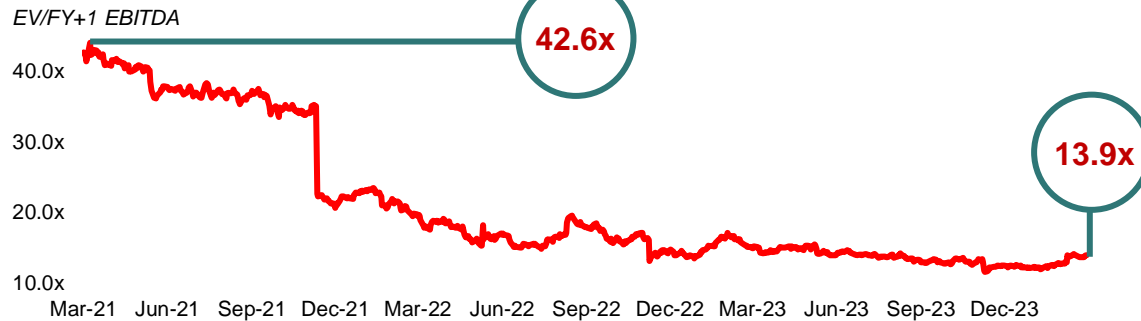
1 Disney's Share Price is ~45% Lower Than Its Peak



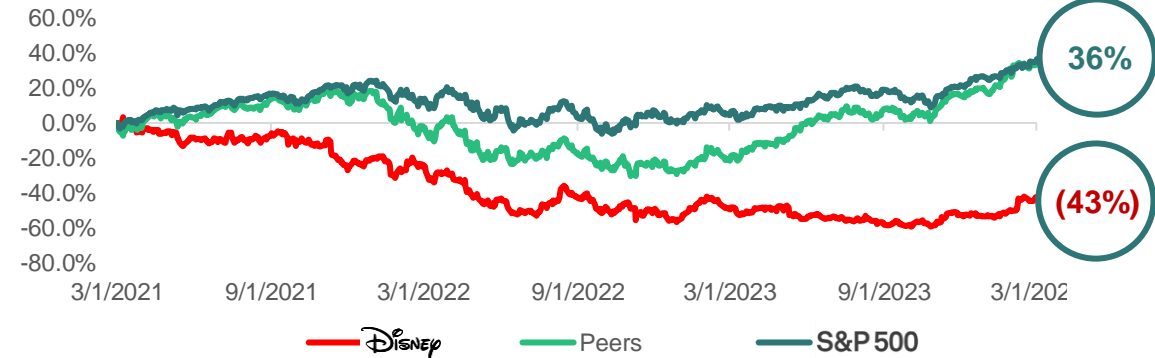
2 Disney is Undervalued vs. Peers ⁽¹⁾



3 Significant Multiple Compression



4 Disney's Three-Year Total Shareholder Returns (TSR)



Source: Company filings. Capital IQ. Note: (1) Blackwells selected peer group includes Alphabet, Inc., Amazon.com, Inc., Apple, Inc., IBM Corporation, Meta Platforms, Inc., Microsoft Corporation, Netflix, Inc., Spotify Technology S.A., and Take-Two Interactive Software, Inc.

BOARDROOM INDEPENDENCE

We believe additional independence in Disney's Boardroom is good for shareholders

1 Board Composition

By 2019, Iger had personally selected every member of the board, which is surprisingly lacking in media and entertainment experience. Iger is personally close with several directors, including Nike Executive Chairman Mark Parker and General Motors CEO Mary Barra.



September 9th, 2023

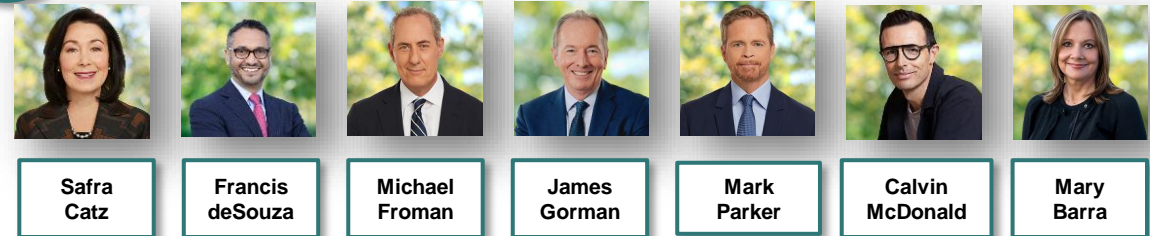
3 Succession Process

CEO Succession and The Walt Disney Company

"While the overriding problem is often a failure to plan, organizational factors can contribute... The planning process can become derailed when the board does not own the process, deferring too much to the outgoing CEO whose personal opinion—while important—is not the determining factor"

Harvard Law School Forum on Corporate Governance

2 Independent Board Experience



7 Disney directors have no other independent public Board experience (1)

4 Overlapping Directorships



COUNCIL on FOREIGN RELATIONS



Sources: Company Filings, Harvard Law School, CNBC.
Note: (1) Other than Disney Board.

DISNEY'S BOARDROOM SKILL SETS

It wouldn't hurt Disney to add some bandwidth and expertise

1

10/13 Board Members Lack Media Experience

Director Skills and Experience Matrix

	Barra	Catz	Chang	Darroch	Everson	Froman	Gorman	Iger	Lagomasino	McDonald	Parker	Rice
SKILLS CENTRAL TO DISNEY'S STRATEGY												
Media and Entertainment				•	•			•				
Direct-to-Consumer Expertise	•		•	•	•			•		•	•	•
Technology and Innovation	•	•	•	•	•		•					
Strategic Transformation	•			•			•	•		•	•	
360 Degree Brand Activation	•◆	•	•	•	•	•	•	•	•	•◆	•◆	•
Succession Planning	•			•			•			•	•	

2

11/13 Board Members Lack Founder or VC Experience



Founder	X	X	✓	X	X	X	X	X	X	X	X	X
Venture Capital	X	X	X	X	X	X	X	X	✓	X	X	X

3

6/13 Board Members of the Board are CEOs

“With the constant stream of meetings, strategy sessions, and other obligations, a leader [CEO] is likely to neglect some audience, whether intentionally or unintentionally.”

Forbes

4

2/13 Directors Lack Nearly All The Skills Central to Disney's Strategy

Director Skills and Experience Matrix

	Barra	Catz	Chang	Darroch	Everson	Froman	Gorman	Iger	Lagomasino	McDonald	Parker	Rice
SKILLS CENTRAL TO DISNEY'S STRATEGY												
Media and Entertainment				•	•			•				
Direct-to-Consumer Expertise	•		•	•	•			•		•	•	•
Technology and Innovation	•	•	•	•	•		•					
Strategic Transformation	•			•			•	•		•	•	
360 Degree Brand Activation	•◆	•	•	•	•	•	•	•	•	•◆	•◆	•
Succession Planning	•			•			•			•	•	

TRANSPARENCY & RESPONSIVENESS

Best practices ensure the best outcomes

1 Succession Planning Must be Done Well

Chapek was hand-selected by Iger to be his successor after he stepped down as Disney CEO in early 2020 before the pandemic hit.



2 Shareholder Equality

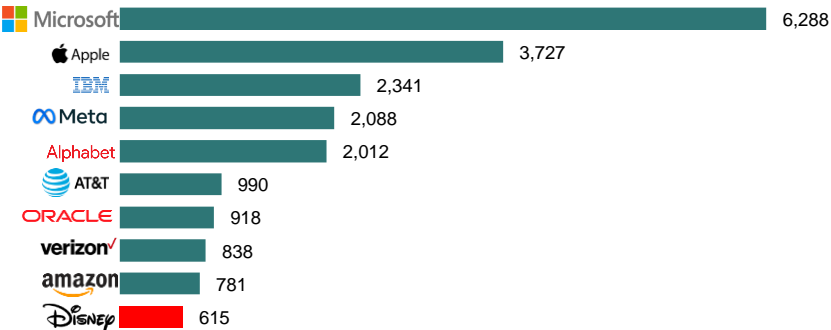
The Walt Disney Company And ValueAct Capital Enter Into Information-Sharing Arrangement To Facilitate Strategic Consultation During Company’s Transformation

Investment Firm Will Support the Disney Board’s Slate of Director Nominees at 2024 Annual Meeting

The ValueAct information sharing agreement has increased Disney’s information discount

3 Innovation (1)

Patents Filed by Disney Tech Peers that Mention Innovative Terms



4 Rose-Colored Capital Planning

Disney runs the risk of operating the Company with too much leverage - if there are any overruns in rose-colored \$60 billion capital plan

Sources: Company Filings, New York Post. Note: (1) Disney has selected 16 peers in the Company’s 2024 Proxy Filing., Alphabet, Inc., Amazon.com, Inc., Apple, Inc., AT&T Inc., Charter Communications, Inc., Comcast Corporation, IBM Corporation, Meta Platforms, Inc., Microsoft Corporation, Netflix, Inc., NIKE, Inc., Oracle Corporation, Paramount Global, Verizon Communications Inc., Warner Bros. Discovery, Inc. of which, for this analysis the technology subset of the peers has been used.

THE ISSUES FACING DISNEY'S BOARD

Four root Board issues prevent Disney from unlocking its full potential

1

Governance

- Disney's current Board culture could be improved
- Current culture has enabled poor succession planning practices
- Poor capital planning practices
- Multiple strategic misses

2

Transparency

- Disney must treat all shareholders equally
- Disney's statements and disclosures need improvement
- Cold-eyes review of strategic alternatives and dissemination to shareholders

3

Muddled Content Strategy

- Cannibalization issues
- Monetization, churn, and subscriber issues
- Creative engine issues

4

Mediocre Technology Strategy

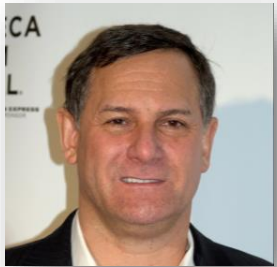
- Technology incrementalism is not technological transformation
- Disney should land-grab in spatial computing (AR/VR) and Artificial Intelligence (AI)
- Lack of over-arching CTO and native tech stack is unacceptable

The issues facing Disney's Board could be solved by filling gaps in expertise

CONSTRUCTIVE AND ADDITIVE ADDITIONS

Blackwells has nominated three exceptional nominees for election at the 2024 Annual Meeting of Disney Shareholders in order to add expertise working collaboratively for all shareholders

Craig Hatkoff



- ✓ 47 years as an independent director on public company Boards
- ✓ Turnaround, risk-management, and financial expertise
- ✓ Deep media industry knowledge
- ✓ Authority on governance best practices

Jessica Schell



- ✓ Unparalleled experience in media and entertainment
- ✓ Forefront of content distribution
- ✓ Expert in content value optimization
- ✓ Warner Bros., NBC Universal and Disney career experience

Leah Solivan



- ✓ Venture capitalist and technology expert
- ✓ Fluent in the cutting-edge technological ecosystems
- ✓ Deep consumer, SaaS, and infrastructure experience
- ✓ Visionary Founder of TaskRabbit

CRAIG HATKOFF

Craig Hatkoff



Executive Experience

- Mr. Hatkoff began his career in real estate after business school at Chemical Bank where he became one of the pioneers of the real estate securitization industry and was Co-Head of the Real Estate Investment Banking Unit
- He left Chemical Bank in 1990 to co-found Victor Capital Group, a real estate merchant bank. In 1996, Mr. Hatkoff co-founded Capital Trust (NYSE: CT), a NYSE-listed real estate company, along with Sam Zell and John Klopp. Mr. Hatkoff served as Vice Chairman and director of Capital Trust, Inc. from 1997 to 2010

Board Room Experience

- Current Director at SL Green Realty Corp. (NYSE: SLG)
- Current Director at Captivision (NASDAQ: CAPT)
- Former Executive Chairperson of LEX Markets
- Former Director at Subversive Capital Acquisition Corp. (NEO: SVX.U)
- Former Director at Capital Trust (NYSE: CT)
- Former Director at DigitalBridge Group (NYSE: DBRG)
- Former Director of Taubman Centers

Other

- Chairman of Turtle Pond Publications, a closely held publishing company
- Co-founder of the Tribeca Film Festival
- Co-founder of Victor Capital Group
- Trustee of New York City School Construction Authority
- Director at the Mandela Institute for Humanity
- Adjunct Professor at Columbia Business School

JESSICA SCHELL

Jessica Schell



Executive Experience

- Ms. Schell served as Executive Vice President and General Manager of Warner Bros. Home Entertainment. She joined as Executive Vice President and General Manager, Film to lead the over one billion dollar global film division of home entertainment and expanded her remit over time to include television and originals
- 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 worked at Universal Pictures, an American film production and distribution company owned by NBCUniversal Media, as the Executive Vice President of Business Development and Strategic Planning
- At NBC she worked on the creation of new businesses, including NBCUniversal's data targeted advertising platform, Hulu, and the Peacock Equity Fund, for which she served as a board member and key operating liaison

Board Room Experience

- Current member of the board of advisors of Teach for America Los Angeles
- Previously served on the board of directors of Peacock Equity Fund

Other

- Ms. Schell holds an MBA from Harvard Business School and BA with honors in American History and Literature from Harvard College

LEAH SOLIVAN

Leah Solivan



taskrabbit



Executive Experience

- Ms. Solivan is a Managing Director at Fuel Capital L.P., a venture capital firm investing in consumer, software as a service (SaaS) and infrastructure companies, where she manages three high performing funds, with over seven unicorn companies across the portfolio. Ms. Solivan has served at Fuel Capital since July 2017
- Ms. Solivan created 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 and more than \$50 million in venture capital funding
- Ms. Solivan has taken an active role in the Young Presidents' Organization, a worldwide leadership community of chief executives. A member since 2014, she was awarded the Alexander Capello Award, the highest honor in membership, for her work in promoting gender equity

Board Room Experience

- CEO and Chair of TaskRabbit Board from 2008 – 2017 (oversaw successful acquisition to IKEA)
- Former member of the Board of Directors at Sweet Briar College
- Chair of the Regional Board, Pacific US of the Young Presidents Organization

Other

- Frequent speaker at events such as the World Economic Forum in Davos, Switzerland and Tina Brown's Women in the World Summit
- Named by Fast Company as one of the "100 Most Creative People in Business"



THE CASE FOR CHANGE

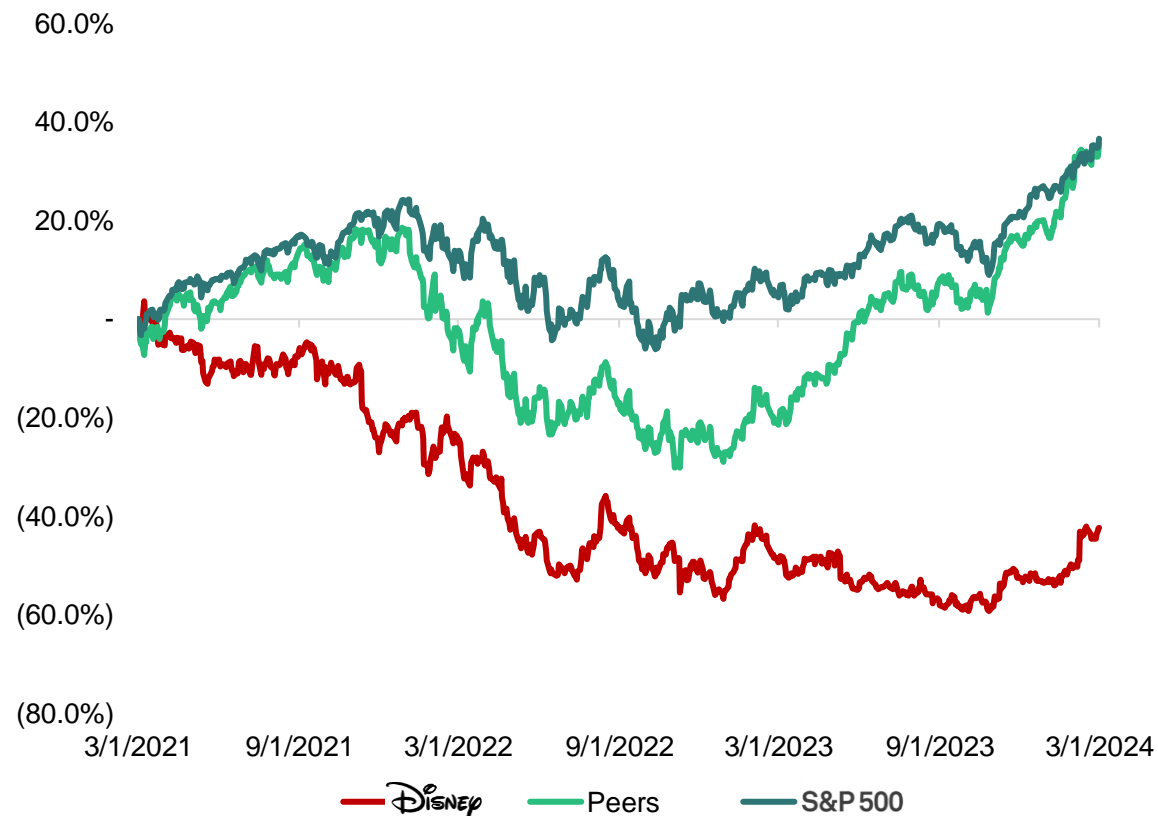
DISNEY HAS UNDERPERFORMED

Considerable Underperformance

Every Disney Board member has overseen underperformance during their tenure

- Under the best performing independent director's tenure, Disney underperformed the S&P 500 by **(15%)** and under the worst performing independent director's tenure, Disney underperformed the S&P 500 by **(150%)** ⁽¹⁾
- Disney's Board must address this underperformance in order to regain credibility

Disney Three-Year TSR vs. Peers and S&P 500



Source: Company filings and Capital IQ as of 3/1/24.

Note: (1) Capital IQ calculated from the respective start date of each Disney Board Member to 3/1/24.

