

October 13, 2020

Robert A. Iger
Executive Chairman and Chairman of the Board
The Walt Disney Company
500 South Buena Vista Street
Burbank, CA 91521

Bob Chapek
Chief Executive Officer
The Walt Disney Company
500 South Buena Vista Street
Burbank, CA 91521

Dear Mr. Iger and Mr. Chapek:

I write to express concern about The Walt Disney Company's (Disney) recent decision to lay off 28,000 workers during an economic recession¹ while reinstating pay rates for highly compensated senior executives.² In the years leading up to this crisis, your company prioritized the enrichment of executives and stockholders through hefty compensation packages³, and billions of dollars' worth of dividend payments⁴ and stock buybacks,⁵ all of which weakened Disney's financial cushion and ability to retain and pay its front-line workers amid the pandemic. While I appreciate that your company has continued to provide health-care benefits to furloughed workers for the past six months,⁶ thousands of laid off employees will now have to worry about how to keep food on the table⁷ as executives begin receiving hefty paychecks again.⁸ I would like to know whether Disney's financial decisions have impacted the company's

¹ Disney Parks, