**Tuesday, April 2. 2024 / SUBJECT**

**[HALF SECOND OF SILENCE]**

**[BILLBOARD]**

*<*[*CLIP*](https://www.google.com/search?q=disney+shareholder+vote+ludwig+von+drake&oq=disney+shareholder+vote+ludwig+von+drake&gs_lcrp=EgZjaHJvbWUyBggAEEUYOTIHCAEQIRigATIHCAIQIRigATIHCAMQIRigATIHCAQQIRigATIHCAUQIRifBTIHCAYQIRifBTIHCAcQIRifBTIHCAgQIRifBTIHCAkQIRifBdIBCDU1NDFqMGo3qAIAsAIA&sourceid=chrome&ie=UTF-8#fpstate=ive&vld=cid:48653cdb,vid:bWAEA_9VUnA,st:0) *DISNEY Voting Instructions>*

*Disney shareholder video: [o:00] Disney theme –. “Welcome shareholders. Wait wait wait.”*

NOEL KING (Today, Explained Host): Wait, what’s happening?

*<CLIP> Disney shareholder video: Ludwig von Duck:[0:12] “Friends, relatives and esteemed chairman, you’re probably wondering what we’re all doing here today. Now, let’s begin.*

NOEL: Oh, right! Disney shareholders are voting on WHO gets seats on the company board

*<CLIP> Disney shareholder video: Professor Ludwig, why don’t you tell our shareholders how they can vote? Yes, yes, today we’re going to use the Von Drake Method.*

NOEL: Ludwig von Drake, Moana and Iron Man have all been dispatched to get out the vote, because CEO Bob Iger is trying frantically to hold off an investment group called Trian that wants a board seat to make changes to Disney

*<CLIP> Disney shareholder video:Narrator: Remember, it’s important you vote only for Disney’s 12 nominees using the white proxy card. Do not vote for the Trian Group or Blackwell’s nominees”*

Coming up on Today, Explained.

**[THEME]**

NOEL: I’m Noel King with Alex Weprin of the Hollywood Reporter has been covering the fight for the future of the House of the Mouse.

OK, here’s the issue: Disney’s stock price is up 34 percent this year, very good, but DOWN almost 40% from a record high in March of 2021. Enter: the investor who says he can turn this around.

ALEX WEPRIN (Hollywood Reporter Reporter): So Disney at the moment is in the middle of a pretty personal and high profile proxy fight…

SCORING IN <KPM\_KPMLP\_1168\_01101\_The\_Heist\_APM>

ALEX: an activist investor, Nelson Peltz, is seeking board seats at the company and is seeking change at the company.

*<CLIP> CNBC Television, Nelson Peltz on Disney proxy fight*

*Peltz: this company is just not being run properly, the board oversight is awful. It really is. You can see it’s getting a bit long in the tooth. They need more capital invested now*

ALEX: And the company's board and CEO, Bob Iger, are kind of fighting back, trying to prevent that from happening.

*<CLIP> CNBC Television, Bob Iger - Here's why Nelson Peltz won't be joining the Disney board*

*Iger: focusing my time, my energy, and the entire energy of the entire team is extremely important. Disruption from a force like that is not something that would be healthy to the shareholders of this company.*

ALEX: It's become very high profile. It's gotten national international coverage. And, you know, it could change the future of Disney.

SFX: Mickey laugh

SCORING OUT

NOEL: Okay. Who is Nelson Peltz and why does he want a board seat so badly?

ALEX: So Nelson Peltz is this corporate raider. He's an activist investor.

*<CLIP> David Rubenstein, Bloomberg Wealth - Nelson Peltz*

*Peltz: We see really companies that we thought were once great, have lost their way, and that we have a plan for them to get back to greatness again. And that’s what we do.*

ALEX: His strategy is to accumulate large stakes in companies then agitate for change.

*<CLIP> David Rubenstein, Bloomberg Wealth - Nelson Peltz*

*Peltz: We’re not there to leverage up these companies. We’re not there to split them up.*

ALEX: He seeks board seats for himself, for some of his colleagues at his company Trian Partners. And then when he gets on the board, he kind of tries to press for cost cutting, for savings, for sweeping changes that can kind of transform these companies.

*<CLIP> David Rubenstein, Bloomberg Wealth - Nelson Peltz*

*Peltz: we’re not there to do all the terrible things that typically go along with the term activist.*

NOEL: What kind of changes does he want?