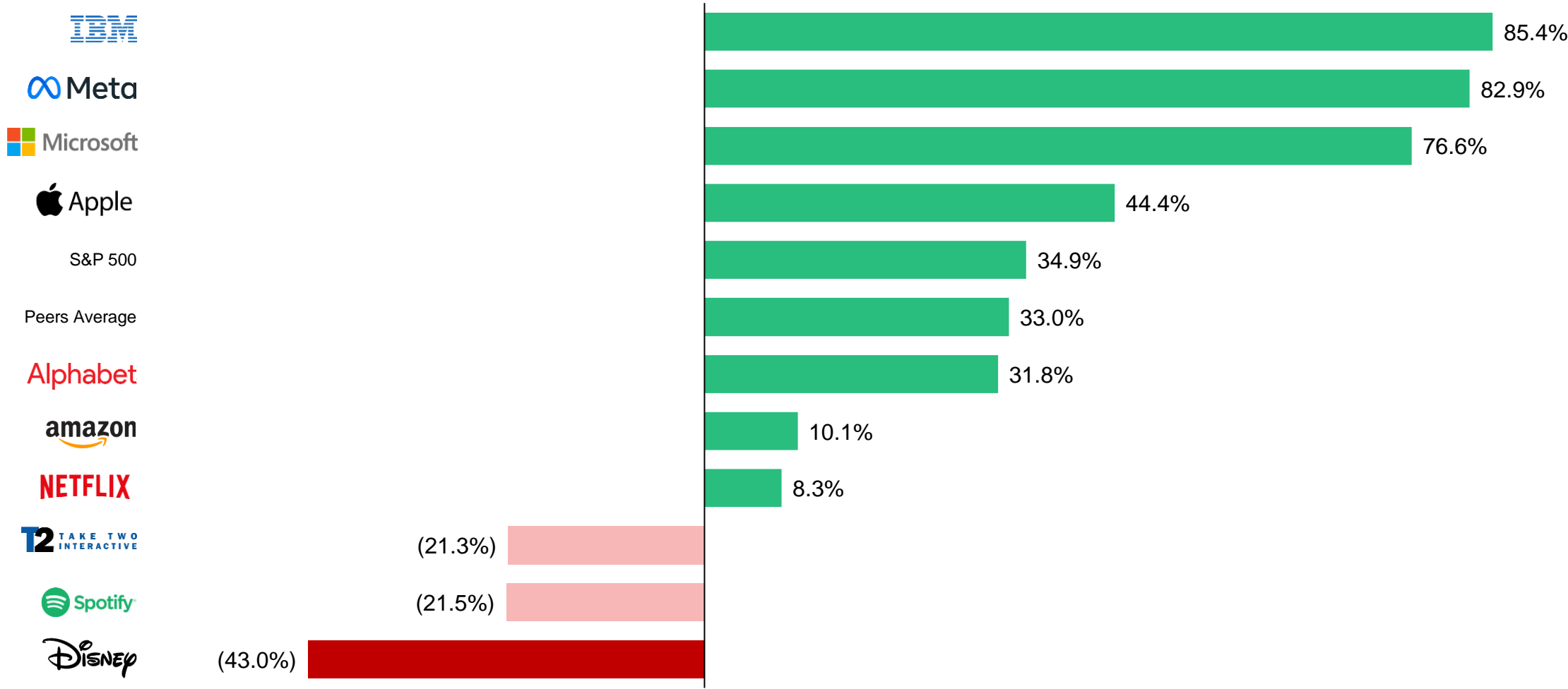
DISNEY'S DIRECTORS PERFORMANCE

Name	Role	Non-Disney Titles/Roles	Years on Disney Board	Disney Stock Performance since start date	S&P 500 Performance since start date	Stock Performance vs S&P 500 since start date
Mark Parker	Chairman of the Board	Executive Chairman – Nike	8.1	11.4%	160.9%	(149.6%)
Maria Elena Lagomasino	Independent Director	CEO – WE Family Offices	8.2	(4.0%)	141.1%	(145.1%)
Mary Barra	Independent Director	Chair and CEO – General Motors	6.5	9.2%	107.4%	(98.3%)
Derica Rice	Independent Director	Former EVP – CVS	4.9	(2.8%)	84.4%	(87.2%)
Francis deSouza	Independent Director	Former CEO - Illumina	6.0	0.3%	79.7%	(79.4%)
Safra Catz	Independent Director	CEO – Oracle	6.0	0.3%	79.7%	(79.4%)
Michael Froman	Independent Director	President – Council on Foreign Relations	5.4	(0.2%)	76.5%	(76.7%)
Amy Chang	Independent Director	Former EVP – Cisco Systems	2.7	(38.1%)	20.7%	(58.8%)
Calvin McDonald	Independent Director	CEO – Lululemon	2.7	(38.1%)	20.7%	(58.8%)
Carolyn Everson	Independent Director	Former President – Instacart	1.2	(13.5%)	28.4%	(14.8%)
Robert Iger	CEO, Non-Independent Director	CEO – Walt Disney	24.1	20.7% ⁽¹⁾	27.9%	(7.2%)
James Gorman	Independent Director	Executive Chairman – Morgan Stanley	-	-	-	-
Jeremy Darroch	Independent Director	Former Exec Chairman and Group CEO - Sky	-	-	-	-

Source: Bloomberg and Company Filings. Share price date as of 3/1/24. Note: James Gorman and Jeremy Darroch excluded due to less than one year of tenure with the Disney Board.

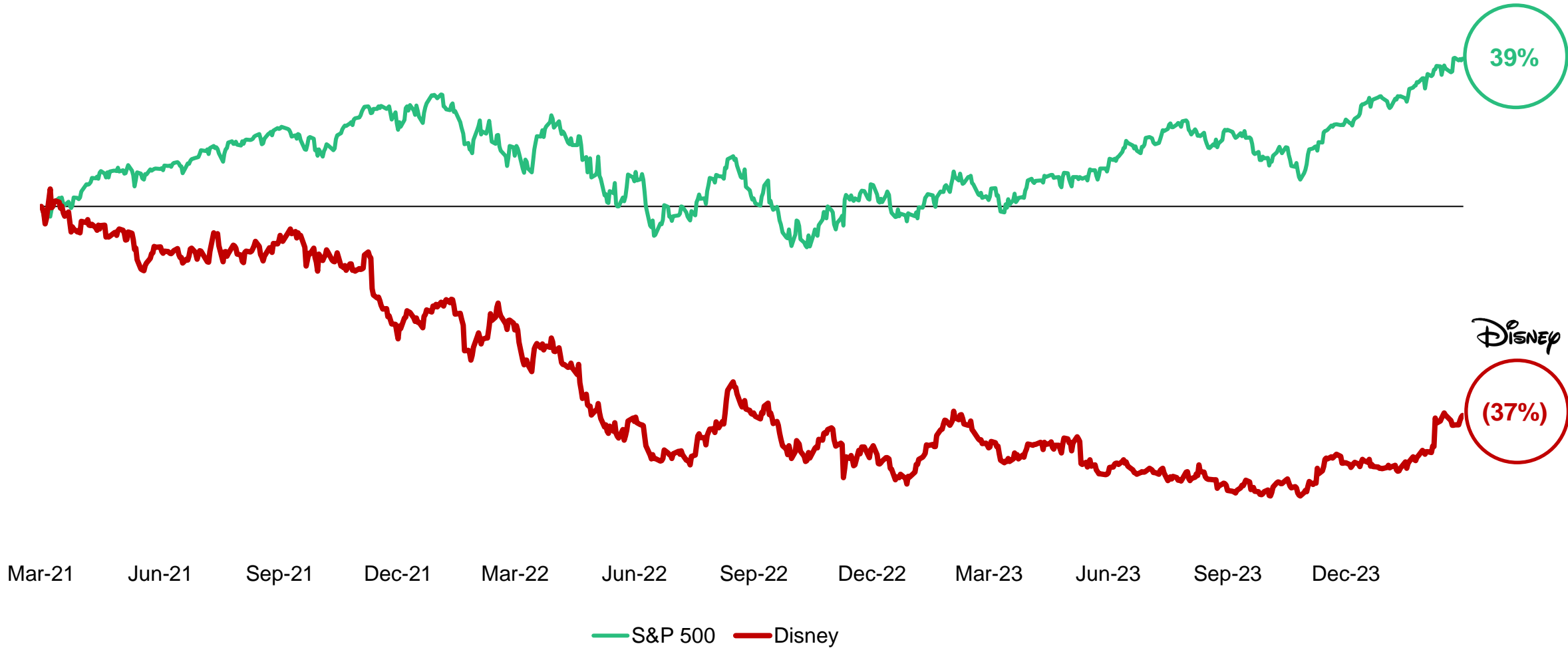
Note: (1) Bob Iger's returns calculated since he returned to the Company on November 20, 2022.

DISNEY'S THREE-YEAR TOTAL SHAREHOLDER RETURN



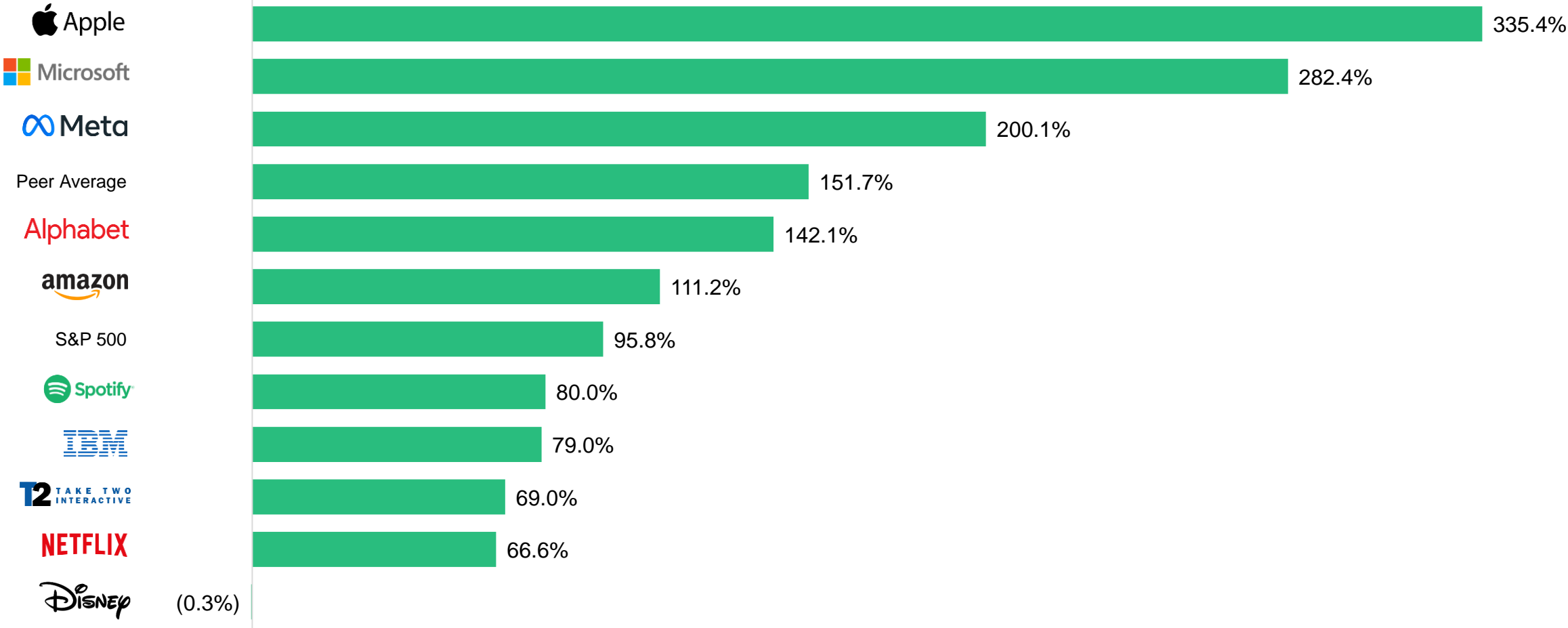
Source: Company filings. Capital IQ as of 3/1/24.
 Note: (1) Blackwells selected peer group as described on page 7.

DISNEY'S THREE-YEAR PERFORMANCE



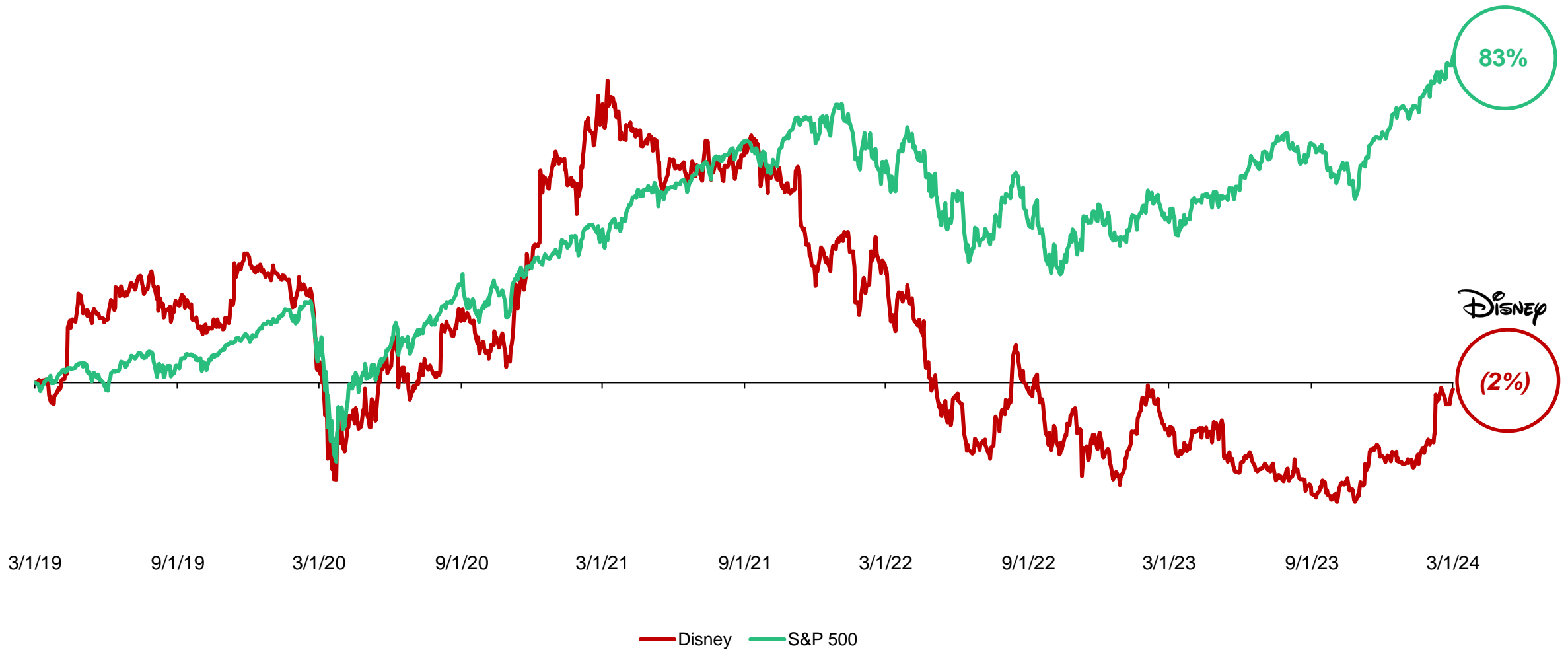
Source: Company filings, Capital IQ as of 3/1/24.

DISNEY'S FIVE-YEAR TOTAL SHAREHOLDER RETURN



Source: Company filings. Capital IQ as of 3/1/24.
Note: (1) Blackwells selected peer group as described in page 7.

DISNEY'S FIVE-YEAR PERFORMANCE



Source: Company filings. Capital IQ as of 3/1/24.

DISNEY'S EBITDA MULTIPLE OVER TIME

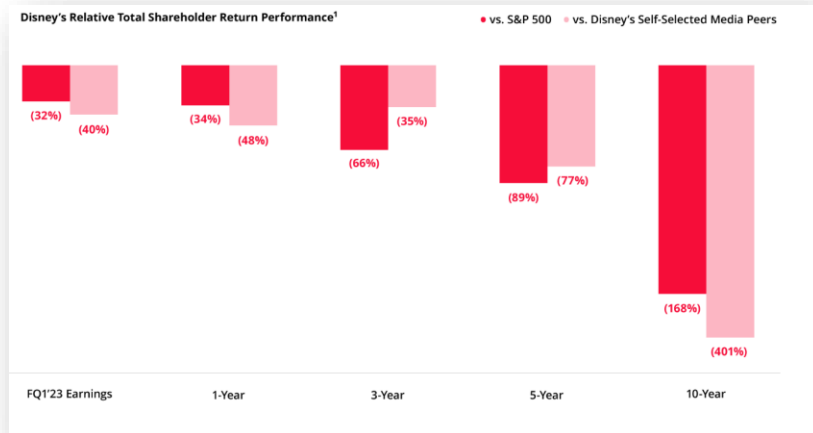
Disney's Three-Year EV/FY+1 EBITDA



Source: Capital IQ as of 3/1/24.

TRIAN'S CAMPAIGN MAKES A CASE FOR CHANGE

Trian on Disney's Poor TSR



Trian on Disney's Share Price Underperformance



Source: Trian.

Trian on Disney Board Members

“Lack of Focus: Many of Disney’s directors have important day jobs running some of the largest automobile, apparel, sporting goods and software companies in the world. They have demanding, full-time work commitments and are likely waking up every day thinking about things other than Disney. Faced with complicated challenges in their executive roles, we believe these busy directors have taken their “eyes off the ball” at Disney.”

**Trian letter to Disney shareholders
February 1, 2024**

Trian on Succession

“A year later, however, Disney shareholders are no better off. It turns out, Disney’s story was just a fairy tale. Disney’s stock price is lower now than a year ago; its streaming business lost another \$1.7 billion; 2024 earnings per share estimates are down nearly 20%; two of Disney’s last five movies have failed to turn a profit; and the Board has still not identified a successor for Mr. Iger.”

**Trian letter to Disney shareholders
February 12, 2024**

BLACKWELLS' NOMINEES ARE THE SOLUTION TO TRIAN'S ACKNOWLEDGED ISSUES

Trian's Acknowledged Issues

Acknowledged Issue	Disney's Current Path ²	Trian's Goals & Initial Perspectives
<i>Corporate Governance</i>	Preserve as much of the status quo as possible by playing defense – evidenced by limited changes to compensation and succession processes	Adopt best-in-class governance; finally complete a successful CEO succession; and align management pay with performance
<i>Streaming Profitability</i>	"Focused on achieving significant and sustained profitability" – no guidance or tangible targets beyond breakeven	Target and achieve Netflix-like margins of 15-20% by FY 2027
<i>Future of ESPN</i>	"Building ESPN into the preeminent digital sports platform" – lacking a tangible business plan or defined cost to shareholders	Commit to a reasonable, defined payback period and return profile on ESPN Flagship DTC and communicate it in detail prior to launch
<i>Studio Creativity</i>	"Improving the output and economics of our film studios"	Board-led review of creative processes and structure to restore leadership accountability and reclaim #1 box office position w/ leading economics
<i>Parks and Experiences Growth</i>	"Strategically investing in our Experiences business to turbocharge growth"	Execute on a clear vision for Parks targeting at least high-single digit operating income growth to ensure adequate returns on ~\$60bn of capex

Blackwells' Solutions

✓ **Craig Hatkoff**

✓ **Jessica Schell**

✓ **Jessica Schell**

✓ **Jessica Schell**

✓ **Leah Solivan**

Identifying Issues is Not the Same as Being Able to Solve Issues

THE CURRENT BOARD IS NOT SUFFICIENT

Critical gaps in the Disney Board must be filled to rectify underperformance

1

Board Composition Issues

2

Lacking Relevant Expertise

3

Bandwidth Concerns

4

Lack of Independence

Blackwells' nominees fill each of these gaps

SIX BOARD MEMBERS ARE CEOS



Mary Barra
Chair and CEO



Maria Elena Laguarda
CEO



Calvin McDonald
CEO



Michael Froman
President

COUNCIL on
FOREIGN
RELATIONS



Safra Catz
CEO



CEO



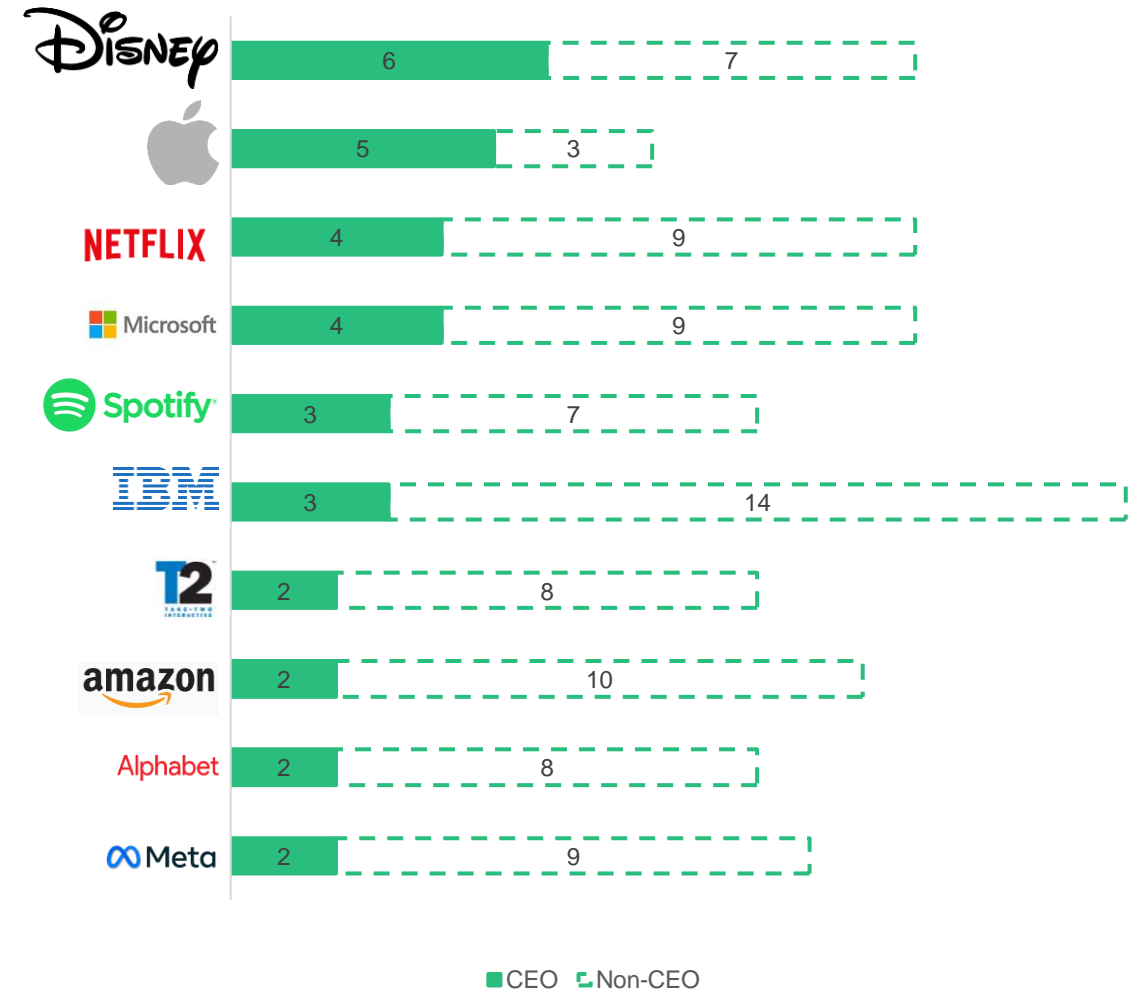
Source: Company Filings.

