

BLACKWELLS CAPITAL ON:

THE FUTURE OF TECHNOLOGY AT THE WALT DISNEY COMPANY

JOIN US IN REIMAGINEERING THE FUTURE!

*Excerpt of Blackwells' investor presentation that will be released in the coming days.
This excerpt and the full presentation, when available, can be found at
<https://thefutureofdisney.com/>*

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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.

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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.

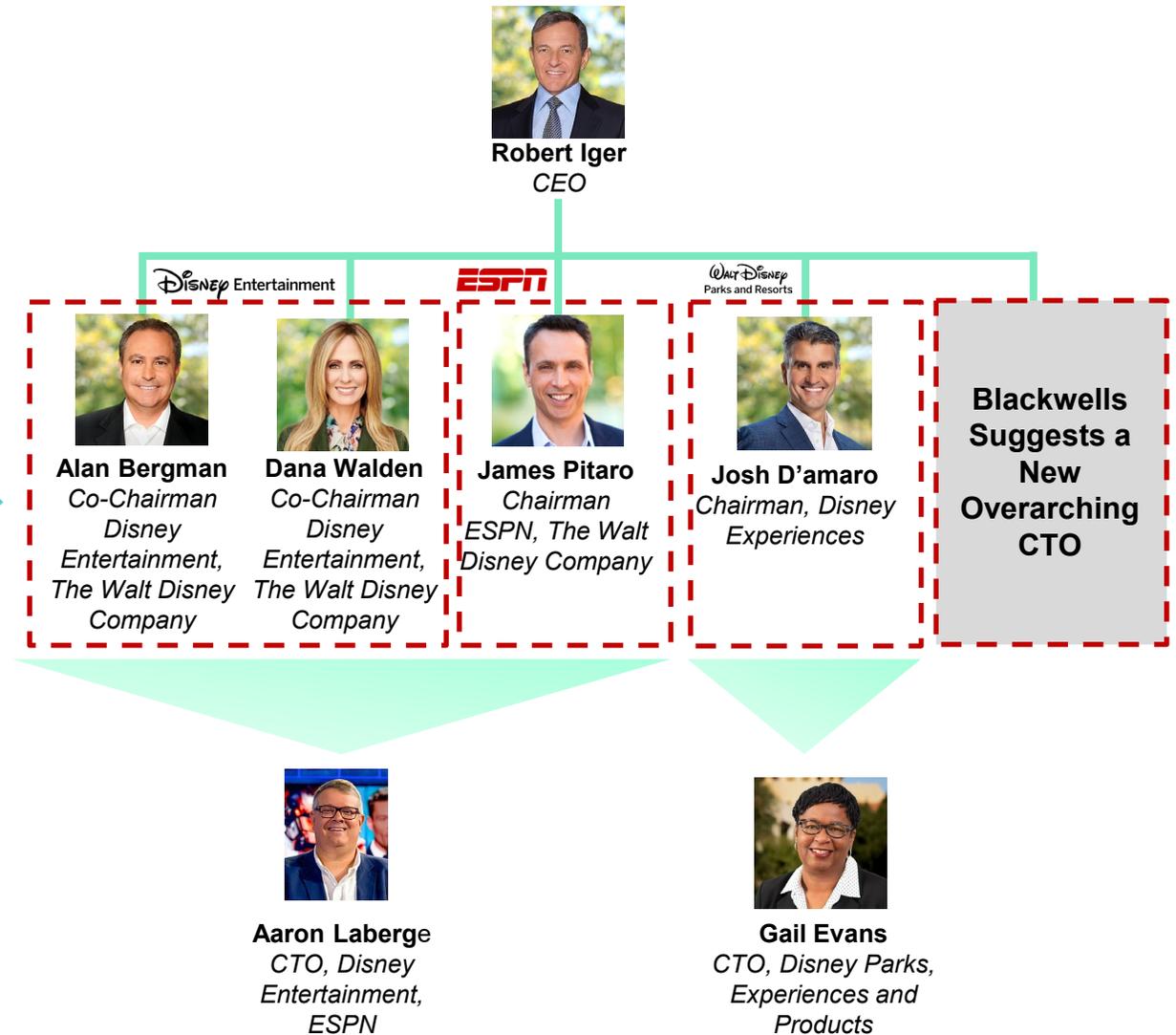
DISNEY'S TECHNOLOGY DEPARTMENTS ARE FRAGMENTED