ALEX: In the case of Disney, he's pushing for additional cost cutting. He wants to try and make the streaming business profitable, which I will note is also a focus of Bob Iger and the current board.

*<CLIP> Yahoo Finance, Iger 'committing to streaming profitability*

*Reporter: they are really now committed to streaming profitability. They’ve given us a timeline. They’ve said expect us to achieve profitability by fiscal fourth quarter 2024*

ALEX: And he wants changes to ESPN sports strategy at ESPN, which is, you know, the dominant player in sports television but is on a declining path given where current, you know, trends are in cable television.

NOEL: So Peltz is a powerful guy because he's got money. Does he have allies in this fight to get him on the board?

ALEX: Nelson Peltz has one very important ally and that is Ike Perlmutter. He's the former CEO of Marvel. He's actually the CEO of Marvel who sold the company to Disney for $4 billion. And when he did so, he received billions of dollars in Disney stock. And he actually stayed with the company as chairman of Marvel until he was laid off just last year and cost cutting.

*Yahoo Finance, Peltz gets support from ex-Marvel exec*

*Reporter reads Perlmutter statement: he said quote I can no longer watch the business underachieve its great potential I urge Disney's board to immediately welcome one or more Trian board candidates including Trian's CEO and founding partner Nelson Peltz into the boardroom. I believe Nelson and Trian can help Disney's leadership better navigate the company's challenges and opportunities*

ALEX: Nelson Peltz most of his stake in Disney is actually shares owned by Ike Perlmutter. And so that is his key ally in this fight.

NOEL: Is one seat on a board really such a big deal?

ALEX: Well, one seat isn't enough to have dramatic change in the company, but it does give you a seat at the table. And it allows you to kind of press for certain changes. You know, you could introduce a possible CEO successor to Bob Iger. There are certain things you could do. He is pushing for two board seats. He also wants a guy named Jay Rasulo, who's the former CFO of Disney, to also get a seat. But really, you know, just one seat would be enough to kind of push for change at the company.

NOEL: Peltz got a lot of attention recently when he gave an interview to the Financial Times about Iger's leadership strategies, and Peltz was making some noise about Disney programing being too woke or too inclusive, however you want to call it. Is that what Nelson Peltz his takeover is about? You said there's some other things underlying what he wants. How much of this is about Disney's gone woke?

ALEX: That's an interesting thing. In the official documents, if you look at the the official paperwork, the white paper that Nelson Peltz is published, there's really nothing about woke programing. But you're right. In that FT interview, he agitated. He he complained about The Marvels, which has an all female superhero cast.

<CLIP> The Marvels

Monica Rambeau: Hi Captain Marvel  
Carol Danvers: It is so good to see you, Lt. Trouble.  
Monica Rambeau: You too. And it’s Captain Rambeau now.

Carol Danvers: Right.

He complained about Black Panther, which of course is, you know, a black superhero.

<CLIP DISNEY PANTHER Yibambe>

Black Panther: Yibambe!

Those are comments that actually mirror comments made by Ike Perlmutter.

ALEX: Bob Iger in his memoir, actually mentioned that that Perlmutter was opposed to making a Black Panther movie because he didn't think it would be successful, and he was opposed to a Captain Marvel movie because he felt that, you know, a female superhero wouldn't sell action figures and toys. So that's, I think, raised a lot of eyebrows at Disney because those comments mirrored some from Ike Perlmutter. And they are sort of it's something that a lot of people within Disney are concerned about.

*<CLIP DISNEY CNBC Perlmutter crosshairs>*

*HOST: In this interview in the journal, the ex Marvel chief says I have no doubt that my termination was based on fundamental differences in business between my thinking and Disney leadership because I care about return on investment.*

NOEL: Are those comments true? I mean, Black Panther in my memory made a boatload of money. I don't know about the Marvel's. Tell me, tell me how much of this is grounded in reality.

ALEX: So Black Panther, it’s enormously successful.

NOEL: Ha!

<CLIP> Fox News: It is now the fifth highest grossing domestic film in the history of cinema, not counting for inflation, obviously, and it is now the most successful super hero film of all time domestically…

ALEX: And it's true, it's true that the Marvels was kind of a flop. But the truth is, the last year or two, pretty much every Marvel movie has underperformed. And the original Captain Marvel was extremely successful. So really, you know, it's hard to say exactly what this is about, you know? Is he seriously complaining about this? You know, Black Panther was a huge success. And the idea that they would try to step in and stop it is crazy looking in hindsight.