DISNEY PEERS ⁽¹⁾ PAY ATTENTION TO BANDWIDTH

Disney has the highest number of CEOs on its Board in comparison to peers ⁽¹⁾

Disney director bandwidth is an area of concern and could be ameliorated with the addition of the Blackwells nominees

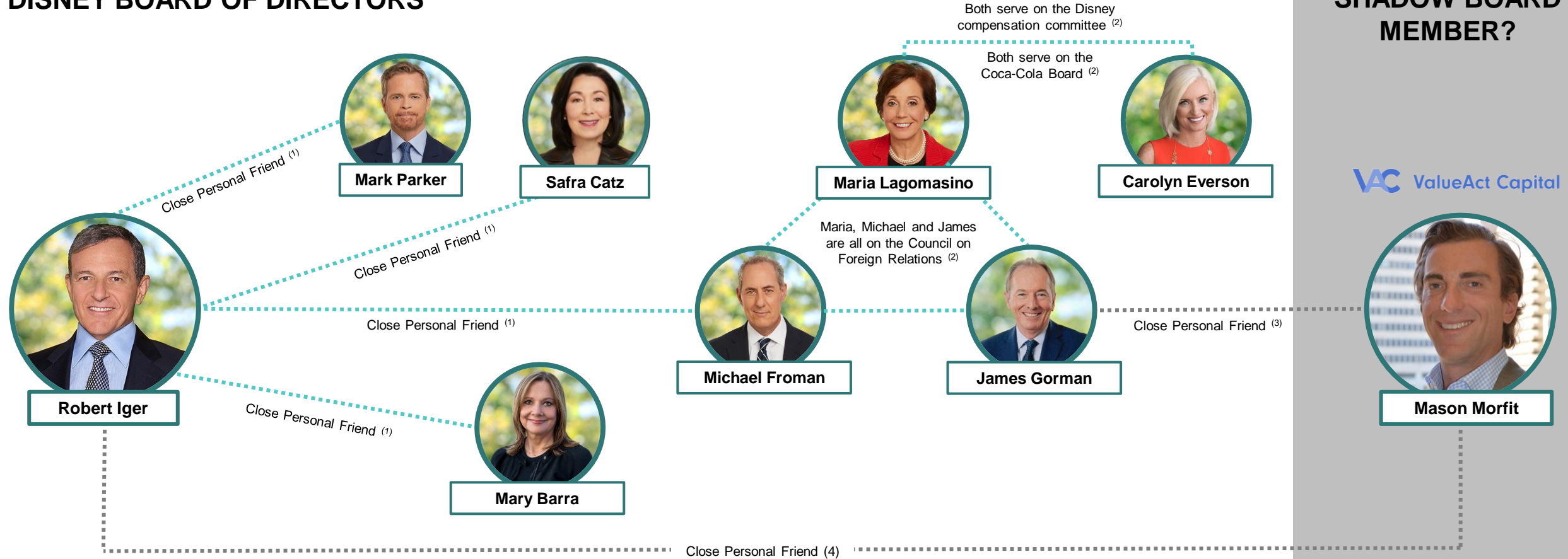
Board Composition (CEOs and Non-CEOs) ⁽²⁾



Source: Company websites. Note: (1) Blackwells selected peers as defined on page 7. (2) Includes the current Company's CEO.

DISNEY BOARD CONNECTIVITY

DISNEY BOARD OF DIRECTORS



SHADOW BOARD MEMBER?

VAC ValueAct Capital



Mason Morfit

Sources: CNBC, the Wall Street Journal, New York Post, Daily Mail and Financial Times.

Note:

(1) CNBC Article "Disney's Wildest Ride: Iger, Chapek and the making of an epic succession mess" – September 6, 2023 – "By 2019, Iger had personally selected every member of the board, which is surprisingly lacking in media and entertainment experience. Iger is personally close with several directors, including Nike Executive Chairman Mark Parker and General Motors CEO Mary Barra. In addition, the wife of another board member, Michael Froman, [...] now president of the Council on Foreign Relations, had been housemates with Iger's wife [...], at the University of Pennsylvania "

(2) Source: Company filings and Capital IQ.

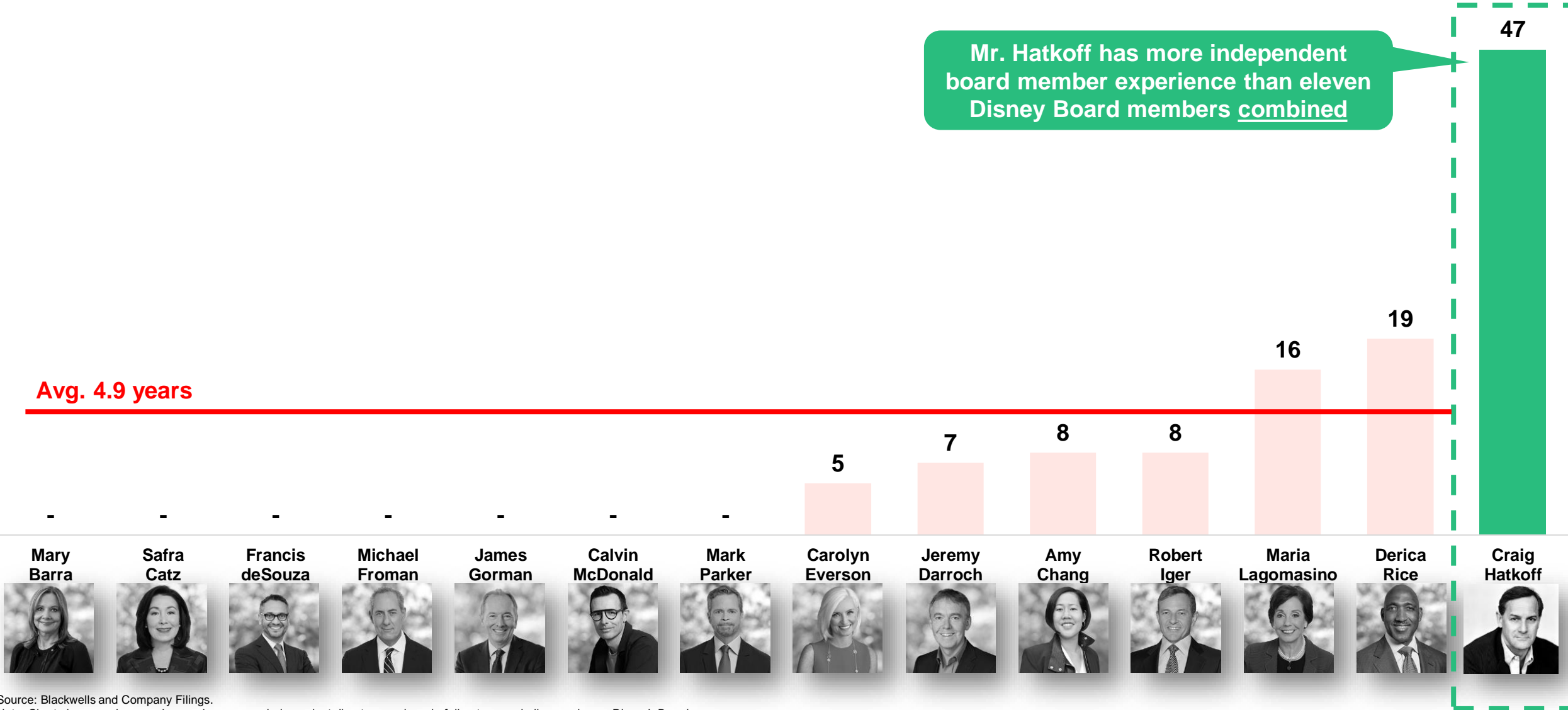
(3) Source: Financial Times - "Mason Morfit takes charge at ValueAct — 13 years after being tipped" – January 24, 2020.

(4) Source: Daily Mail – "Jordana Brewster and new beau Mason Morfit pack on the PDA with several makeout sessions during afternoon out with her youngest son Rowan" – November 29, 2020.

DISNEY INDEPENDENT PUBLIC BOARD EXPERIENCE

Avg. 4.9 years

Mr. Hatkoff has more independent board member experience than eleven Disney Board members combined



Source: Blackwells and Company Filings.
 Note: Chart shows each person's experience as an independent director on a board of directors, excluding service on Disney's Board.

DISNEY MEDIA EXPERTISE

Disney is one of the world's most important media companies, but:

- In the Company's 2023 proxy statement, **Disney did not even have a skill set marked for media experience**
- In its 2024 proxy statement, Disney lists **only two non-executive directors out of twelve nominees who have significant media experience**

DIRECTOR SKILLS & EXPERIENCE MATRIX

	Barra	Catz	Chang	Darroch	Everson	Froman	Gorman	Iger	Lagomasino	McDonald	Parker	Rice
Media & Entertainment				●	●			●				
Direct-to-Consumer Expertise	●		●	●	●			●		●	●	●
Technology & Innovation	●	●	●	●	●		●					
Strategic Transformation	●			●			●	●		●	●	
360 Degree Brand Activation	●◆	●	●	●	●	●	●	●	●	●◆	●◆	●
Succession Planning	●			●			●			●	●	

SKILLS CENTRAL TO DISNEY'S STRATEGY

Source: The Walt Disney Company 2024 and 2023 Proxy Statements.

DISNEY TECH & ENTREPRENEURSHIP EXPERTISE

If Disney wants to dominate in innovation and Imagineering, it should have meaningful entrepreneurship experience in the boardroom

The Disney Board currently has only one member with technology entrepreneurship experience, and only one member with VC or entrepreneurship experience

	Technology Entrepreneurship Experience?	Venture Capital Experience?
Safra Catz	✗	✗
Francis De Souza	✗	✗
Michael Froman	✗	✗
James Gorman	✗	✗
Mark Parker	✗	✗
Amy Chang	✓	✗
Calvin McDonald	✗	✗
Mary Barra	✗	✗
Carolyn Everson	✗	✗
Robert Iger	✗	✓
Jeremy Darroch	✗	✗
Maria Lagomasino	✗	✗
Derica Rice	✗	✗




THE BLACKWELLS' NOMINEES SKILLSETS ARE MORE ATTRACTIVE

	MEDIA AND ENTERTAINMENT	DIRECT TO CONSUMER EXPERTISE	TECHNOLOGY & INNOVATION	STRATEGIC TRANSFORMATION	360 DEGREE BRAND ACTIVATION	SUCCESSION PLANNING	CORE COMPETENCIES
Craig Hatkoff	●	●	●	●	●	●	●
Jessica Schell	●	●	●	●	●		●
Leah Solivan		●	●	●	●		●
Safra Catz			●		●		●
Michael Froman					●		●
James Gorman			●	●	●	●	●
Mark Parker		●		●	●	●	●
Amy Chang		●	●		●		●
Calvin McDonald		●		●	●	●	●
Mary Barra		●	●	●	●	●	●
Carolyn Everson	●	●	●		●	●	●
Robert Iger	●	●		●	●	●	●
Jeremy Darroch	●	●	●	●	●	●	●
Maria Lagomasino					●		●
Derica Rice		●			●		●
Nelson Peltz		●		●		●	●
Jay Rasulo	●						●

Source: Blackwells and The Walt Disney Company 2024 Proxy Statements.

...AND ARE SUPERIOR TO TRIAN'S NOMINEES SKILLSETS

The Blackwells nominees are clearly the better choice

NOMINEE	MEDIA & TECH EXPERIENCE	BUSINESS BUILDER & ENTREPRENEURSHIP	CAPITAL ALLOCATION EXPERTISE	INNOVATION	PERSONAL AGENDAS & STALE IDEAS	STRATEGIC DIRECTION
 Jessica Schell	●	●	●	●	●	MEDIA & CONTENT
 Craig Hatkoff	●	●	●	●	●	GOVERNANCE & TRANSPARENCY
 Leah Solivan	●	●	●	●	●	TECHNOLOGY
Nelson Peltz	●	●	●	●	●	●
Jay Rasulo	●	●	●	●	●	●

COMPENSATION PRACTICES DO NOT MATCH PERFORMANCE

Executive compensation must be aligned with performance

Mr. Iger has received pay of \$47 million since reinstatement despite **(7.2%)** underperformance of the S&P 500

Outsized compensation has long been an issue at Disney. From FY 2017 – FY 2021, Mr. Iger received \$217 million despite below market performance over that period

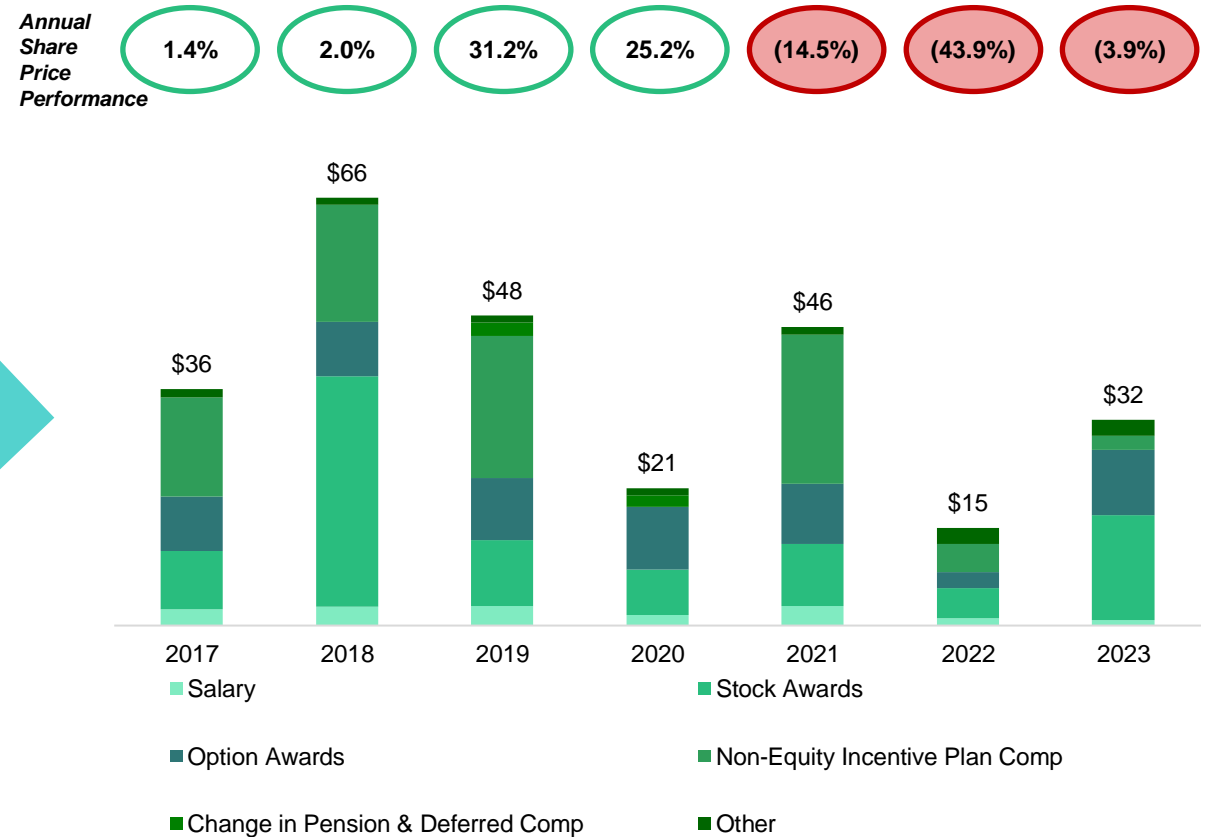
MEDIA

Disney more than doubled pay packages for Bob Iger, Bob Chapek in 2021

By Alexandra Steigrad
Published Jan. 20, 2022, 10:48 a.m. ET



Compensation vs. Share Price Performance



Source: New York Post, Company Filings, Capital IQ.

LEAH SOLIVAN, CRAIG HATKOFF & JESSICA SCHELL FILL IDENTIFIED GAPS



Muddled Content Strategy

- Failed to adapt in a timely and profitable manner to DTC streaming
- Struggle with creatives and recent releases
- Checks and balances in the Boardroom with respect to Sports

Mediocre Tech Strategy

- Disney significantly lags tech peers in R&D
- Disney's patent portfolio is anemic, contrary to its own recent assertions

Succession Planning Issues

- Mr. Chapek's tenure as CEO may have been the result of a lack of checks and balances between management and the large number of CEO Board members
- Shareholders do not want problems during Mr. Iger's 2026 hand-off

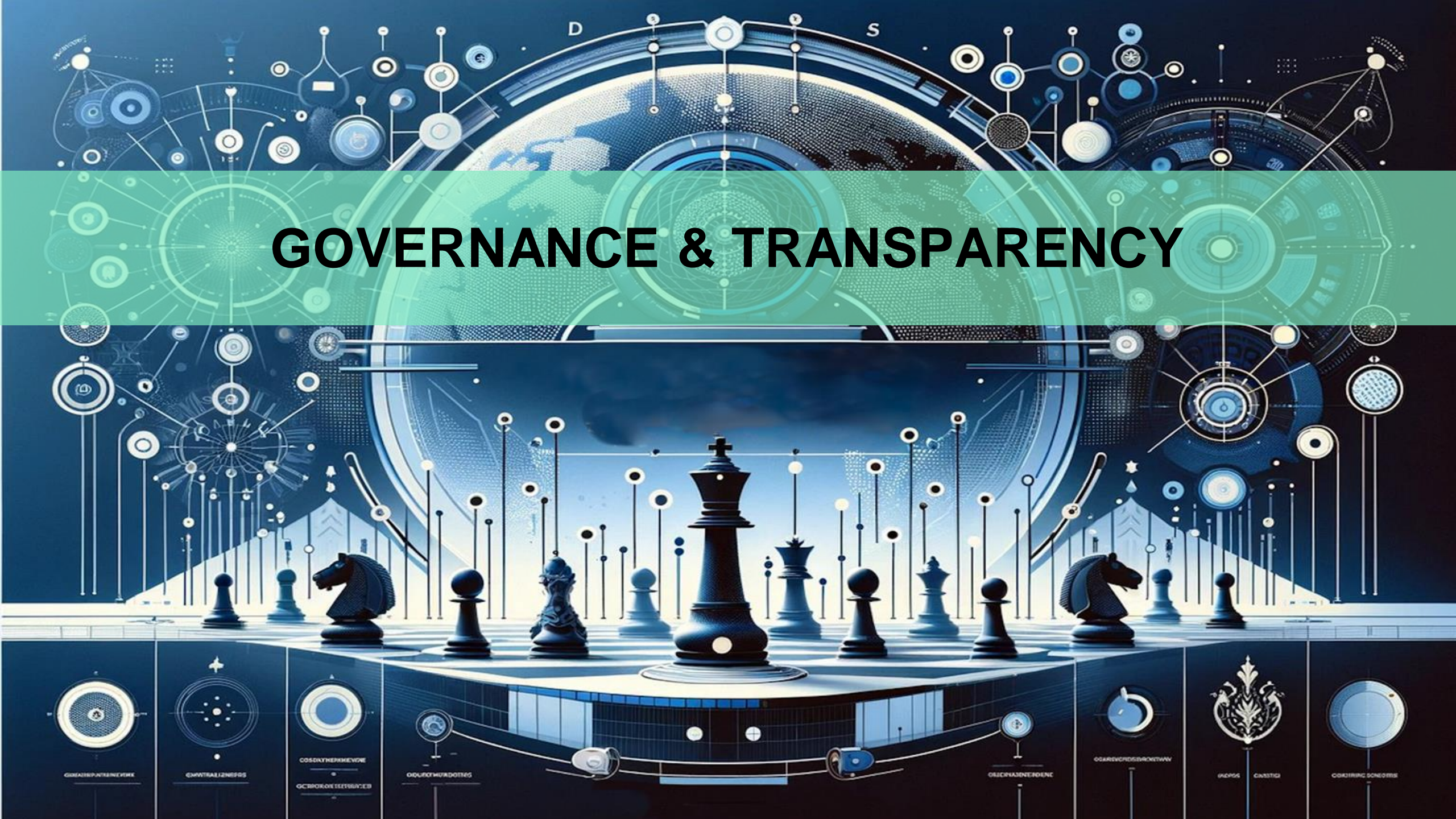
Capital Planning Issues

- Shareholders should want to ensure that Mr. Iger's \$60 billion capital expenditure plan wasn't summarily approved by a Board that wasn't appropriately tough with its questions on the viability of such a plan

Shareholder Responsiveness

- Threatened by dual activist pressure, Disney entered into a so-called Information Sharing Agreement with ValueAct that we don't think is in the best interest for all shareholders
- Disney disclosures around patents, technology and content strategies, succession plans must be ameliorated

GOVERNANCE & TRANSPARENCY



DISNEY'S GOVERNANCE IS NOT BEST IN CLASS

Few companies would do better than Disney to lead the pathway with best-in-class governance attributes

1 Disney's Board Culture is Holding it Back

A closely-knit board that falls short on independence and bandwidth

- Succession Planning Issues
- Capital Planning Issues
- Muddled Content Strategy
- Mediocre Tech Strategy
- Accountability Concerns

2 Disney Trades at an Information Discount

Disney is valued at the lowest common multiple of its segments

- Shareholder Responsiveness Shortcomings
- Can one person lead Disney after Mr. Iger's retirement?
- Cold-eyes examination of Disney's sum-of-the-parts (SOTP) could unlock trapped value on its Balance Sheet
- Off-market messaging around patent portfolio and AI Taskforce

Source: Company filings.