1

Eliminating technological fragmentation is a necessary first step

Disney's CTOs are buried under a corporate bureaucracy

Multiple CTO positions must be rationalized



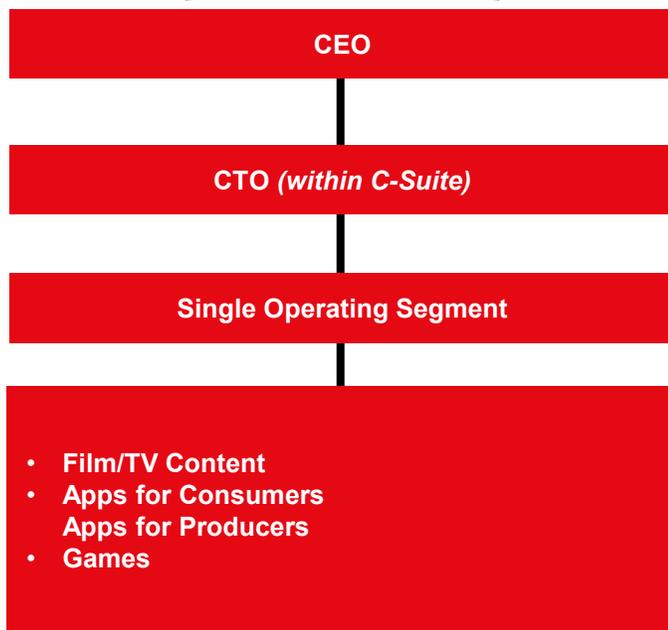
Source: Company filings, website, and press releases.

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

1

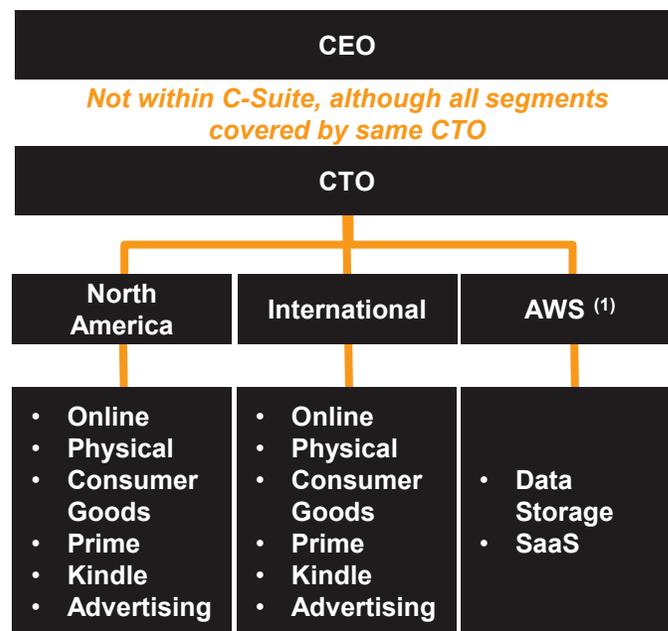
Disney's peers are focused on fragmentation. Why isn't Disney?