NOEL: Because just to remind people, we all sometimes forget an investor in a company should want that company to make money.

ALEX: Absolutely. That's the whole point.

NOEL: So then there is an additional thread that you and others have reported on that is very interesting, which is Bob Iger recently was speaking at a New York Times summit, and he also made some comments about Disney and wokeness. What did Iger say?

ALEX: Iger had said that he had told his creative executives, the executives at the company that kind of oversee the films and television. Shows that the focus has to be on creativity, on great storytelling and that political messaging or, you know, kind of any sort of messaging that isn't about storytelling should really be put on the back burner. It's hard to say exactly what he was talking about. Any specific shows or or movies. But, you know, I do think that is some of the criticism that has been leveled against Disney is that maybe they there have been moments where there's, you know, scenes that take away from a show or movie because it feels like it's kind of shoved in there for messaging purposes. And I don't know if that's true or not, but I think Iger seems to think that that it is true. Keep in mind, the lead time for these movies and shows can be years. So it's entirely possible that they have axed projects that are, you know, just not going to get made because he felt like it was too message focused. But I do think Iger is kind of seeing some of the pushback and is adjusting somewhat, even though I think he will defend Black Panther, he will defend Captain Marvel to to to the end. Like you know, he does not think those are woke at all. I do think he's being conscious of the type of programing that could be perceived as political in nature.

NOEL:~~.~~ Does Iger have the backing that he needs to win against Peltz. Does he have what he needs.

ALEX: I mean Iger has lined up a murderer's row of supporters. You know Laurene Powell Jobs the widow of Steve Jobs. She's a philanthropist. She's a investor. George Lucas, the Star Wars film maker who himself sold his company to Disney. Perhaps most importantly, he's lined up the support of the families of Walt and Roy Disney.

NOEL: Huh!

ALEX: the Disney family, actually, they don't get along very well. This is pretty well known. And among the people that signed a letter of support for Iger was Abigail Disney, who was Roy Disney's daughter. And she is actually very publicly critically criticized him.

*<CLIP DISNEY NBC News Abigail Disney on Iger Pay>*

*REPORTER: Abigail Disney is taking aim at the company that shares her name. ‘I had to speak out,’ she writes in today’s Washington Post, ‘about the naked indecency of chief executive Robert Iger’s pay. Pointing out that Iger made 65 million dollars in 2018, more that than 1400 times the median pay for a Disney worker.*

ALEX: So to actually have the backing of of of the Disney family is a big deal.

NOEL: All right. So Iger's got some powerful people, including the Disney family. And Peltz has got who in his corner.

ALEX: Peltz has one big backer beside Perlmutter and that's Institutional Shareholder Services. It's a third party proxy advisory firm. They're very influential. They carry a lot of weight with the institutional investors. And to the surprise of a lot of people, they actually said they think that Peltz should get a board seat.

<CLIP DISNEY CNBC Vote Peltz>

HOST: On the Disney proxy fight, ISS, they are advising to vote for Peltz.

ALEX: That was a kind of a blow for Disney because they are they do carry a lot of weight but a lot of investors. And so that does kind of it gave Peltz oxygen at a moment when it felt like his activist fight was perhaps beginning to slow down. So I think that's kind of the big ally that Peltz has on his side.

NOEL: What does this mean. So the reason that people care about Disney. Even if they are not Disney shareholders or involved with Disney at the highest levels, is that Americans really do love Disney. What does this fight mean for normal people who just really like Disney stuff?

ALEX:So look, Disney is in the middle of this moment of transformation.

SCORING IN - A Spiral Staircase

ALEX: You know Iger is trying to transform the company. He's also trying to figure out who can succeed him as CEO. Ultimately if Nelson Peltz or Nelson Peltz and Jay Rasulo get seats they will have a say in the future of Disney. They will have a say in who replaces Iger as CEO. It could change the company in a way that we don't entirely understand. So I think that's the big thing. I think this fight is for the future of Disney.

NOEL: Alex Weprin, The Hollywood Reporter. The billionaire Nelson Peltz claims credit for turning around some very large very troubled companies. He introduced new Snapple Flavors! He turned Heinz into a sponsor of the World Championship Hot Dog Eating Contest. How does his brand of shareholder activism work? Coming up.