DOES THE SLIPPER FIT?



Shareholders must ensure the Disney Board does not oversee a succession plan like the one that ushered in Mr. Chapek in 2020:

- 1 The Mirror Neuron Effect; as concerns the many CEOs on Disney's Board
- 2 Limited Bandwidth and lack of Independent directorship experience may result in sub-optimal decision-making processes
- 3 Shareholders don't want succession decisions to be influenced by ValueAct under the so-called "Information Sharing Agreement"
- 4 Cold-Eyes on succession decisions is a best practice

CAPITAL PLANNING

To fully understand the impact of Disney's large capital spending over the next 10 years (\$60 billion), we have performed a capital analysis on three forecasts:

1

Wall St. research forecasts (based on management guidance)

2

Historical average (the average EBITDA of the last 5-yrs applied to the forecast period)

3

Historical growth case (the 5-yr EBITDA CAGR applied to the forecast period)

Net Debt is held constant throughout the period and in Case 2 and 3 there is a forecasted 25% capital spending overrun

The results also show that Wall St. research forecasts are extremely rosy with regards to Disney's future earnings (EBITDA nearly doubling over 5 years)

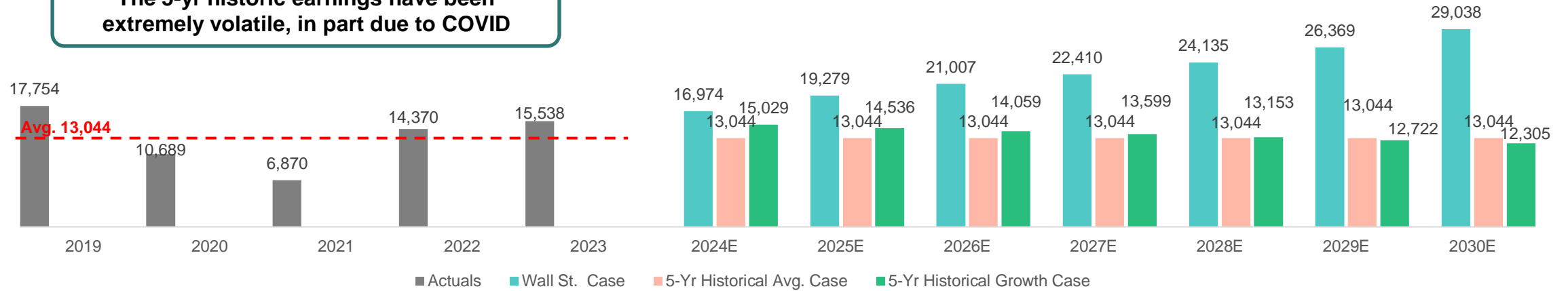
Any deviation from the current earnings environment at Disney in combination with capital expenditure overruns, would have a significant negative impact on Disney

CAPITAL PLANNING (Cont'd)

EBITDA

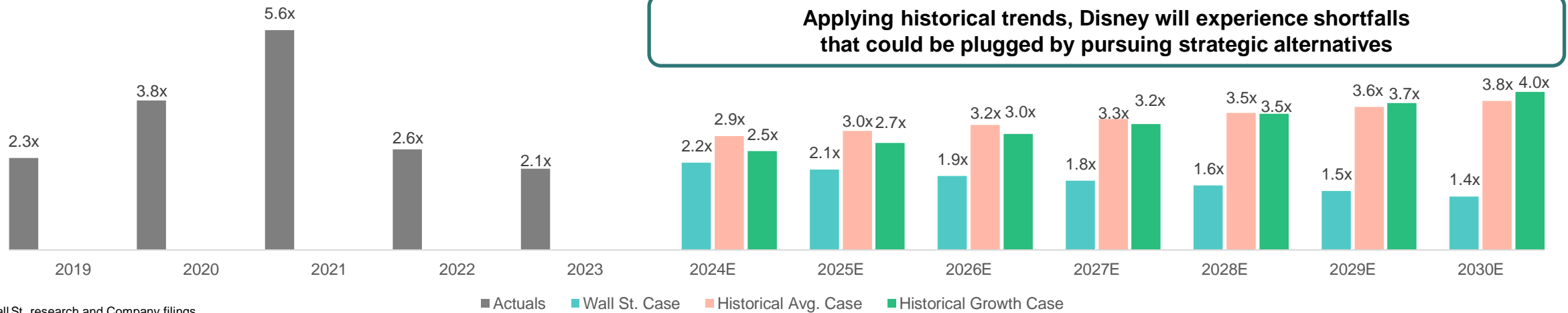
(\$ million)

The 5-yr historic earnings have been extremely volatile, in part due to COVID



Net Debt/LTM EBITDA

Applying historical trends, Disney will experience shortfalls that could be plugged by pursuing strategic alternatives



Source: Wall St. research and Company filings.

MUDDLED CONTENT STRATEGY



Disney Board versus Content and Media

- 1 New content is repetitive, unprofitable, unpopular, and performing poorly at the box office
- 2 Flip flopping strategy for streaming platforms has resulted in Disney+ being unable to surpass 2022 peak subscriber numbers or turn profitable
- 3 No strategy to avoid cannibalizing revenues across streaming and linear
- 4 Huge missed licensing revenue opportunities
- 5 Lucrative home entertainment window eliminated

MEDICORE TECH STRATEGY



Disney Board versus Technology

- 1 Inefficient fragmentation between Disney's segments and overall infrastructure
- 2 Unhurried innovation; Disney has the fewest number of patents compared to Peers ⁽¹⁾ that include innovative terms ⁽²⁾
- 3 Lowest proportional R&D spend among peers
- 4 Missing Native Technology Stack, and "Technology Stack Mentality"
- 5 Lack of leadership in Spatial Computing (AR/VR) & AI ⁽³⁾

Sources: U.S. patent office. Note: (1) Disney has selected 16 peers in the Company's 2024 Proxy Filing., Alphabet, Inc., Amazon.com, Inc., Apple, Inc., AT&T Inc., Charter Communications, Inc., Comcast Corporation, IBM Corporation, Meta Platforms, Inc., Microsoft Corporation, Netflix, Inc., NIKE, Inc., Oracle Corporation, Paramount Global, Verizon Communications Inc., Warner Bros. Discovery, Inc. of which, for this analysis the technology subset of the peers has been used (2) Innovative terms include AI, AR, and VR. (3) AR is an acronym for augmented reality; VR is an acronym for virtual reality; AI is an acronym for artificial intelligence.

INFORMATION DISCOUNT



Disney Board versus its Information Discount

- 1 Shareholder favoritism
- 2 Cold-eyes on whether Disney can be run by any one person after the unicorn CEO
- 3 Strategic alternatives processes matter
- 4 Disney's scrambled trading multiple

SHAREHOLDER RESPONSIVENESS

Recent actions by the Disney Board, in response to pressure from shareholders suggests a certain entrenchment



Disney has entered into an information sharing agreement with ValueAct

*Blackwells demanded to inspect records of The Walt Disney Company pursuant to Section 220 of the Delaware General Corporation Law to which Disney responded that to obtain inspection of the books relating to **ValueAct** we “must show ... that a credible basis exists upon which wrongdoing or mismanagement can be inferred”*

The Board appears to be trying to prevent Blackwells from speaking to the same shareholders as the Board

The Board has been using a NOBO list of shareholders for nearly a month to solicit millions of votes

However, the Board refuses to let Blackwells conduct an in-person review of the NOBO list even though we made a proper request under Delaware law. The Board also claims Disney spent approximately \$533K for the list

For Blackwells and Trian to get access to a digital copy of the NOBO list, the Board is demanding we reimburse Disney the entire \$533K amount. This means Blackwells and Trian are apparently being asked to completely subsidize the Board’s use of the NOBO list

Note: NOBO stands for Non-Objecting Beneficial Owners.

DISCLOSURE PRACTICES

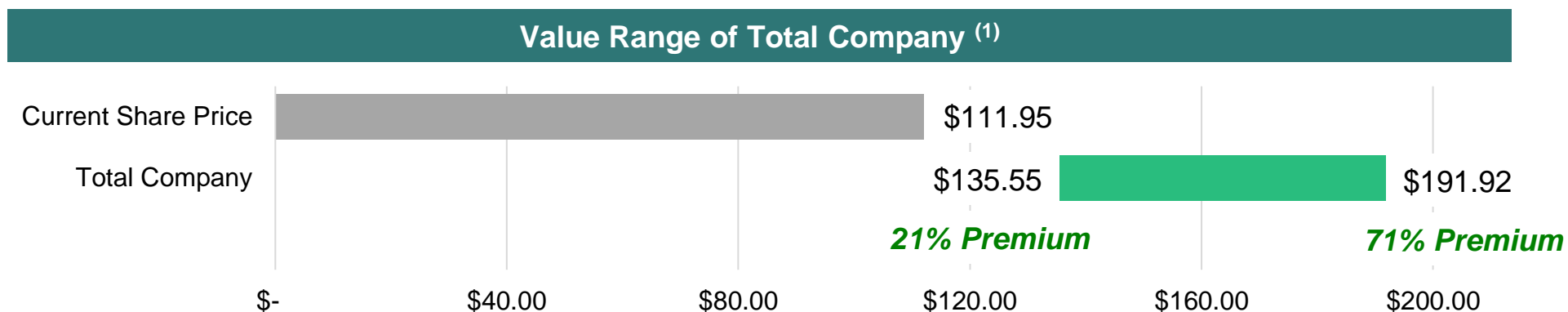
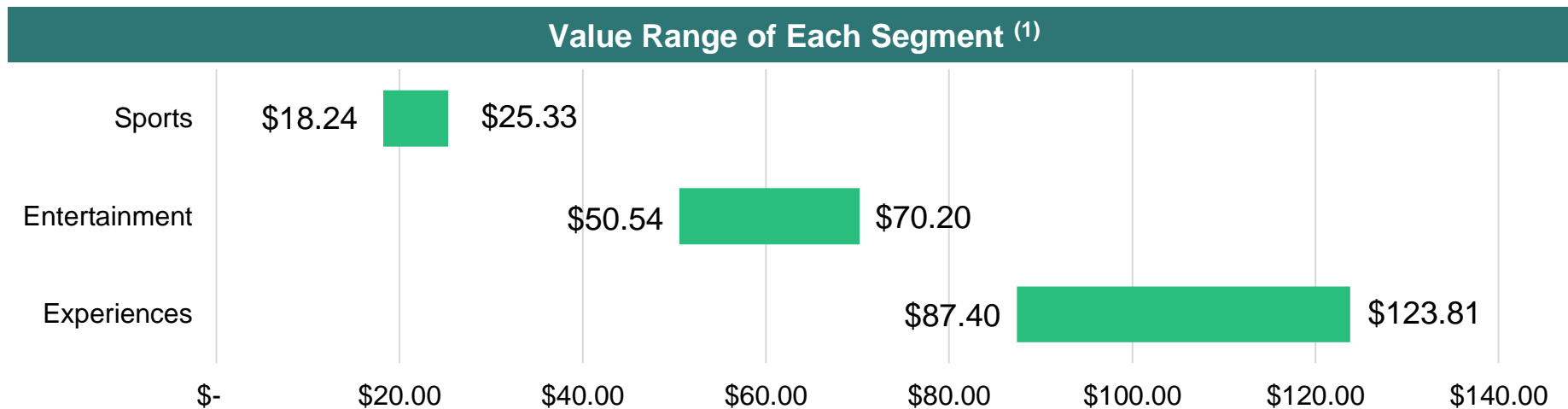


Why does Disney not provide the following information to its shareholders, for example:

- Information and values around the Company's vast real estate holdings?
- The Company's total Research & Development (R&D) spend
- Appropriate information around the Company's purported AI taskforce
- The information sharing agreement that Disney entered into with ValueAct
- Limited information on succession planning

CASE STUDY: SUM OF THE PARTS

Blackwells believes that each segment has the potential to trade at a premium to peers over time



Source: Company filings and Capital IQ as of 3/1/24.

Note: (1) Range for Entertainment and Sports is 18.0x to 28.0x EV / 2025E EBITDA and range for Experiences is 14.0x to 17.0x EV/2025E EBITDA

DISNEY SUFFERS FROM A CONGLOMERATE DISCOUNT

Disney could be worth more as two or three distinct entities, and may simply be too complex for any one successor to Mr. Iger to manage holistically



Entertainment/Tech ⁽¹⁾

EV/2025E EBITDA

Peer Average	EV/2025E EBITDA
Spotify	29.6x
NETFLIX	22.5x
Microsoft	21.0x
Apple	19.5x
T2 TAKE TWO INTERACTIVE	17.4x
IBM	13.0x
amazon	12.0x
Meta	11.4x
Alphabet	10.4x

Sports ⁽²⁾

EV/2025E EBITDA

Peer Average	EV/2025E EBITDA
Spotify	29.6x
NETFLIX	22.5x
Microsoft	21.0x
Apple	19.5x
T2 TAKE TWO INTERACTIVE	17.4x
IBM	13.0x
amazon	12.0x
Meta	11.4x
Alphabet	10.4x

Experiences ⁽³⁾

EV/2025E EBITDA

Peer Average	EV/2025E EBITDA
Hilton	16.6x
Marriott	16.0x
Royal Caribbean INTERNATIONAL	9.0x
Six Flags	8.9x
NORWEGIAN CRUISE LINE®	8.9x
Carnival	8.0x
Hilton GRAND VACATIONS	7.7x
Cedar Fair Entertainment Company	7.4x
UNITED PARKS & RESORTS	6.9x

Source: Capital IQ as of 3/1/24.

Note: (1) Blackwells entertainment and tech selected peer group includes Alphabet, Amazon, Apple, IBM, Meta, Microsoft, Netflix, Spotify, and TakeTwo. (2) Sports peers are the same as entertainment and tech given the popularity and profitability of sports streaming and its integration into platforms such as Netflix and Peacock. (3) Blackwells selected experience peers include Hilton, Marriott, Royal Caribbean, Six Flags, Norwegian Cruise Line, Carnival Cruises, Hilton Grand Vacation, Cedar Fair, and United Parks and Resorts.

CASE STUDY: BALANCE SHEET OPTIMIZATION

Disney could unlock a significant amount of value and solve its capital allocation needs by spinning its owned real estate out into a REIT or creating an IPCo/OpCo/PropCo structure

The total book value of real estate held by Disney is approximately 38% of Disney's market capitalization, yet the Board has no members with any real estate experience

Disney has one of the largest trophy portfolios of hotel and resort assets in the world with over 37,000 hotel rooms, thousands of vacation club units, retail and commercial space and vast land holdings

Disney could pursue the synthetic breakup that an IPCo/OpCo/PropCo structure would support, another lever to unlock value

Stock Price (3/1/24)	\$	111.95
Share Outstanding		1,834
Market Capitalization	\$	205,350

Attractions, buildings and equipment	\$	72,096
Projects in process	\$	5,618
Land	\$	1,182
Total Gross Real Estate Value	\$	78,896

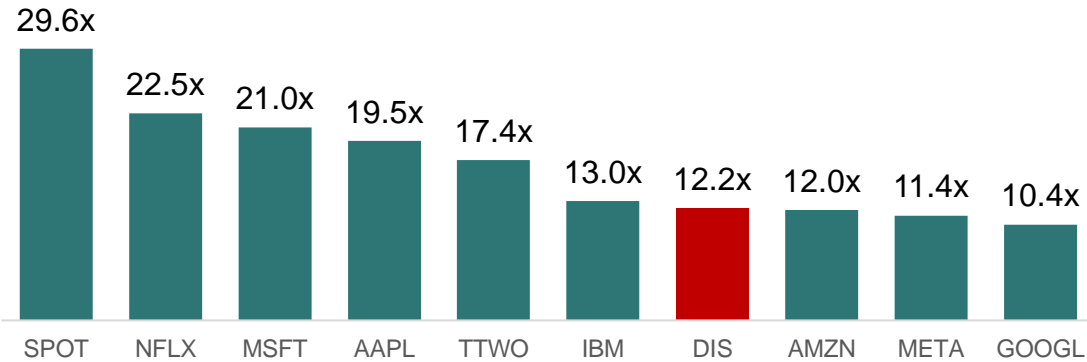
Market Capitalization	\$	205,350
<i>Gross Real Estate as % of MC</i>		<i>38%</i>

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

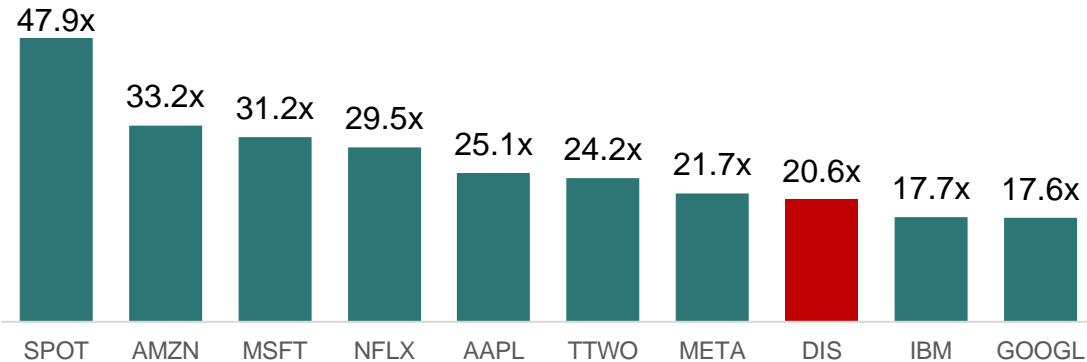
WHAT DOES IT ALL MEAN?

Disney will continue to trade at a discount

EV/2025E EBITDA



P/2025E Earnings



Disney is unlikely to experience appropriate multiple expansion, nor optimally reach operational goals without adding best-in-class governance attributes to fill gaps

- 1 Boardroom Culture
- 2 Best In Class Practices
- 3 Information Discount
- 4 Strategic Planning
- 5 Content and Technology Dominance

Source: Capital IQ. Note: Blackwells selected peers as defined on page 7.