NETFLIX

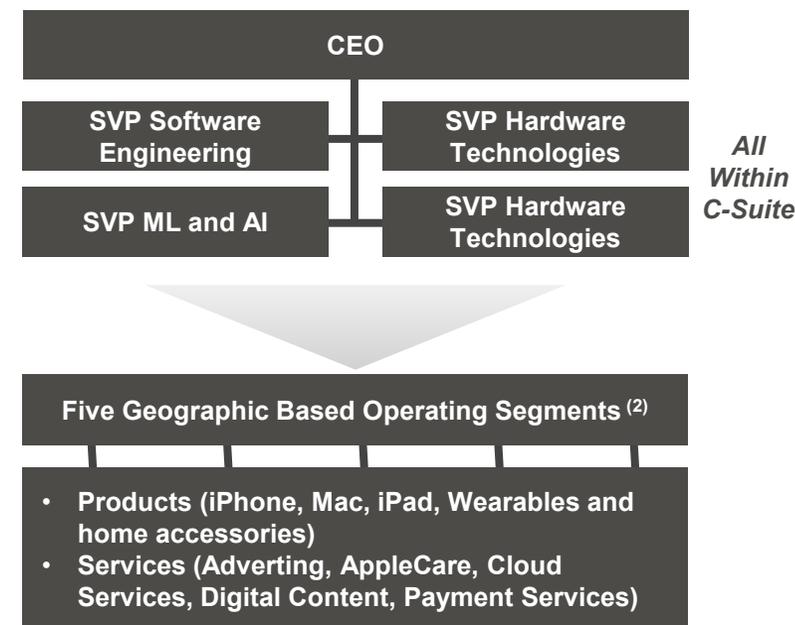


"Companies rarely die from moving too fast, and they frequently die from moving too slowly."
 – Reed Hastings, CEO

amazon



"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

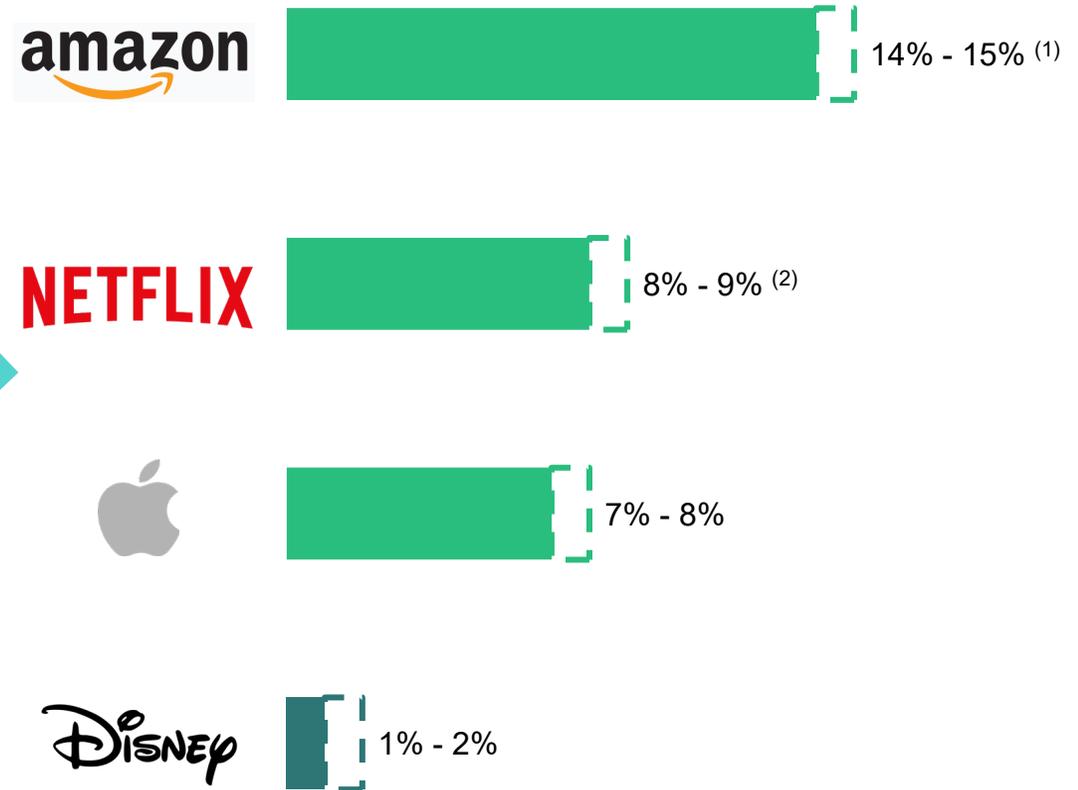
2

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.

THE TIME IS NOW

2

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

3

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

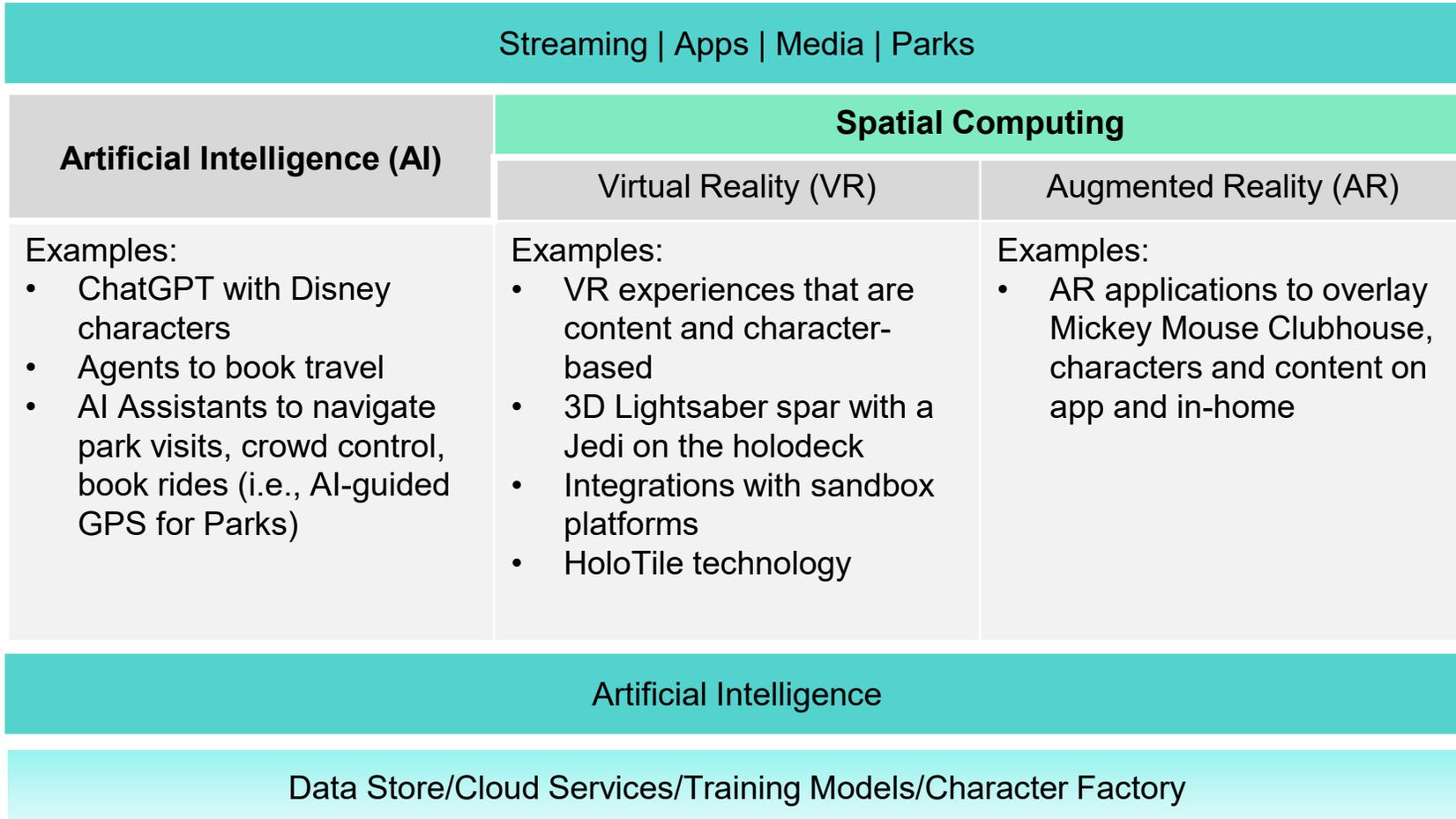
3

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

Next-Gen Platforms

New Technology

Infrastructure



MEDIOCRITY IN SPATIAL COMPUTING & ARTIFICIAL INTELLIGENCE

4