**[BREAK]**

**[BUMPER]**

LAUREN THOMAS (Wall Street Journal reporter): My name is Lauren Thomas, and I'm a reporter at the Wall Street Journal covering M&A and shareholder activism.

NOEL: What is shareholder activism, exactly?

LAUREN: Shareholder activism, it's an interesting concept in the world of Wall Street. But effectively, what, you know, typically these hedge funds do is, is they show up at companies they're looking to push for change, agitate for changes that will ultimately boost the stock price. Because at the end of the day, these activists are trying to make, you know, a nice chunk of change themselves.

NOEL: So when Nelson Peltz articulates what he wants to do at Disney, he's saying, I want Disney to make more money, to be more profitable, and I want to initiate that change… How, exactly?

LAUREN: Nelson Peltz is effectively arguing a couple things, but really at the core set, Disney needs to do more, particularly with its streaming operations to really make those more profitable. Secondly, though, you know, a big piece of his argument in this proxy battle is succession planning. So you might recall, when Bob Iger, pretty abruptly announced that he would be returning to the company as CEO. He had left. He had handed over the reins to his successor, Bob Chapek, who was there for a brief period of time. And then suddenly Bob Iger is back and he says he's back and he's ready to fix things.

*<CLIP DISNEY CNBC Iger is Back>*

*IGER: I guess I had a sense of obligation. And I also wanted them to transform the company during I think a pretty critical time, but I wanted them to succeed at succession.*

LAUREN: a big part of Nelson's argument is that Disney just hasn't been able to get succession planning right, and he's worried that the company just won't be quick to find a new successor to Iger.

NOEL: what is Nelson Peltz know about turning businesses around. Tell us about this man.

LAUREN: So I think it's worth pointing out I mean like, you know a Carl Icahn for example, Nelson Peltz is certainly a big name in the world of activism. Arguably one of the biggest, most well known. He's really been at this for decades.

SCORING IN — TEx24 Somber 01 - Canopy Dusk SOFT CLACKY

LAUREN: He really started out his bread and butter has always been in consumer, you know. So he back in the day was working at his dad's a food distribution business, ended up kind of turning that around and helping sell it. Then he acquired Snapple, the beverage company, back in the day with his with his business partner. Ended up making a pretty nice payday a couple years later when they sold that.

<CLIP DISNEY Snapple Best Stuff>

Snapple Lady: Snapple, made from the best stuff on Earth.

LAUREN: Come around to 2005, and that's when the Trian that we all know today was formed with two other business partners. And that's really when Nelson Peltz started to make these big splashes in companies. One of and one of their early investments was in Heinz, now known as, you know, Kraft Heinz since gone through some M&A itself. But, he was really pushing for cost cuts there.

*<CLIP DISNEY YouTube Peltz talks strategy>*

*PELTZ: When we get on a board at Trian, we’re interested in management and the board wear bifocals. The near term is important, but to really have your sights set on the long term. What is the objective, what’s the target, share it with your shareholders and tell us the gates you’re going through to get there.*

SCORING OUT

LAUREN: He later waged a proxy battle at DuPont, which ended up merging with Dow. He also, waged a proxy battle at Procter and Gamble, another big consumer giant. So, Nelson's background, is really in these big, you know, well known brands. He shows up and kind of argues that in large part thanks to his kids. He's got ten kids, which I think is an important thing to know about him. He really has a good read on changing consumer tastes and behavior, spanning multiple generations. And that is certainly something that, you know, people that have been around Nelson over the years have recognized, I think what Disney has argued, though, to bring this back to the Disney fight is that he hasn't really done much at media and media before media and entertainment. I think Nelson, and Trian argue that Disney is, is just like any of these other companies. You know, that he showed up and it's a big household name. It's it's really a house of consumer brands is kind of their belief. But I think where Disney has pushed back and argued of course, that and we can get into that. But why Nelson shouldn't have a seat on the board. Is is they kind of come at is he he doesn't really have experience at a company in their sector of the world.

*<CLIP DISNEY CNBC Iger On Peltz>*

*IGER: He has not articulated either a vision or ideas that are of particular value to us. Now some he has, but we were already working on those.*

NOEL: But he's done I mean, Hines and DuPont and Dow. He's he's he's run the gamut. His investing has run the gamut. In the industries where he's done well, where he's helped turn a company around or where his his firm has helped turn a company around. How have they done it? What's the playbook?