CRAIG HATKOFF IS AN ADDITIVE SOLUTION

Mr. Hatkoff has extensive experience as an independent Director and as the head of several strategic asset review committees on behalf of public Boards



Executive Experience

- Mr. Hatkoff began his career in real estate at Chemical Bank where he was Co-Head of the Real Estate Investment Banking Unit
- He left Chemical Bank in 1990 to co-found Victor Capital Group, a real estate merchant bank
- Mr. Hatkoff co-founded Capital Trust (NYSE: CT), a NYSE-listed real estate company, along with Sam Zell and John Klopp
- Current Director at SL Green Realty Corp. (NYSE: SLG)
- Current Director at Captivision (NASDAQ: CAPT)
- Former Director at Capital Trust (NYSE: CT)
- Former Director at DigitalBridge Group (NYSE: DBRG)
- Former Director of Taubman Centers
- Founder of the Tribeca Film Festival

Skills Matrix

Independent Director Experience	✓
Led strategic asset reviews	✓
Extensive real estate experience	✓
Media experience	✓
Corporate Governance Knowledge	✓
Strong Risk Management	✓
Strategic Thinking and Vision	✓
Financial Acumen	✓
Stakeholder Engagement	✓



THE FUTURE OF MEDIA & CONTENT

DISNEY'S MEDIA & CONTENT EFFORTS HAVE FALLEN SHORT

The current Board has not provided adequate support in the core area of content

1

Direct-to-Consumer (DTC) Profitability

Profitability remains a major issue for Disney's Entertainment segment

- Disney+ profitability remains an issue, despite promises by management to improve
- Disney's churn remains ~75% higher than Netflix and total DTC subscribers still remain lower than 2022 peaks

2

Content Reach and Revenue

Disney has squandered the value of its content in an effort to prop up Disney+

- Disney limited exposure of its content beyond owned platforms, foregoing huge potential licensing \$
- Disney shortened the time between theatrical and streaming and eliminated the lucrative PVOD window

3

The Creative

Disney's franchises are underperforming

- 2023 was a dismal year at the box-office for Disney despite the release of several major films
- Critics blame the lack of new and original content vs. reboots and sequels ⁽¹⁾

Disney needs someone on its board like Jessica Schell – a proven media optimization expert

Source: Company filings, Forbes.

Note: (1) Forbes - Most Critics Think Most Disney Remakes Are Just Okay" – July 17, 2019.

PROFITABILITY IS A MAJOR ISSUE

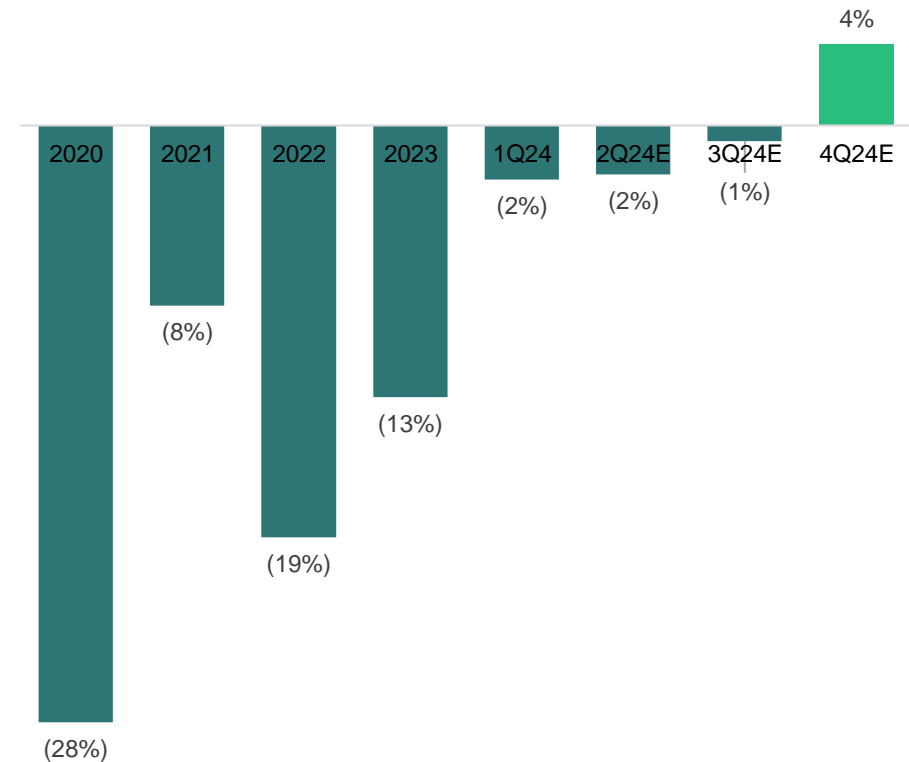
Disney's DTC business has never been profitable

What is the sustainability of the profitable Q4 2024 that management is guiding towards?

More than favorable accounting is required to keep real margins above 0%

Profitability issues stem from churn/subscription basis and sub-optimal pricing

Disney's DTC Operating Income Margin (1)



Source: Company filings, website, Wall St. research and Company press releases.
Note: (1) 2Q24E to 4Q24E are based on Wall St. research forecast.

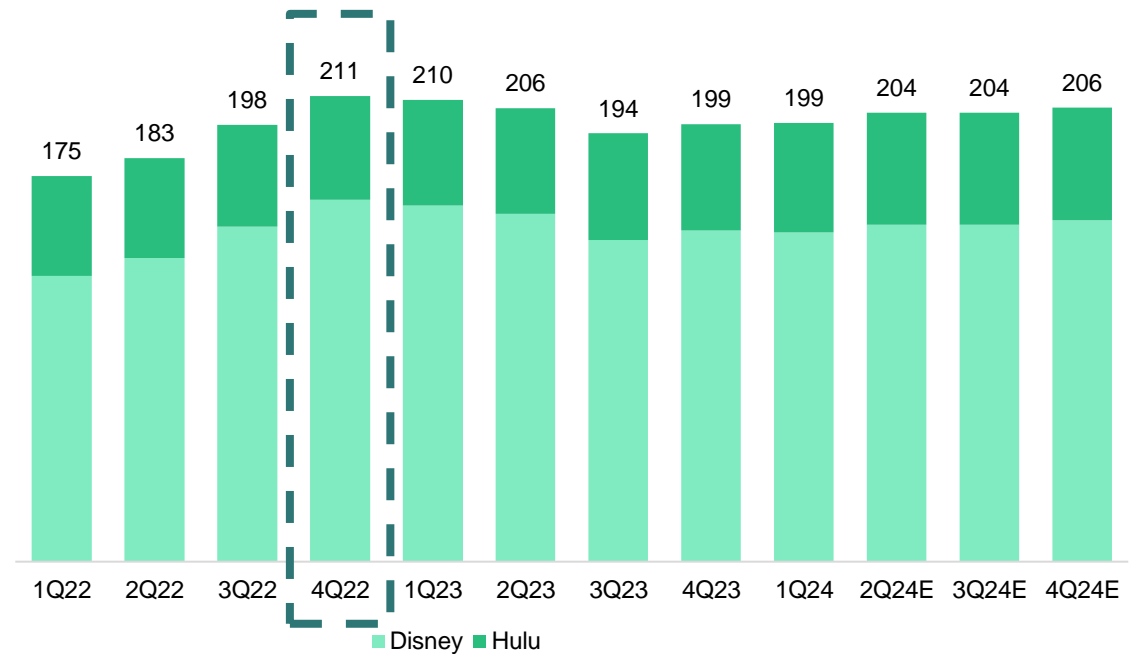
DISNEY'S DTC HAS STILL NOT SURPASSED 2022 RESULTS

Disney+ is the driver of subscription decline, as Hulu continues to grow

Management has not laid out a clear strategy to grow its subscriber base

The Board must have expertise to conceive and execute on the strategy to sustainably grow subs

Disney's Total Subscribers (millions) (1)



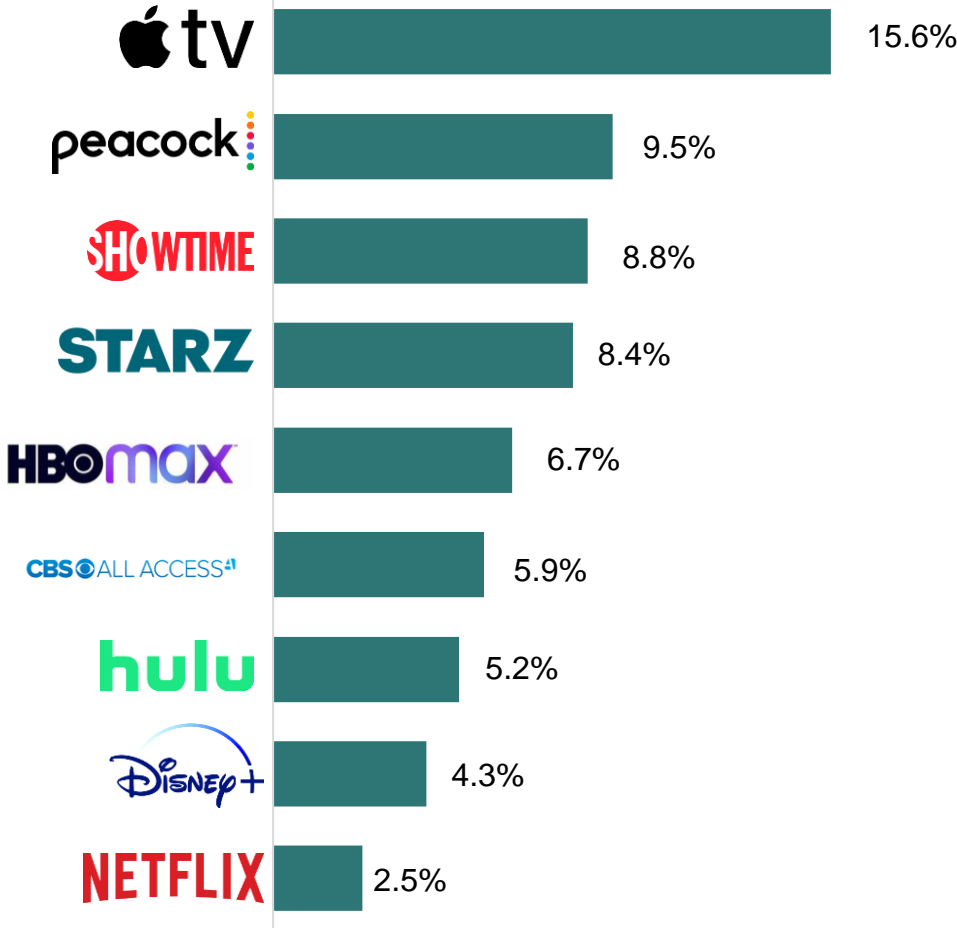
Source: Company filings, website, Wall St. research and Company press releases.
Note: (1) 2Q24E to 4Q24E are based on Wall St. research forecast.

DISNEY MUST IMPROVE ITS CHURN

Disney+ and Hulu must reduce churn by ~40% - 50% to compete with where Netflix is today, without even accounting for where they will be in 5 years time

High, and potentially unsustainable, customer acquisition costs are cutting into profitability

Assistance in the Disney boardroom overseeing the Creative Engine will greatly help



Source: Hollywood Reporter.

CASE STUDY: THE FUTURE OF SPORTS

There has been a recent focus shift to sports by the larger streaming networks

Sports are one of, if not the, largest audience driving content events across the United States and the larger streaming companies are beginning to take notice



CNN

The Chiefs-Dolphins game on Peacock was the most-streamed live event in US history

By Jordan Vallinsky, CNN
3 minute read · Published 7:46 AM EST, Mon January 15, 2024

f X e



VARIETY

Netflix, WWE Strike Deal to Move 'Monday Night Raw' to Streamer Beginning in 2025 for \$500 Million per Year

By Joe Otterson ▾

💬 f t s e ...



Source: CNN, Variety.

THE FUTURE OF SPORTS – PICK A LANE

With ESPN under the Disney umbrella, the Company has the premier sports asset, but executing on transitioning ESPN to DTC at the same time as building a general entertainment service is too difficult

1

Linear

The grid displays the following channels from left to right, top to bottom:

- SEC Network
- SEC Network +
- ESPN3
- ESPNNews
- ACCN
- ACCNX
- Big 12 Now
- SoonerVision
- ESPN
- ESPN+
- ESPN2
- ESPN U

2

Joint Venture

ESPN FOX WARNER BROS. DISCOVERY

FORMING JOINT VENTURE TO LAUNCH STREAMING SPORTS SERVICE IN THE U.S.

COMING FALL 2024

3

Standalone Streaming

CNBC WATCH LIVE

MEDIA

ESPN will launch its own streaming service in fall 2025, alongside joint venture

4

Bundling

hulu Disney+ ESPN+

DISNEY BUNDLE

Source: Company website, CNBC.

CONTENT REACH AND REVENUE HAS BEEN STYMIED



Disney has cannibalized all other revenue streams in pursuit of streaming success. The failure to optimize has resulted in hundreds of millions of dollars of opportunity cost/lost revenue

“The Chapek Era” all-in approach to streaming almost entirely cannibalized transactional home entertainment revenue

In the area of content licensing, Disney has largely pursued a walled-garden approach, limiting external licensing more than any of its peers

Since Iger’s return, he has begun revisiting both of these strategies, moving incrementally in the right direction

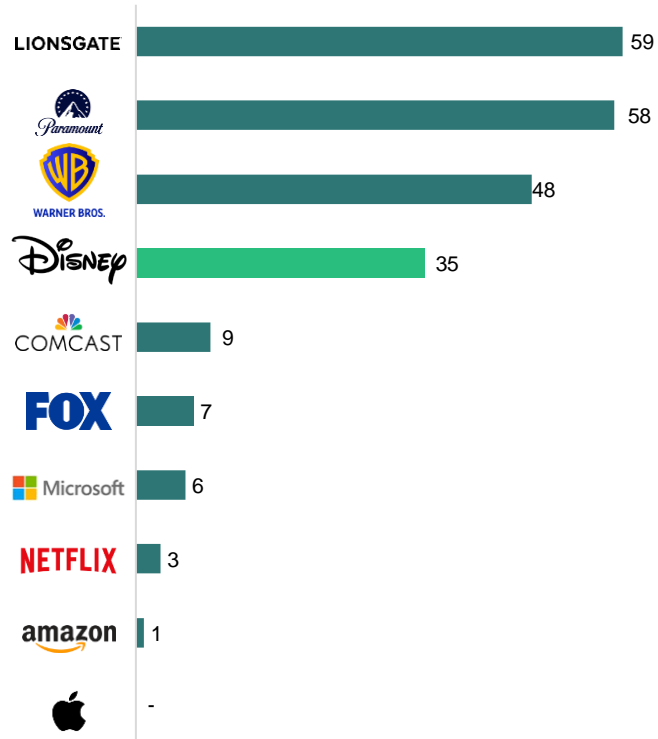
Streaming success can flourish alongside off-platform content exposure and monetization

CONTENT EFFICIENCY MUST BE THE FOCUS

To keep driving value, Disney needs to balance its focus on streaming with generating revenue and using their content in an efficient way

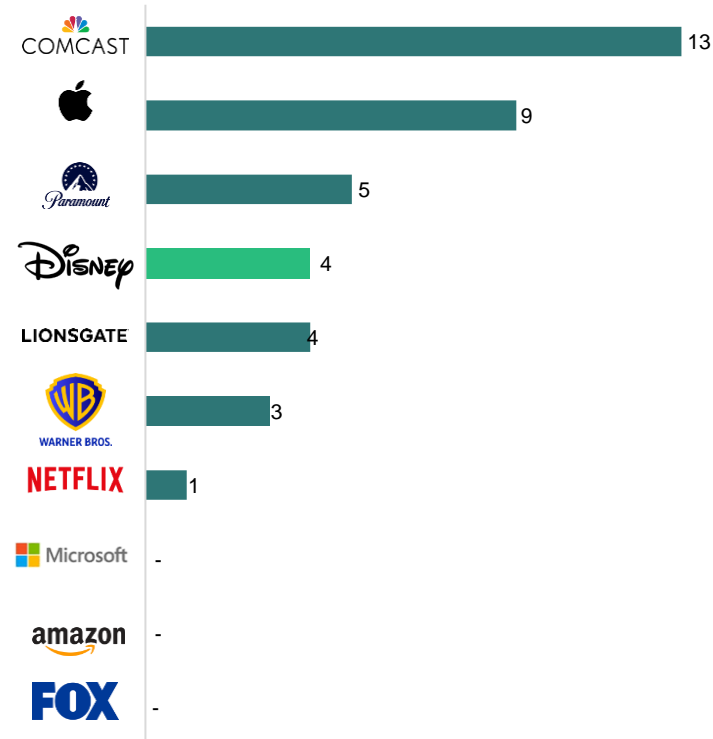
Content Monetization

Number of times mentioned in latest filings¹



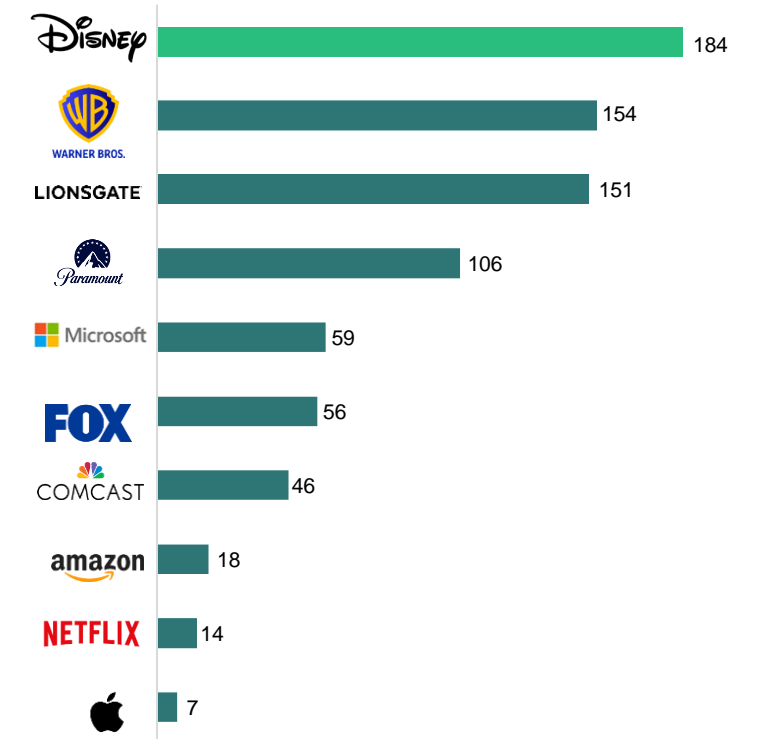
Bundling

Number of times mentioned in latest filings¹



Subscriptions

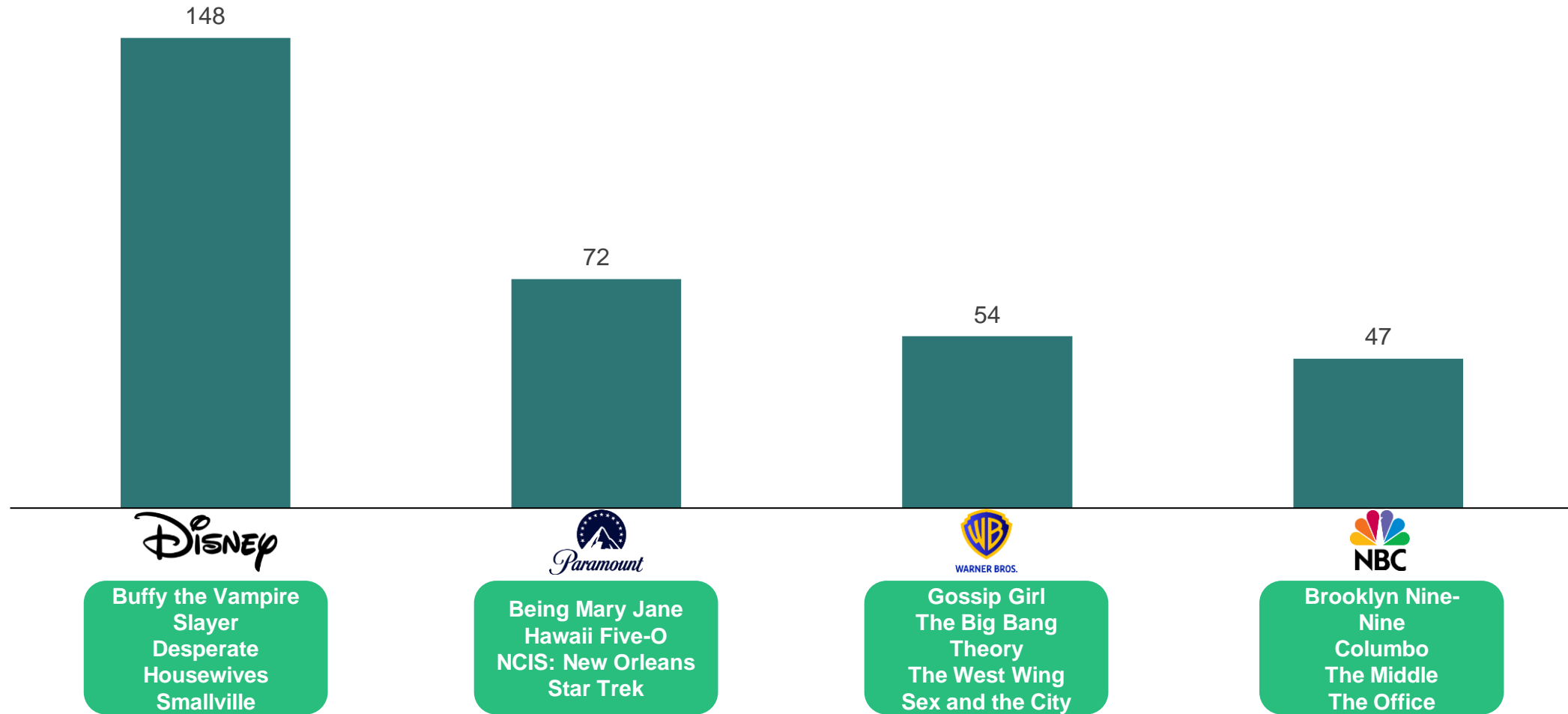
Number of times mentioned in latest filings¹



Source: Company filings.
 Note: (1) Analysis conducted by looking at latest annual report and proxy for each company and seeing how many times these phrases were used. Subscribers/subscription was the keyword used for "Subscriptions" and monetization was the key word for "Content Monetization."