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

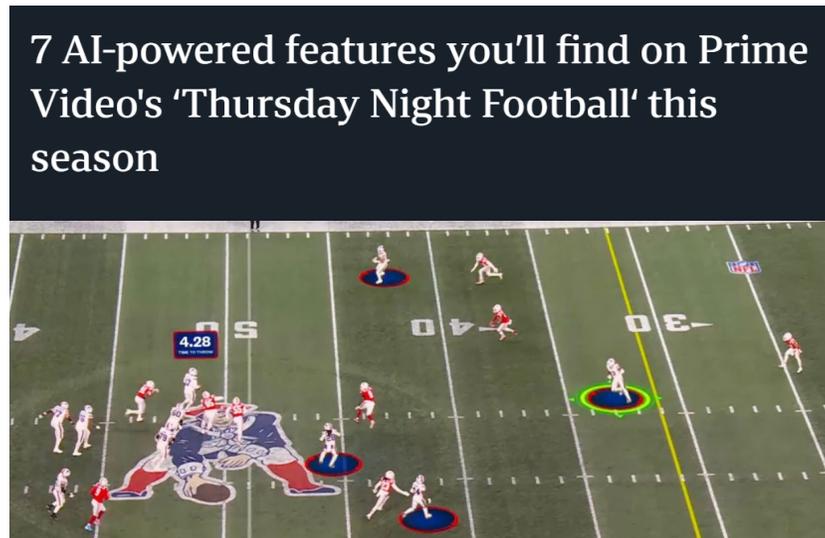
Spatial computing, has far more relevance to Disney than it does to either Apple or Meta

Disney understands the risks of mediocrity, but not the opportunities

NETFLIX



amazon



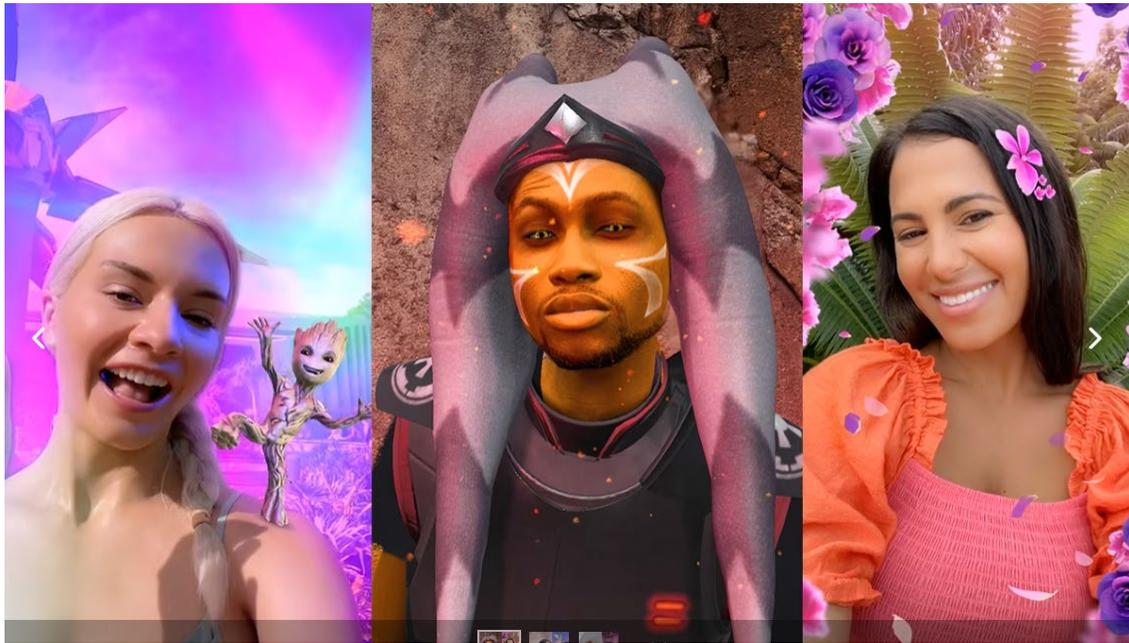
Source: Wall Street Journal and Amazon Company materials.

