

From: Charlson, Michael
Sent: Sunday, March 24, 2024 7:46 PM
To: Joseph Marshall
Cc: Elbaum, Lawrence
Subject: RE: Blackwells Onshore I LLC -- Books & Records Demand to The Walt Disney Company

Dear Joe:

Thank you for your email of last Friday. Our client Blackwells Onshore I LLP (“Blackwells”) was pleased to see that, for the first time, the Board of Directors (the “Board”) of The Walt Disney Company (“Disney” or the “Company”) decided to share some limited information concerning its relationship with ValueAct Capital Management, L.P. and affiliates (“ValueAct”).

Despite the information in your email, the Board continues to conceal basic information the Blackwells has requested on behalf of all stockholders. As just one example, your email says nothing whatever about the compensation that Disney paid ValueAct over the past decade or what the Company is likely to pay ValueAct going forward. This refusal to provide basic disclosure about the ValueAct/Disney relationship suggests that the Board is concerned that disclosure of this information might reveal corporate wrongdoing or breaches of fiduciary duty by the Board, including of the duty of candor or loyalty. In response to your request, Blackwells would be pleased to withdraw its questions about the Disney/ValueAct relationship, publicly and without further ado, were the Board to stop obfuscating the issue and instead disclose the basic information about the Disney/ValueAct relationship that Blackwells has sought and continues to seek both by public request for it, and through proper demands under 8 Del. C. § 220—demands that Blackwells will continue to otherwise pursue.

With respect to your email’s veiled threat to try to infringe upon Blackwells’ rights to free speech, Blackwells has made no statement that remotely approaches defamation. Rather, Blackwells has asked questions that flow logically from the fact of the Information-Sharing Agreement and the absence of disclosures from the Board about the agreement, particularly in the context where ValueAct announced its unqualified support for the Board simultaneously with the supposed commencement of the Information-Sharing Agreement, and where there has been a longstanding relationship between ValueAct and Disney or its pension funds. (In the latter respect, Blackwells feels compelled to note that ValueAct’s relationship with the pension funds, which you assert has nothing to do with the Board, appears to be of the very same sort that a Trian affiliate had with the pension funds, and that the Disney pension funds’ Investment Administration Committee (“IAC”) decided to terminate with Trian. Disney has touted in 14A materials that the Trian termination demonstrates that Trian’s director candidates are unqualified to serve and that Trian is pursuing its proxy contest to “settle scores.” Yet there remains no explanation from the Board concerning the end of ValueAct’s tenure as an asset manager, or any connection with the (undisclosed) consulting services that ValueAct may be performing or asked to perform (for undisclosed compensation) pursuant to the (undisclosed terms of) the Information-Sharing Agreement.)

Finally, there is an underlying irony with your email that perhaps you and the Board might wish to reflect upon: your suggestion that Blackwells’s prior disclosures show a “lack of understanding of how [Disney’s pension fund manager selection] process works and unfairly casts Disney, its Board and ValueAct in a negative light assumes that Blackwells knowledge of the information that your email discloses for the first time. That assumption is, to borrow your phrase, “without factual foundation.”

Since Blackwells’ engagement with the Company began, it has been supportive of the Board and management. Blackwells has identified some weaknesses, but has done so in the spirit of offering constructive ideas for improving Disney’s long-term trajectory. Chief among Blackwells’ critiques is that the Company and the Board discount the

importance of transparency. Blackwells is hardly the only Company stakeholder to note this shortcoming. As it relates to the ValueAct/Disney relationship, Disney put the matter in play with its January 3 press release, which at once suggested that relationship's materiality but offered stockholders no real information. Since that time, Blackwells, on behalf of Disney's owners, has posed some basic questions about that relationship with a straightforward request for nothing more than some answers.

Blackwells reserves all rights.