HUGE MISSED LICENSING REVENUE OPPORTUNITY

Number of TV shows That Have Licensing Potential (1)

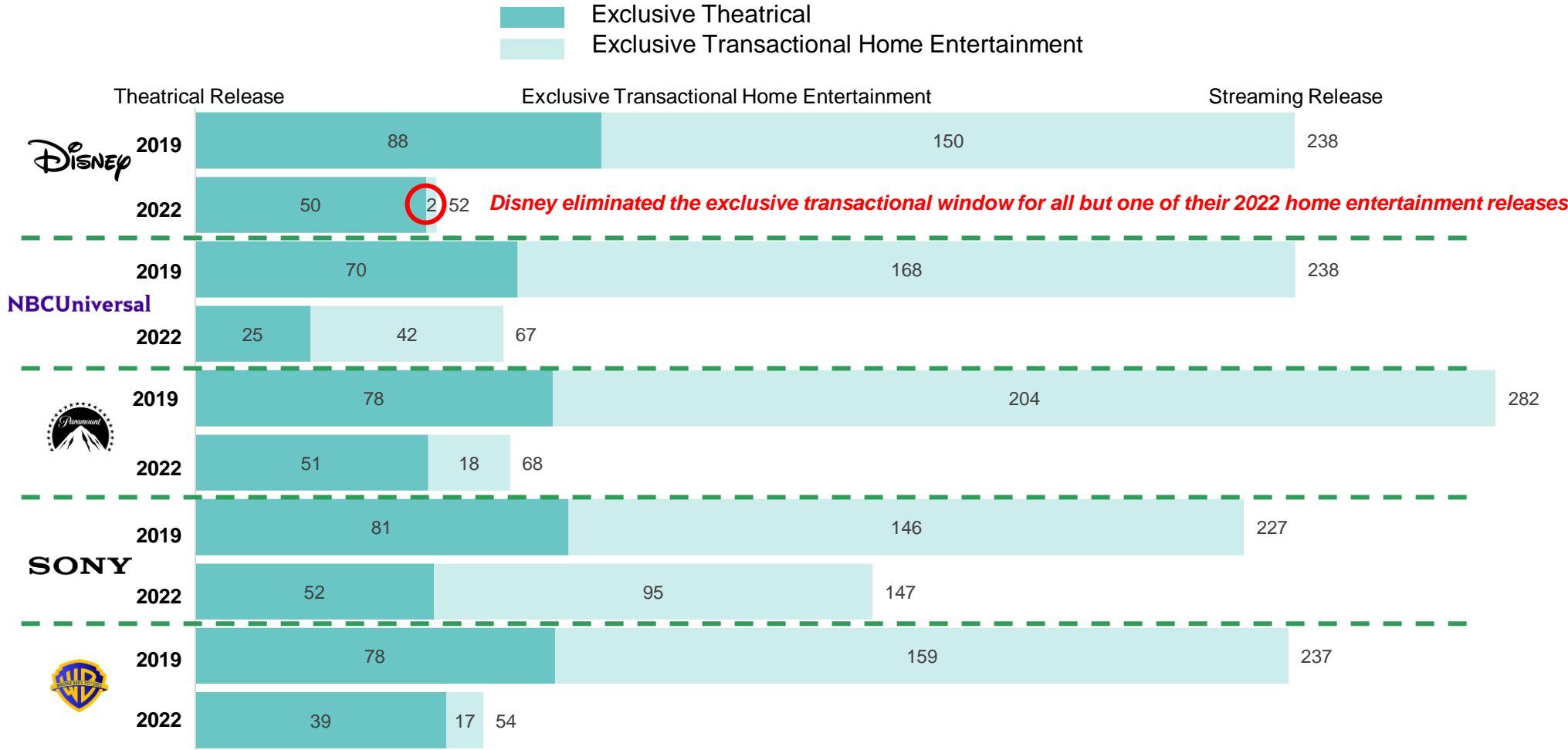


Source: Ampere Analytics 2/19/2024.

Note: (1) Defined as TV shows that are exclusive to their own platforms, have completed their first run; have at least three seasons; are Scripted; of US-origin; and still maintain consumer engagement (measured with Ampere's Popularity Score).

DISNEY ELIMINATED THE LUCRATIVE HOME ENTERTAINMENT WINDOW FOR MOST OF ITS FILMS

Average Days



Source: Public information.

THE CREATIVE NEEDS FIXING

Disney has been plagued by box office bombs due to poorly received content

2015 – 2020 Box Office Hits



Avengers: Endgame (2019)
Box Office: \$2.8 billion
Budget: \$356 million
Return: 7.8x



Star Wars Ep. VII (2015)
Box Office: \$2.06 billion
Budget: \$447 million
Return: 4.6x



Avengers: Infinity War (2018)
Box Office: \$2.05 billion
Budget: \$200 million
Return: 10.3x



The Lion King (2019)
Box Office: \$1.65 billion
Budget: \$260 million
Return: 6.3x



Frozen II (2019)
Box Office: \$1.45 billion
Budget: \$150 million
Return: 9.7x

2020 – Present Box Office Bombs



Turning Red (2022)
Box Office: \$10 million
Budget: \$175 million
Return: 0.06x



Strange World (2022)
Box Office: \$74 million
Budget: \$180 million
Return: 0.4x



Haunted Mansion (2023)
Box Office: \$118 million
Budget: \$150 million
Return: 0.8x



Lightyear (2022)
Box Office: \$226 million
Budget: \$200 million
Return: 1.1x



Wish (2023)
Box Office: \$246 million
Budget: \$200 million
Return: 1.2x

Source: IMDB.

THE CREATIVE NEEDS FIXING (Cont'd)



Critics of Disney have indicated the recent content is largely recycled/reboot content or never-ending sequels ⁽¹⁾

Past success fueled by major acquisitions:

PIXAR

2006

MARVEL

2009

LUKASFILM
Ltd

2012

21ST
CENTURY
FOX

2019

To continue Disney's success into the future and maintain in leadership in content, it is imperative that Disney fix its creative to generate fresh ideas

Disney must continue to pursue external IP collaborations, with an increasing focus on an "Asset-Lite" approach (e.g. Barbie) and a diminishing reliance on reboots and/or costly acquisitions

Source: Forbes.

Note: (1) "Most Critics Think Most Disney Remakes Are Just Okay" – July 17, 2019.

THE FUTURE OF MEDIA AND CONTENT

Issue	Action Needed
Streaming losses/Netflix domination	<ul style="list-style-type: none">• Price hikes and content rationalization were necessary, though caused short term pain of subscriber drop• Beta integration of Hulu onto Disney+ app provides opportunity to learn• Full integration of Disney+ and Hulu likely the best long-term strategy, though may cause short term sub fee losses
Content Revenue and Reach Shortfall	<ul style="list-style-type: none">• Should include third party licensing in the mix to generate profits and expose content to new users on other platforms, drawing in potential subscribers• The deal with Netflix last December was a good first step, but more action is needed• Optimize transactional revenue vs subscriber acquisition opportunity on a film-by-film basis
Film Underperformance	<ul style="list-style-type: none">• Dismantling Disney Media and Entertainment Division (DMED) and returning more power to the content creators was a critical step• Diminish reliance on reboots and/or costly acquisitions• Continue to pursue external IP collaborations, with an increasing focus on an “Asset-Lite” approach
Future of ESPN	<ul style="list-style-type: none">• Disney has multiple ESPN plays in the works, diffusing focus• Viability of standalone ESPN Flagship app unclear• JV creates optionality and opportunity to test and learn, extending runway as linear networks decline• However, all DTC energy should be on Disney+/Hulu success supported by selective sports rights, à la Netflix with WWE

JESSICA SCHELL WOULD BE AN ADDITIVE SOLUTION

Blackwells' board nominee, Jessica Schell, has built her career at the forefront of media and entertainment



Executive Experience

- Ms. Schell served as Executive Vice President and General Manager of Warner Bros. Home Entertainment. She joined as Executive Vice President and General Manager, Film to lead the over one billion dollar global film division of home entertainment and expanded her remit over time to include television and originals
- 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 worked at Universal Pictures, an American film production and distribution company owned by NBCUniversal Media, LLC ("NBCUniversal"), as the Executive Vice President of Business Development and Strategic Planning
- At NBC she worked on the creation of new businesses, including NBCUniversal's data targeted advertising platform, Hulu, and the Peacock Equity Fund, for which she served as a board member and key operating liaison
- Current member of the board of advisors of Teach for America Los Angeles
- Previously served on the board of directors of Peacock Equity Fund
- Ms. Schell holds an MBA from Harvard Business School and BA with honors in American History and Literature from Harvard College

Skills Matrix

Content Monetization	✓
Content Production	✓
Direct-to-Consumer	✓
Streaming	✓
Product Activation	✓
Strategic Transformation	✓
Technology	✓
Early Stage Investing	✓
Mergers and Acquisitions	✓



THE FUTURE OF TECHNOLOGY

DISNEY'S TECHNOLOGICAL EFFORTS HAVE FALLEN SHORT

Disney faces the following significant technological issues:

1

Fragmentation

Severe technological fragmentation between Disney's segments and sub-segments

- Presently there is limited cohesion in the technological offices within Disney's segments
- Resulting in untapped potential for new idea generation and overlooked synergistic potential

2

Unhurried Innovation

Consistently behind the technological advancement curve

- Disney has become increasingly reactionary to technological progression
- Evidenced by how Disney blundered the consumer shift to streaming content

3

Missing Native Technology Stack

Disney bolts on technological services, rather than developing them from the ground-up

- Lacks an integrated way to address technological opportunities and challenges
- Resulting in a limited understanding and implementation of nascent technologies

4

Spatial Computing (AR/VR) & AI ⁽¹⁾ Mediocrity

Technological leadership not viewed as a top priority within the organization

- Satisfied with providing content rather than striving to be a technology leader
- No clear strategy on how to improve technological position and leadership

An independent technology expert on Disney's Board is a must have, not just a nice to have

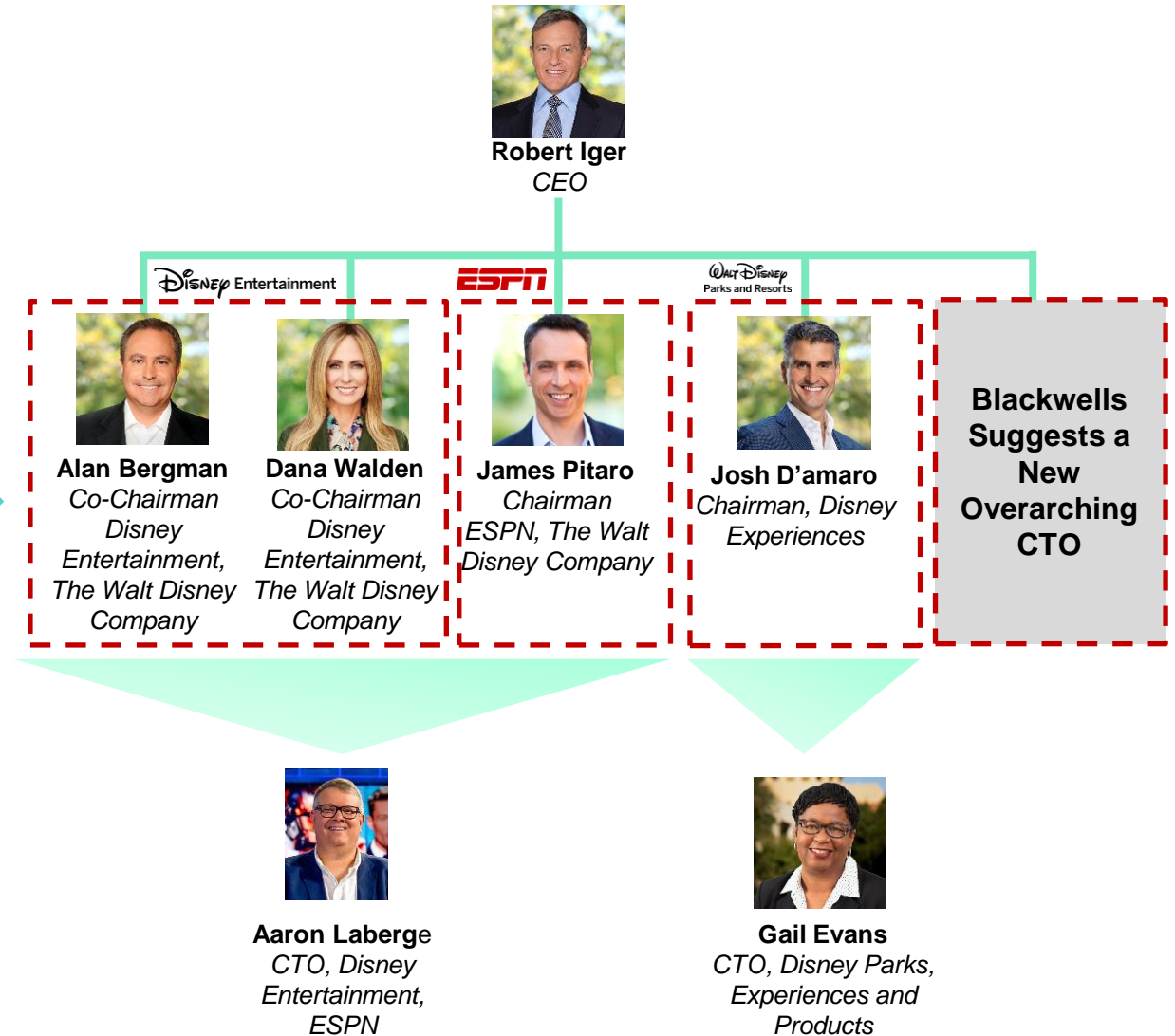
Source: Blackwells and Company filings. Note: (1) AR is an acronym for augmented reality; VR is an acronym for virtual reality; AI is an acronym for artificial intelligence.

DISNEY'S TECHNOLOGY DEPARTMENTS ARE FRAGMENTED

Eliminating technological fragmentation is a necessary first step

Disney's CTOs are buried under a corporate bureaucracy

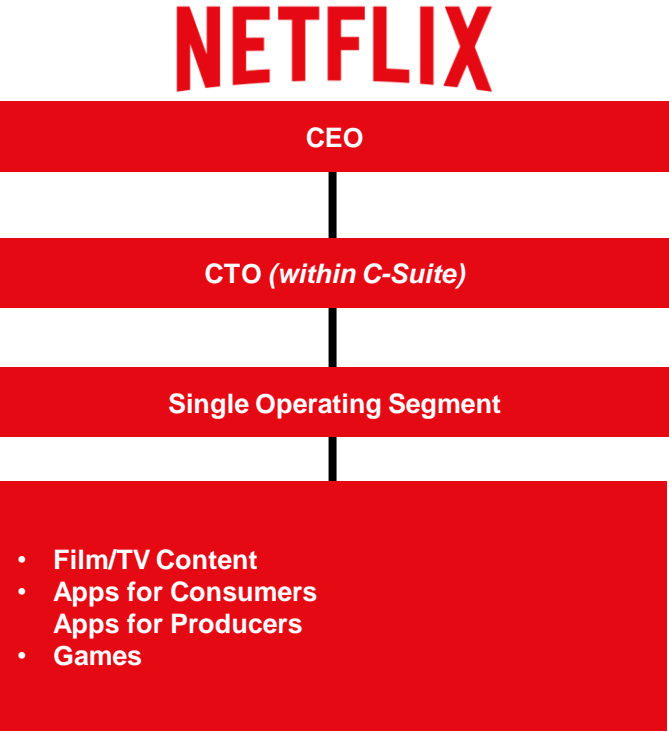
Multiple CTO positions must be rationalized



Source: Company filings, website, and press releases.

DISNEY'S TECHNOLOGY DEPARTMENTS ARE FRAGMENTED (Cont'd)

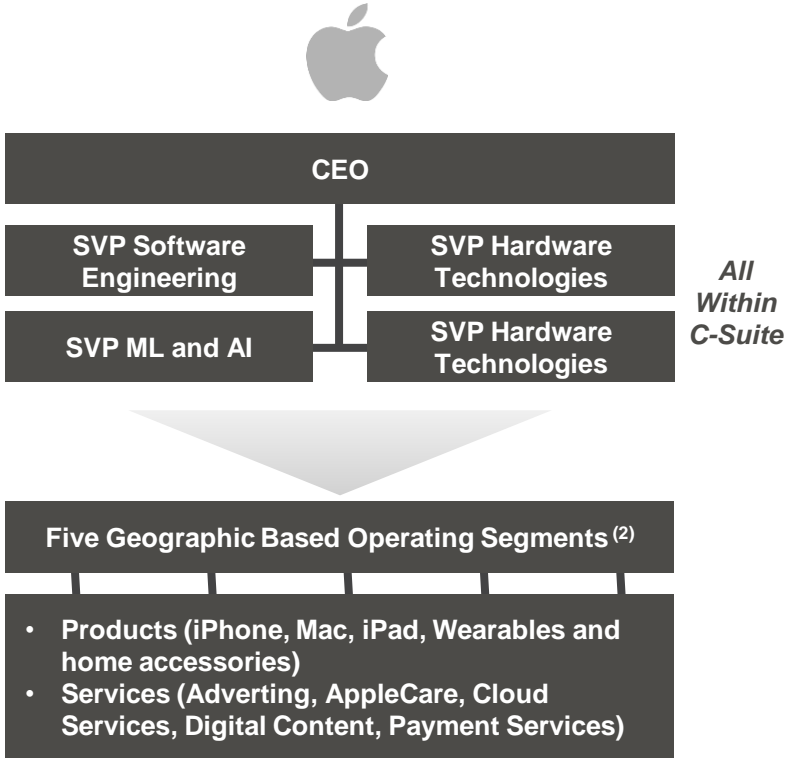
Disney's peers are focused on fragmentation. Why isn't Disney?



"Companies rarely die from moving too fast, and they frequently die from moving too slowly."
 – Reed Hastings, CEO



"A company shouldn't get addicted to being shiny, because shiny doesn't last"
 – Jeff Bezos, Founder and Executive Chairman



"One thing is that we're not fragmented."
 – Tim Cook, CEO

Source: Netflix, Amazon, and Apple 10K filings, website, and press releases. Note: (1) Amazon Web Service. (2) Americas, Europe, Greater China, Japan, and Rest of Asia Pacific.