DISNEY'S INITIATIVES SHOULD BE FAR MORE IMPRESSIVE

4

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



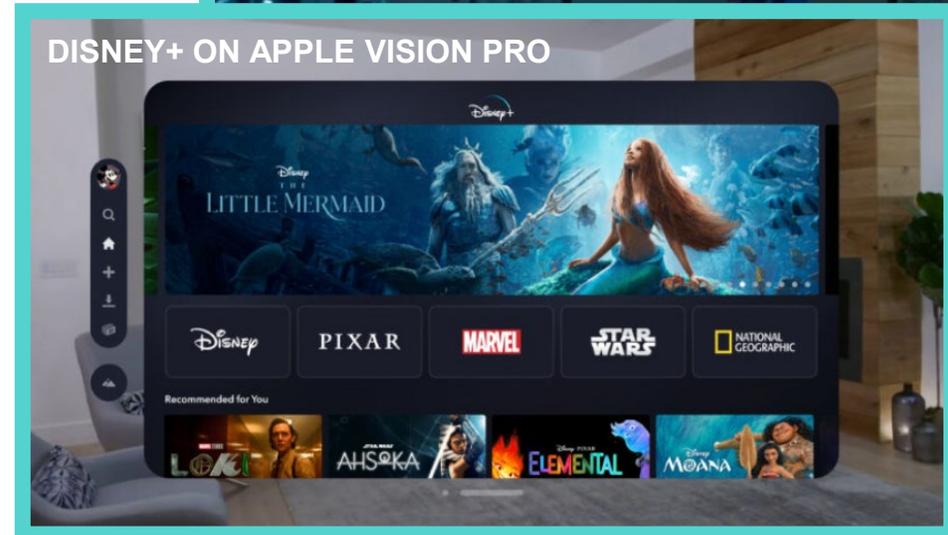
Source: Company materials.

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

4

Disney's cutting-edge 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



Source: Company materials.

CASE STUDY: DISNEY'S ARTIFICIAL INTELLIGENCE FLYWHEEL



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

- Disney must produce an artificial intelligence 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, artificial intelligence 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 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 two individuals 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 KNOWS ABOUT TECHNOLOGY & INNOVATION

Blackwells' board nominee, Leah Solivan, has built her career at the fore front 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



Executive Experience

- 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
- Fast Company named her one of the "100 Most Creative People in Business"