Michael

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From: Joseph Marshall <jmarshall@cravath.com>

Sent: Friday, March 22, 2024 1:31 PM

To: Charlson, Michael <mcharlson@velaw.com>

Cc: Elbaum, Lawrence <lbaum@velaw.com>; Gadson, Patrick <pgadson@velaw.com>; Kevin Orsini <Korsini@cravath.com>; Faiza Saeed <FSaeed@cravath.com>; George Schoen <GSchoen@cravath.com>; Daniel Cerqueira <dcerqueira@cravath.com>

Subject: RE: Blackwells Onshore I LLC -- Books & Records Demand to The Walt Disney Company

[EXTERNAL]

Dear Michael,

We write in response to your March 12, 2024 email (the "Response Email") on behalf of Blackwells Onshore LLC ("Blackwells"). We reference the letter we sent to you on behalf of The Walt Disney Company ("Disney" or the "Company") on February 26, 2024 (the "Response Letter"), in response to Blackwells' demand to inspect certain Company documents under 8 Del. C. § 220 (the "Demand"). After considering the Response Email, we re-affirm the Company's rejection of the Demand for all of the valid reasons set forth in the Response Letter.

We also wish to notify you that Blackwells' arguments concerning Disney's relationship with ValueAct Capital Management, L.P. ("ValueAct") in the press release you attached to the Response Email (the "Press Release") are without merit.

To begin, contrary to the suggestions in the Press Release, the Board did not appoint ValueAct as manager of certain pension fund assets. Instead, that decision was made by the Investment Administrative Committee (the "IAC"), which has an independent mandate, is made up of employees of Disney and its subsidiaries who are *not* members of the Board and which has the authority to designate and remove managers of pension fund assets. Notably, the pension fund asset management arrangement with ValueAct expired before the discussions related to the information sharing arrangements with ValueAct ever began. These basic facts belie the imagined narrative set forth in the Press Release.

Moreover, even if ValueAct were still managing a portion of pension fund assets today—which it is not—Blackwells' claim that Disney's Board violated Disney's Code of Business Conduct and Standards of Business Conduct would still be false. No facts support Blackwell's false suggestion that that the Board retained ValueAct to manage pension fund assets in exchange for ValueAct's support of the current Board. Indeed, as you note in your Press Release, ValueAct was

retained to manage certain pension fund assets in 2013. It defies logic to suggest, as Blackwells has, that anyone associated with Disney engaged ValueAct more than a decade ago with the goal of receiving support in this proxy contest in 2024.

The IAC has independent fiduciary obligations and makes decisions based on the interests of the pension holders, not those of the Board or management. Blackwells' accusation that the Board made this decision demonstrates their lack of understanding of how this process works. The fact that ValueAct's arrangements began more than ten years ago and are no longer in effect directly contradicts the insinuation that their support was in exchange for any business opportunity with the Company. No violation of the Disney Code of Business Conduct or Standards of Business Conduct has occurred, and to imply such impugns the character and personal reputation of Disney, the Board and ValueAct without factual foundation.

Accordingly, we ask Blackwells to publicly retract these statements and to refrain from making similar statements in the future. Disney reserves all rights, remedies and defenses.

Thanks,
Joe

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From: "Charlson, Michael" <mcharlson@velaw.com>
Date: March 12, 2024 at 8:58:15 AM PDT
To: Kevin Orsini <Korsini@cravath.com>
Cc: "Elbaum, Lawrence" <llelbaum@velaw.com>, "Gadson, Patrick" <pgadson@velaw.com>
Subject: Blackwells Onshore I LLC -- Books & Records Demand to The Walt Disney Company

Dear Kevin –

I write in response to your letter to my colleagues Lawrence Elbaum and Patrick Gadson dated February 26, 2024, on behalf of The Walt Disney Company ("Disney"). By that letter, Disney rejected the demand pursuant to 8 Del. Code § 220 from our client Blackwells Onshore I LLC ("Blackwells") to inspect certain Disney records related to Disney's relationship with ValueAct Capital Management L.P. and affiliates ("ValueAct"). Blackwells views every purported reason asserted in your letter for rejecting Blackwells' Section 220 demand as lack meritless, including without limitation that Blackwells did not put forward a proper purpose for its demand and that Blackwells had supposedly offered "no credible basis" to conclude there might be wrongdoing (which would include disclosure shortcomings) associated with the ValueAct/Disney relationship.

Last evening, Blackwells issued both a press release and a slide deck discussing what it has learned through its own work inquiring into ValueAct and its relationship with Disney. Copies are attached. We request that you and your client promptly review these materials and reconsider Disney's response to Blackwells' Section 220 demand, and do so without delay.

Very truly yours,

Michael Charlson

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Thank You.

<Blackwells - Presentation (as-filed).pdf>

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