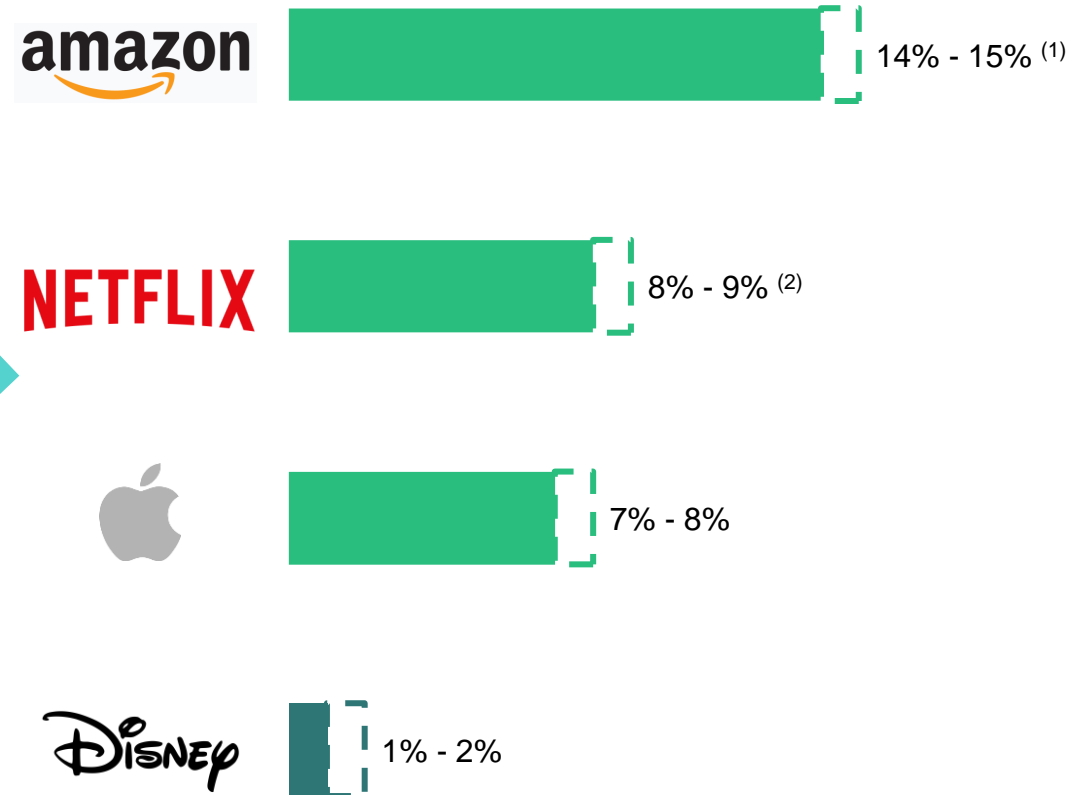
DISNEY INNOVATES FAR LESS THAN PEERS

Disney's disclosures on R&D initiatives are anemic. Perhaps this is because they know they are falling short

Disney meaningfully underspends on research and development in comparison to its peers

Disney will never be valued as a technology firm, until it begins to think like a technology firm

Average Annual Research and Development Spend as % of Revenue

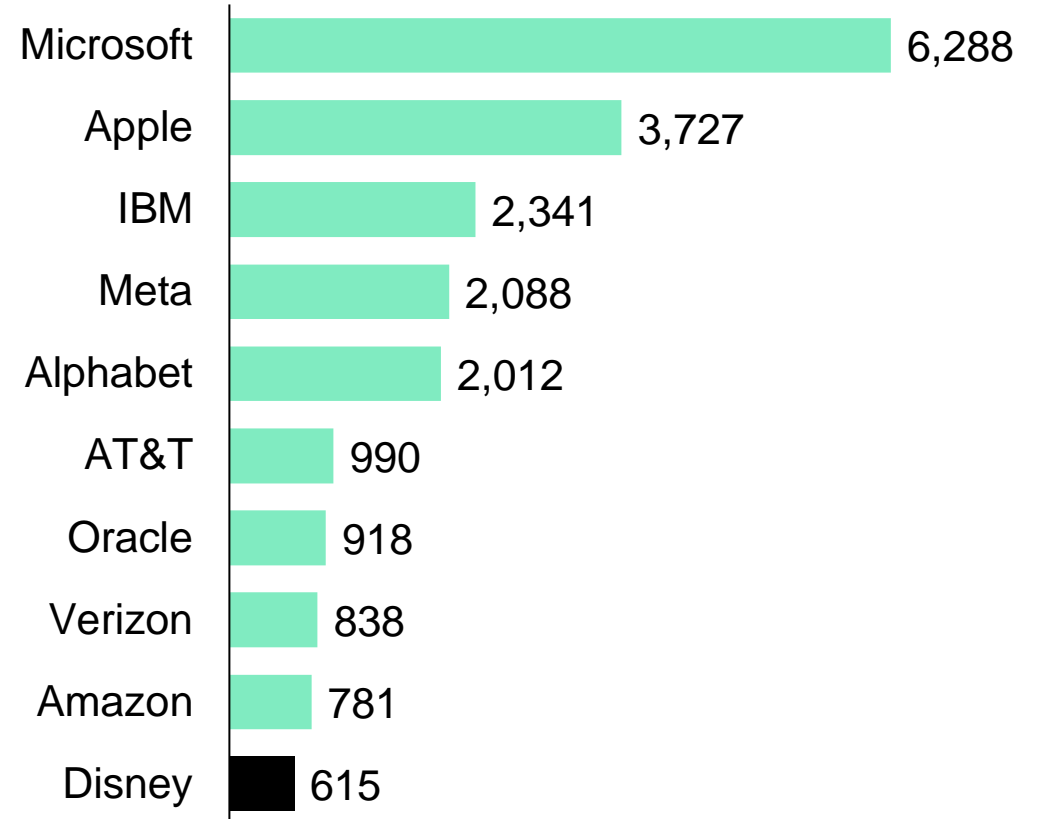


Source: Disney, Amazon, Netflix and Apple filings and Thales. Note: (1) Technology and Infrastructure expenses used as a proxy for Research and Development. (2) Technology and Infrastructure expenses used as a proxy for Research and Development.

DISNEY LAGS BEHIND PEERS IN INNOVATION



Patents Filed by Disney Tech Peers that Mention Innovative Terms (1) (2)



Source: US Patent Office.

Note: (1) Number of patents is the sum of patents for each company that mention AI, AR, and VR (2) Peers are Blackwells selected peers defined on page 7.

THE TIME IS NOW

Disney should be dominating in the fields of spatial computing and AI



Few companies have the potential of Disney to synthesize revolutionizing technologies, and relate them to consumers with the impact, and ROI, that Disney can

- The technology landscape is accelerating at an exponential rate and the opportunity is for Disney to be technology native, instead of bolting on technology services across fragmented platforms
- AI is a transformative technology in the same way the Internet was in the 1990's
- Disney has the opportunity to wholeheartedly embrace, and invest in being **AI native**, leveraging VR and AR, and being **one of a handful of pioneers in spatial computing**
- The Company has the potential to be a tech-forward innovator, meeting the consumer where they are, and delivering its beloved content across next generation platforms

LEGACY TECHNOLOGY INFRASTRUCTURE MUST BE REBUILT

Disney's lack of investment and lack of focus have left us with a lot of ground to catch up on

Technology must underpin everything Disney does

For Disney to regain status and to achieve dominance, its next CEO must have their roots in technology

SPECIAL REPORTS

World's Most Influential and Innovative Companies, 2024

Katherina Davis Special Reports January 13, 2024

Rank	Company	Name	Title	Country
1	Microsoft	Satya Nadella	Chairman and Chief Executive Officer	United States
2	Apple	Tim Cook	Chief Executive Officer	United States
3	Saudi Arabian Oil Company (Saudi Aramco)	Amin H. Nasser	President & CEO	Saudi Arabia
4	Bank of America	Brian Moynihan	Chairman & CEO	United States

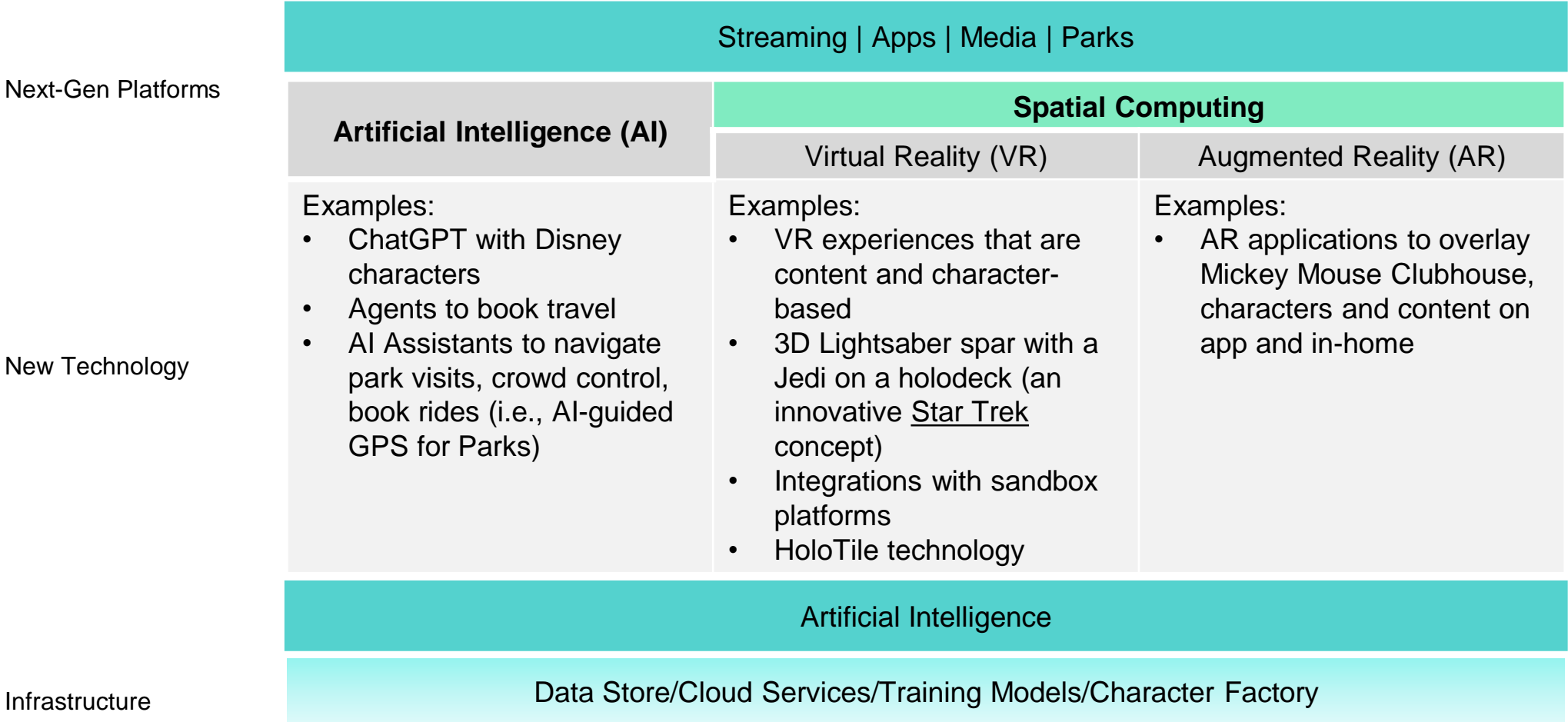
...

79	Sumitomo Mitsui Financial	Jun Ohta	Group Chief Executive Officer	Japan
80	Walt Disney	Robert A. Iger	Chief Executive Officer	United States

Source: CEOWORLD Magazine - World's Most Influential and Innovative Companies, 2024.

DISNEY NEEDS A TECHNOLOGY NATIVE STACK

Technology reorganization that emphasizes a native stack provides for personalization of consumer experience



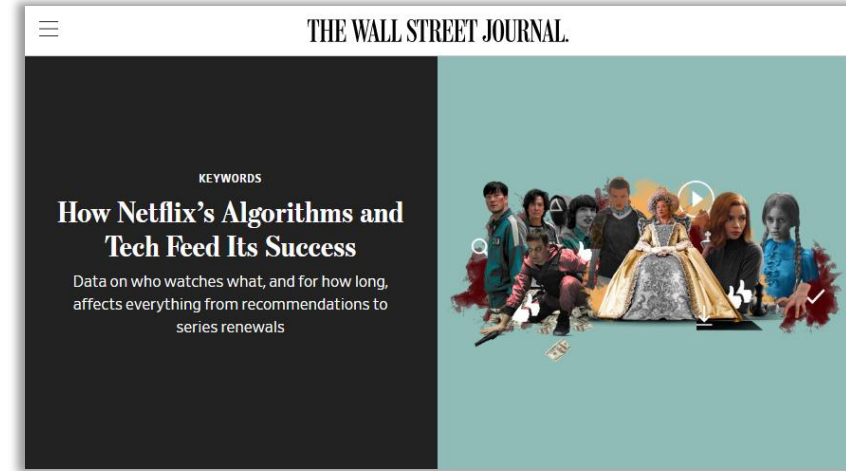
MEDIOCRITY IN SPATIAL COMPUTING & AI

Disney's peers have been innovating in AI and spatial computing far quicker than Disney and are leading the sectors

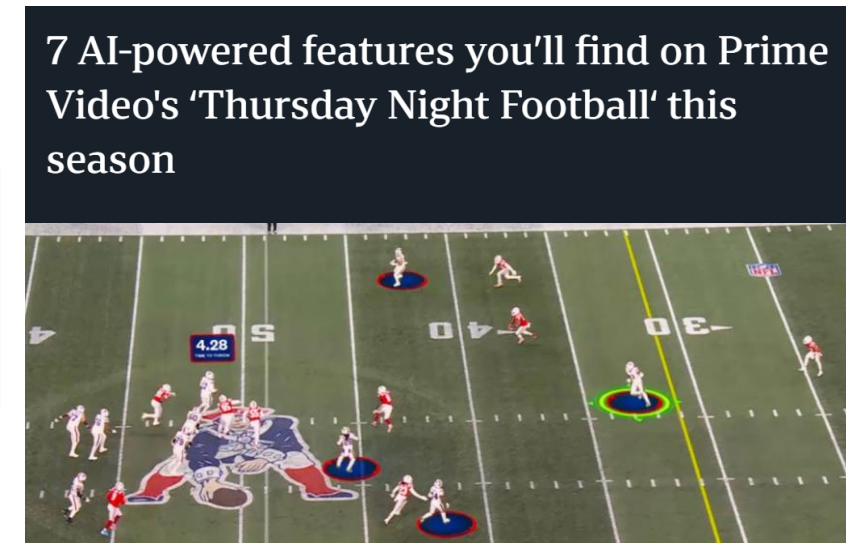
Spatial computing, has far more relevance to Disney than it does to either Apple or Meta

Disney understands the risks of mediocrity, but not the opportunities

NETFLIX



amazon



Source: Wall Street Journal and Amazon Company materials.

DISNEY'S INITIATIVES SHOULD BE FAR MORE IMPRESSIVE

Its Photopass Lenses and AR filters are the same technology that has been prevalent in apps such as Snapchat for years

DISNEY PHOTOPASS LENSES



AR-ENABLED SHORT FILMS

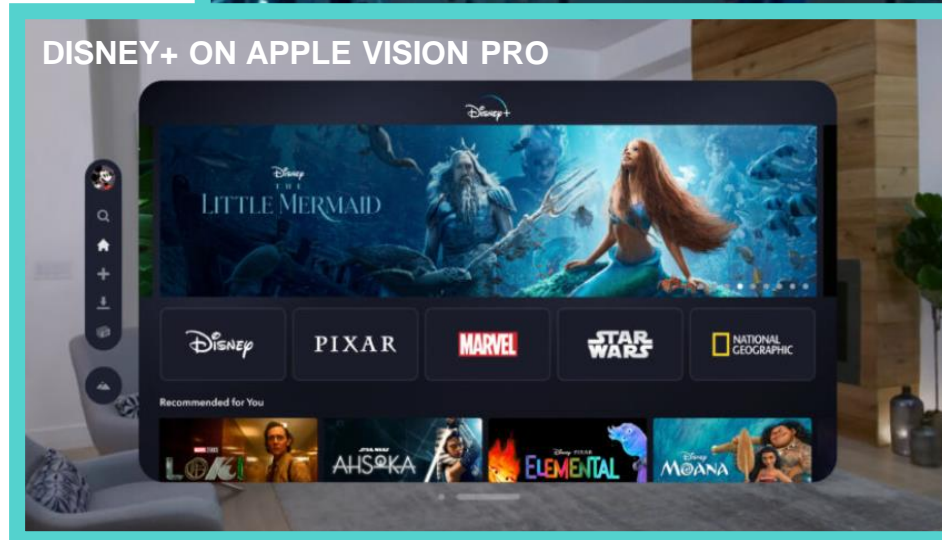


Source: Company materials.

DISNEY'S INITIATIVES SHOULD BE FAR MORE IMPRESSIVE (Cont'd)

Disney's AI and spatial computing initiatives are stale at best, and follow a reactionary trend

Disney should be dominating in these fields and yet it seems they are being dominated



CASE STUDY: DISNEY'S AI FLYWHEEL



Disney's ability to engage with customers on so many economic levels is a time-tested flywheel, AI supercharges the flywheel's rotational speed

- Disney must produce an AI strategy, and share elements of that strategy with its shareholders
- Disney must leverage its customer experience data to guide creative endeavors, physical and virtual experiences and content strategies
- Once Disney's technology mindset is properly emphasized, AI will become the apex Lighthouse

CASE STUDY: DISNEY AS AN AI LEADER (Cont'd)



- **Real-Time Crowd Management:** Implement AI algorithms to analyze foot traffic patterns within the park in real-time - Disney can dynamically adjust the flow of guests, redistributing crowds to alleviate congestion in popular areas and optimizing the overall park experience
- **Personalized Guest Recommendations:** Utilize AI-driven recommendation systems to provide personalized suggestions to park visitors based on their preferences, historical data and current location
- **Predictive Maintenance:** Employ AI predictive maintenance algorithms to monitor the condition of park facilities, rides and infrastructure to anticipate potential issues before they occur, reducing downtime, and ensuring that attractions are operational
- **Optimized Staff Allocation:** Utilize AI-powered workforce management systems to optimize staffing levels across different areas of the park to efficiently allocate staff resources to ensure that each section of the park is adequately staffed
- **Dynamic Pricing Strategies:** Implement AI-driven dynamic pricing strategies to optimize ticket pricing and incentivize visits during off-peak times. Disney can adjust ticket prices in real-time to balance supply and demand, maximize revenue and distribute crowds more evenly throughout the day and across seasons

CASE STUDY: SPATIAL COMPUTING

Introducing the Holo Kingdom!



- Disney has the unique opportunity to become a technological innovator in holographic environments
- A four-wall holographic environment (like an innovative Star Trek holodeck) may be just the beginning of Disney's next-gen interactive offerings. Disney's current HoloTile, however, is uninspiring
- Disney guests should already be having a 3D lightsaber spar with a Jedi on Tatooine, and traversing the African plains with Simba and Nala
- Until Disney thinks like a technology firm it will not be valued like a technology firm

DISNEY WON'T BE VALUED AS A TECH COMPANY UNTIL IT THINKS LIKE ONE...

Disney should make changes at the organizational level to support a technology-native transformation

- **Corporate CTO:** Technology office that spans across all Disney assets and business segments
 - NOT just for Entertainment and Sports as currently structured
 - NOT just IT and tech support
 - **An innovation driving arm**
- **Venture Arm:** A single investment vehicle (not fragmented across divisions) to invest in early-stage companies and technologies, which complement the business
 - Focus on acquisition and talent targets
- **Imagineering:** Elevate Imagineering into the corporate innovation arm (not just focused on experiences) to drive company-wide innovation

A cohesive, comprehensive and fully integrated technology strategy is the underpinning that is necessary to drive shareholder value

...AND IT WILL NOT THINK LIKE ONE WITHOUT ADDING EXPERTISE

Although Disney prides itself on innovation, it lacks meaningful entrepreneurship experience on the Board

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 technology entrepreneur, Amy L. Chang and one individual with VC experience

	Technology Entrepreneurship Experience?	Venture Capital Experience?
Safra Catz	✗	✗
Francis De Souza	✗	✗
Michael Froman	✗	✗
James Gorman	✗	✗
Mark Parker	✗	✗
Amy Chang	✓	✗
Calvin McDonald	✗	✗
Mary Barra	✗	✗
Carolyn Everson	✗	✗
Robert Iger	✗	✓
Jeremy Darroch	✗	✗
Maria Lagomasino	✗	✗
Derica Rice	✗	✗

Source: Company filings.