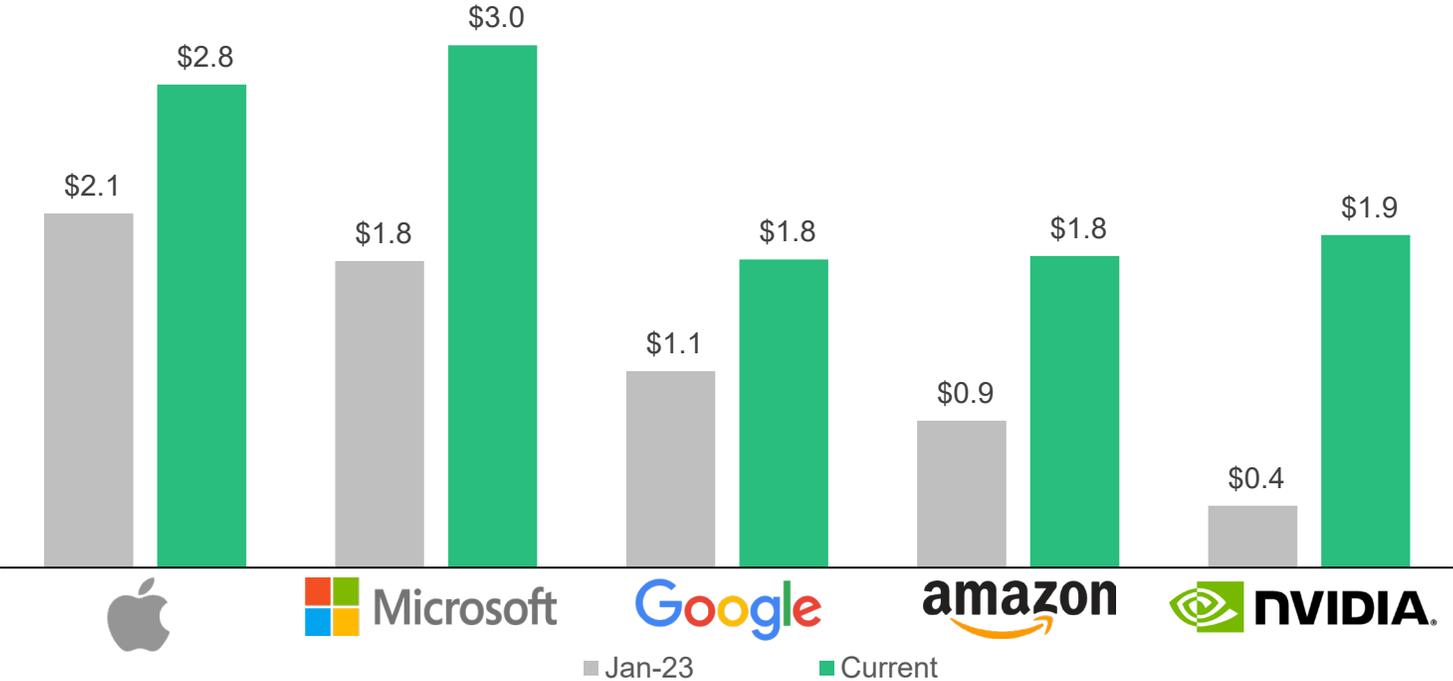
Skills Matrix

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

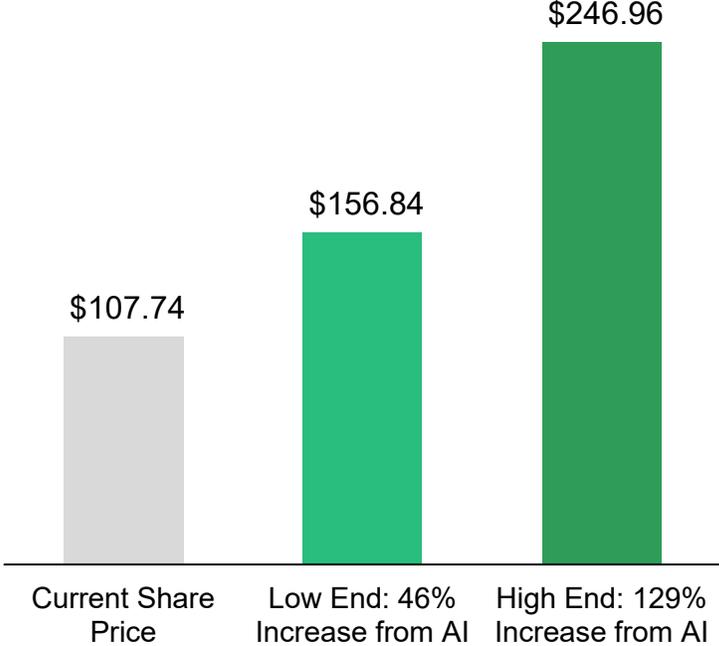
DISNEY SHOULD AIM TO BE ONE OF THE MOST VALUABLE COMPANIES IN THE WORLD

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. Artificial intelligences' 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 - Just by Playing Catch-up⁽¹⁾



Source: Capital IQ, Accel Euroscape 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 artificial intelligence strategy, and share elements of that strategy with its shareholders