LAUREN: You know, it's often cost cuts: show up and and, you know, look for areas within the business where management just hasn't done as good of a job. And maybe they just get too emotionally attached for things. I think that sometimes it's easier for these outsiders to come in and push for change, is because, you know, they're an outsider, and especially when you get involved with these founder led businesses and so they can, you know, it's easier for them to show up and, have a clearer look on the business and areas for improvement. So they do not necessarily wage these proxy battles often. They've actually… Disney is actually only the fourth ever proxy fight that Trian has waged in, you know, it's two decade plus history.you know, they do it when they're really serious and they're really looking to, to make a difference. And that's what they're arguing that they can try to do if they get a seat at the table, at Walt Disney.

NOEL: I'm thinking about an interview that he gave to the Financial Times that we talked about in the first half of our show. Peltz was giving this interview to the Financial Times, and he he suggested that he thought some of Disney programing had gotten too woke, and that raised a lot of questions about what exactly at Disney he wants changed. And I wondered whether that was kind of like the rambling of a much older man, or whether that was Disney has gotten too woke, and therefore it is hurting the bottom line. And as an activist shareholder, I want to do something about that. What do you think happened there?

LAUREN: I do think it's more the latter.I do think that he feels that he is like speaking up in this proxy fight for, a shareholder base, that I'm sure he, he believes feels the same way and kind of. And speaking up for, you know, sometimes people that feel like they're, you know, a bit of a silent minority. But no, I think bottom line, you know, I think anything that that trying and Nelson is pushing for a Disney they, they would view as helping the business, just get on better financial footing, help the stock get back up.Arguably before Trian showed up in the stock, you know, Disney had really been underperforming and there were a lot of shareholders and investors that had a lot of questions. And and you know, now. They have announced a lot of changes and strategic initiatives in the past couple of months. Is that because Nelson showed up? You know, was some of that sped up, maybe, because they knew he was knocking at the front door trying to get in? You know, that's that's a great question to be asked. But the, you know, shares have, rebounded some in the in the past couple of months. So that's an optimistic viewpoint, you know, for, for a lot of people that have been following this saga.

NOEL: All right. So the board vote is tomorrow. What's going to happen? What are you going to be looking out for?

LAUREN: It really feels like it's down to the wire. And again, you know, for those of us who have been following, for, for over 12 months now, you know, it feels like we've been just talking about this for forever. And now it's nearing an end. And, you know, the way that this plays out, you know, a number of votes have already come in. It's really tough to get a final read. And we typically don't get a great read on this until, you know, everything's said and done, the polls are closed, and the companies and will ultimately issue, you know, some sort of guidance on what the votes looking like.

SCORING IN - TEx24 Neutral 01 - Scanning the Horizon ORIGINAL

LAUREN: But, you know, with Disney, I think it's important to remember the makeup of their shareholder base. And that's what's making this proxy fight so unique. A lot of just think of like, you know, my mom, your brother, you know, the everyday kind of average retail investor, an outsized proportion of Disney shares over a third, actually, which is t r, pretty abnormal for a public company, are owned by these like everyday retail shareholders. And so that's, that's very unique, for a public company in general. But then when you've got a proxy fight, it's, it's really unique and can makes for some interesting twists and turns because, you know, it's people like you and I that are, you know, maybe looking to cast a vote, not just the big institutions like a Blackrock, Vanguard, Fidelity. And so the meeting itself will happen, the polls will close. And then, it could take a couple days to really get a good look at what the tally is going to be. Really at this point, it's still so up in the air, I think. But but people are going to be watching very closely.

NOEL: Lauren Thomas, Wall Street Journal. Hady Mawajdeh and Jesse Alejandro Cotrell produced today. Matthew Collette edited. Patrick Boyd engineered. Laura Bullard fact-checked.

The rest of our team includes Haleema Shah, Avishay Artsy, Miles Bryan, Victoria Chamberlin, David Herman, Amanda Lewellyn, and my co-host Sean Rameswaram.

Also, supervising editors Amina Al-Sadi and EP Miranda Kennedy.

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<< must cut this out for radio >>

I’m Noel King. And this has been Today, Explained.

**[10 SECONDS OF SILENCE]**