DISNEY MUST DOUBLE DOWN ON INNOVATION

Disney consistently receives terrible rankings in surveys identifying innovative and influential companies. The narrative will only change when the culture changes

If innovation wasn't one of the biggest issues facing Disney, Disney's share price would be substantially higher, and its perception in the marketplace would be much brighter

America's Most Innovative Companies

Rank	Name	Culture Rank	Process Rank	Product Rank	Fortune 500 Rank
1	Alphabet	30	29	2	8
2	Salesforce	9	16	16	136
3	Microsoft	57	52	3	14
4	Oracle	37	35	6	91
5	IBM	49	55	4	49
6	Apple	122	47	1	3
7	Dell Technologies	52	54	7	31
8	Munchkin	14	23	28	-
9	Verizon	65	39	8	23
10	Capital One Financial	31	37	19	108
	...				
62	Cardinal Health	85	154	21	15
63	Walt Disney	211	201	21	53

Source: Fortune – America's Most Innovative Companies.

LEAH SOLIVAN WOULD BE AN ADDITIVE SOLUTION

Blackwells' board nominee, Leah Solivan, has built her career at the forefront of technological thought. As both a founder and an investor Leah knows how to identify, create, build and support tech initiatives at any stage in their life cycles



taskrabbit

Fuel Capital

YPO

Executive Experience

- Ms. Solivan is a Managing Director at Fuel Capital L.P., a venture capital firm investing in consumer, software as a service (SaaS) and infrastructure companies, where she manages three high performing funds, with over seven unicorn companies across the portfolio
- Ms. Solivan created TaskRabbit, Inc. a pioneering on-demand marketplace company she founded in 2008
- As TaskRabbit's CEO and Chair for eight years, she scaled the company into an international business with operations in 44 cities and more than \$50 million in venture capital funding
- Named by Fast Company as one of the "100 Most Creative People in Business"

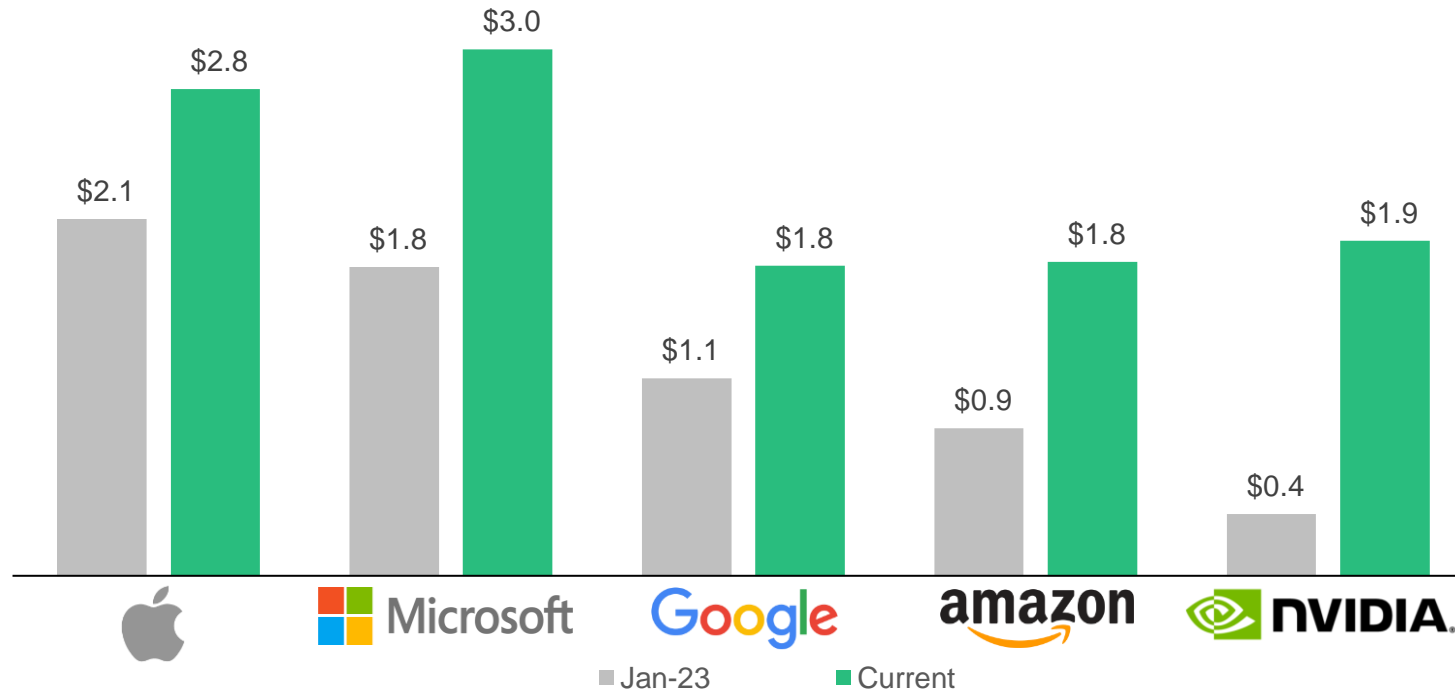
Skills Matrix

Entrepreneurship	✓
Early stage investing experience	✓
Strategic Thinking	✓
Industry Experience	✓
Visionary Leadership	✓
Technical Knowledge	✓
Digital Transformation Leadership	✓
Tech Ecosystem Connectivity	✓

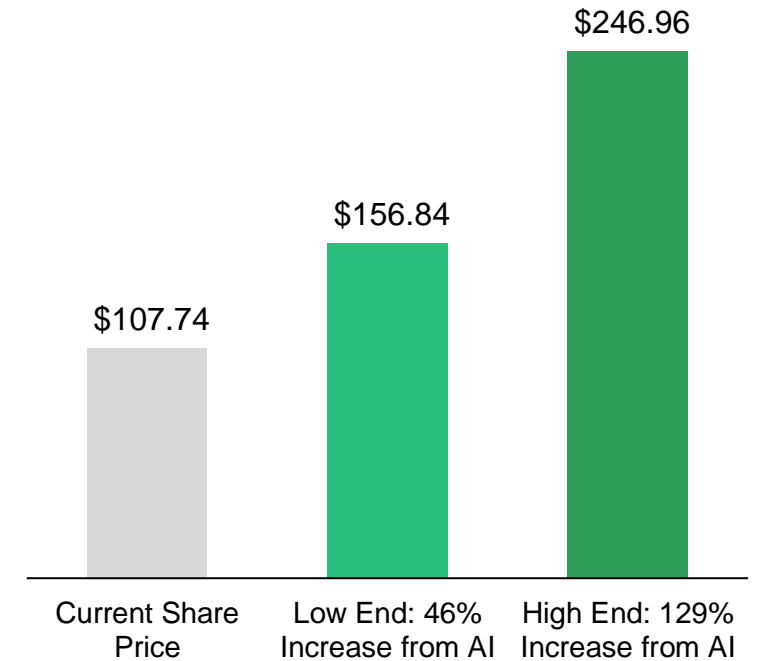
DISNEY SHOULD AIM TO BE ONE OF THE MOST VALUABLE COMPANIES IN THE WORLD

Since the beginning of 2023, the largest tech companies have added over \$5.2 trillion to their cumulative market caps after announcing major AI initiatives. AI's impact on Disney – is at minimum – comparable to its impact at large tech companies

The Effects of AI on the Largest Tech Companies



Disney's Potential (1)



Source: Capital IQ, Accel Euroscapes Note (1) Inferred based on the AAPL, MSFT, GOOG, AMZN, NVDA share price appreciation from January 2023 to current applied to DIS' share price. In calculating the percentage increase AI has had on the respective companies we used two different weighted average methods. One method weighted the percentage increase based on the current market capitalizations resulting in a weighted average of 129% and the second method weighted the percentage increase based on each company's respective market capitalizations from January 2023. The weighted averages were done to account for Nvidia's rapid growth.

THE FUTURE OF TECHNOLOGY STARTS TODAY

Disney's potential in the AI and spatial computing spaces cannot be understated. Blackwells' five step plan to ensure tech dominance is as follows:

1 Elect Blackwells' nominee Leah Solivan to the Board to increase technology and entrepreneurship experience and expertise

2 Begin to adopt and preach the Technology Native Stack and mindset

3 Employ and install an overarching CTO over all Disney segments

4 Unlock trapped value on Disney's balance sheet to deploy additional capital towards innovation with a focus on spatial computing and AI

5 Disney must produce an AI strategy, and share elements of that strategy with its shareholders

Source: Capital IQ, Accel Euroscape.

TRIAN'S MISGUIDED CAMPAIGN



A MISGUIDED CAMPAIGN

The public record suggests that even if Mr. Peltz had the relevant skills to fill gaps that exist on the Disney Board, he would bring too much baggage into the boardroom to be an appropriate agent for change ⁽¹⁾

- Each of Trian’s nominees, Mr. Peltz and Mr. Rasulo, along with their key supporter, Mr. Perlmutter, appear to harbor personal animus towards Disney, because of their prior relationship with the Company, Board, or Mr. Iger
- A proxy contest at a Company as important as Disney cannot be allowed to become a forum for the pursuit of personal grievances or vendettas
- This is the second time Mr. Peltz has run a campaign at Disney, after previously withdrawing from one in 2023
- By Disney’s contention, Mr. Peltz asked Disney for a seat on the Board over 24 times and did not present a single strategic idea

Source: Fortune.

Note: (1) Fortune – “Nelson Peltz is still trying to get seats on Disney’s board—but Bob Iger is no easy target for the activist investor’s 25th attempt to take control of the company” – February 6, 2024.

DESPITE CAMPAIGN SHORTCOMINGS, TRIAN HIGHLIGHTS ISSUES

Although Trian rightly identifies issues that have plagued shareholders in recent years, it does not offer nominees who have the skills or abilities to solve the issues

Blackwells' nominees have the skill sets to work alongside the current Board to solve the issues at hand

Trian should end its proxy contest immediately and endorse the Blackwells nominees

- Disney's total shareholder return has significantly lagged the market and its peers
- Trian has identified flaws in Disney's approach to corporate governance and succession, and strategic issues across certain of the Company's assets
- Trian wants to have elected two individuals who lack skills in critical areas, and to have those same two people have a history of negative issues with Disney
- Trian nominees seem to be counter productive to solving the problems Disney faces

TRIAN'S PLAN IS UNDERWHELMING

Trian offers rudimentary thoughts, and solutions that demonstrate a lack of skills to tackle Disney's issues

Acknowledged Issue	Disney's Current Path ¹⁵	Trian's Goals and Initial Perspectives
<i>Corporate Governance</i>	Preserve as much of the status quo as possible by playing defense - evidenced by limited changes to compensation and succession processes	Adopt best-in-class governance; finally complete a successful CEO succession; and align management pay with performance
<i>Streaming Profitability</i>	"Focused on achieving significant and sustained profitability" - no guidance or tangible targets beyond breakeven	Target and achieve Netflix-like EBITDA margins of 15-20% by FY 2027
<i>Future of ESPN</i>	"Building ESPN into the preeminent digital sports platform" - lacking a tangible business plan or defined cost to shareholders	Commit to a reasonable, defined payback period and return profile on ESPN Flagship DTC <i>and</i> communicate it in detail prior to launch
<i>Studio Creativity</i>	"Improving the output and economics of our film studios"	Board-led review of creative processes and structure to restore leadership accountability and reclaim #1 box office position with leading economics
<i>Parks and Experiences Growth</i>	"Strategically investing in our Experiences business to turbocharge growth"	Execute on a clear vision for Parks targeting at least high-single digit operating income growth to ensure adequate returns on ~\$60bn of capex

Source: Trian.

TRIAN'S NOMINEES LACK EXPERTISE




The Trian nominees lack the skills, experience, and expertise in critical areas of Disney's business, including in media and technology

- Disney faces generational challenges that require fresh thinking and detailed expertise and experience in the cutting-edge immersive technologies that can transform its business
- Mr. Peltz's background is in consumer and industrial goods and finance, while Mr. Rasulo's time at Disney was as a feared cost-cutter, not a company builder ⁽¹⁾
- Mr. Peltz has also freely acknowledged his lack of media experience, as well as technology and innovation
- Many of the skills Mr. Peltz and Mr. Rasulo purport to bring to the Board would be redundant

Source: New York Times.

TRIAN'S NOMINEE SKILLSETS

- On Trian's campaign website, they self acknowledge Mr. Peltz and Mr. Rasulo's lack of experience in technology and innovation
- Technology and innovation are at the core of Disney's future and it is imperative that nominees have this critical experience
- Questions must also be answered regarding how much media and entertainment experience Mr. Peltz really has?

NOMINEE	MEDIA & TECH EXPERIENCE	BUSINESS BUILDER & ENTREPRENEURSHIP	CAPITAL ALLOCATION EXPERTISE	INNOVATION	PERSONAL AGENDAS & STALE IDEAS	STRATEGIC DIRECTION
 Jessica Schell	●	●	●	●	●	MEDIA & CONTENT
 Craig Hatkoff	●	●	●	●	●	GOVERNANCE & TRANSPARENCY
 Leah Solivan	●	●	●	●	●	TECHNOLOGY
Nelson Peltz	●	●	●	●	●	
Jay Rasulo	●	●	●	●	●	

Source: Trian's Disney campaign website.

WOULD MR. PERLMUTTER BE A SHADOW BOARD MEMBER?

Both Mr. Rasulo and Mr. Perlmutter appear to be acting out of personal animus

THE WALL STREET JOURNAL.

EXCLUSIVE MEDIA & MARKETING

Ike Perlmutter: Disney Fired Me From Marvel; I Wasn't Laid Off

Disney says chairman's dismissal was part of cost-cutting plan; he says it was over a clash with creative executives

By Robbie Whelan [Follow](#)

Updated April 5, 2023 5:08 pm ET

[Share](#) [Bookmark](#) [Resize](#) [Comments](#) 133 | [Gift unlocked article](#) [Listen](#) (10 min) [More](#)

Los Angeles Times

AWARDS

Disney CFO Jay Rasulo, passed over for No. 2 role, will step down



TRIAN'S PAST PERFORMANCE

Mr. Peltz's boardroom involvement in the following companies, in each case, has resulted in poor to very poor performance

**Janus Henderson**
INVESTORS

(23.1%)



(19.1%)



Wendy's

(5.1%)



MADISON SQUARE GARDEN
SPORTS

(4.9%)



BNY MELLON

(4.4%)



(4.1%)



(3.6%)



(2.9%)

LEGG MASON
GLOBAL ASSET MANAGEMENT

(1.7%)

Source: Professor Jeffrey Sonnenfeld Yale SOM Chief Executive Leadership Institute, January 2023.
Note: Annualized underperformance during Trian's tenure on the Board.

IHEARTMEDIA SHARE PRICE DURING MR. RASULO'S TENURE



This is not the type of track record Disney needs in its boardroom

Source: Capital IQ as of 3/3/24.

CONCLUSION



THE BOARD WOULD BENEFIT FROM CONSTRUCTIVE ADDITIONS




Issue	Key Considerations	Sample Action Items
Governance	<ul style="list-style-type: none"> • Board has a reputation for ceding to Mr. Iger • A hand-picked Board, lacking relevant experience and independence • Board bandwidth issues • Mirror Neuron effect 	<ol style="list-style-type: none"> 1. Preside over strategic initiatives in a constructive and unbiased way 2. Reinvigorate governance best practices
Transparency and Poor Strategic Oversight	<ul style="list-style-type: none"> • Disney currently trades at the lowest common multiple of its segments due to a long-standing information discount • Disney provides weak disclosures on its R&D spend, real estate operations, AI strategy (ex. AI taskforce being setup) • The information discount has been worsened by the ValueAct information sharing agreement • Lack of proper analysis around conglomerate discount, sum of the parts of real estate alternatives 	<ol style="list-style-type: none"> 1. Improve disclosures 2. Disseminate information shared in the ValueAct agreement 3. Improve disclosure and shareholder responsiveness
Muddled Content Strategy	<ul style="list-style-type: none"> • The Board has not provided adequate support in the core area of content • Profitability remains a major issue for Disney's Entertainment segment • Disney has squandered the value of its content in an effort to prop up Disney+ • Disney's franchises are underperforming 	<ol style="list-style-type: none"> 1. Disney must focus on improving its churn 2. Pick a clear direction for sports streaming instead of flip flopping 3. Examine third-party TV shows license 4. Improve home entertainment window
Mediocre Technology Strategy	<ul style="list-style-type: none"> • Severe technological fragmentation between Disney's segments and infrastructure • Consistently behind the technological advancement curve • Disney bolts on technological services, rather than developing them from the ground-up • Spatial computing (AR/VR) & AI ⁽¹⁾ mediocrity 	<ol style="list-style-type: none"> 1. Install a single CTO 2. Increase R&D spend 3. Implement technology native organizational structure 4. Focus on more cutting-edge technology

Note: (1) AR is an acronym for augmented reality; VR is an acronym for virtual reality; AI is an acronym for artificial intelligence.

LEAH SOLIVAN, CRAIG HATKOFF & JESSICA SCHELL FILL THE GAPS

It wouldn't hurt Disney to add some bandwidth and expertise

- If Disney wants to dominate in innovation and Imagineering, it should have meaningful entrepreneurship experience in the boardroom
- Disney is one of the world's most important media companies, but lacks significant media experience on the Board
- The total value of real estate held by Disney is almost 40% of its market capitalization yet the Board has no real estate skills

NOMINEE	MEDIA & TECH EXPERIENCE	BUSINESS BUILDER & ENTREPRENEURSHIP	CAPITAL ALLOCATION EXPERTISE	INNOVATION	PERSONAL AGENDAS & STALE IDEAS	STRATEGIC DIRECTION
 Jessica Schell	●	●	●	●	●	MEDIA & CONTENT
 Craig Hatkoff	●	●	●	●	●	GOVERNANCE & TRANSPARENCY
 Leah Solivan	●	●	●	●	●	TECHNOLOGY
Nelson Peltz	●	●	●	●	●	
Jay Rasulo	●	●	●	●	●	

	MEDIA AND ENTERTAINMENT	DIRECT TO CONSUMER EXPERTISE	TECHNOLOGY & INNOVATION	STRATEGIC TRANSFORMATION	360 DEGREE BRAND ACTIVATION	SUCCESSION PLANNING	CORE COMPETENCIES
Craig Hatkoff	●	●	●	●	●	●	●
Jessica Schell	●	●	●	●	●	●	●
Leah Solivan	●	●	●	●	●	●	●
Safra Catz			●		●		●
Michael Froman					●		●
James Gorman			●	●	●	●	●
Mark Parker		●		●	●	●	●
Amy Chang		●	●		●		●
Calvin McDonald		●		●	●	●	●
Mary Barra		●	●	●	●	●	●
Carolyn Everson	●	●	●		●	●	●
Robert Iger	●	●		●	●	●	●
Jeremy Darroch	●	●	●	●	●	●	●
Maria Lagomasino					●		●
Derica Rice		●			●		●
Nelson Peltz		●		●		●	●
Jay Rasulo	●						●

Source: Company filings.

BLACKWELLS' DIRECTOR NOMINEES ARE THE SOLUTION

Craig Hatkoff



- ✓ Reinvalidate governance best practices
- ✓ Advocate for improved transparency, disclosures, and responsiveness
- ✓ Examine strategic alternatives and rose-colored capital planning

Jessica Schell



- ✓ Develop a plan to reduce DTC churn and increase profitability
- ✓ Focused on content monetization
- ✓ Tighten the fluid sports streaming strategy
- ✓ Examine profitability from third-party licensing of TV shows
- ✓ Determine an action plan to reduce cannibalization of home entertainment

Leah Solivan



- ✓ Work to install a single CTO
- ✓ Push for increased R&D spend
- ✓ Implement a technology native organizational structure
- ✓ Push for greater focus on more cutting-edge technology

VOTING INFORMATION



Disney's 2024 Annual Meeting of Shareholders will be held on April 3, 2024

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:

Morrow Sodali LLC

+1 (800) 662-5200 (toll-free for shareholders)

Blackwells@morrrowsodali.com

Or visit:

www.thefutureofdisney.com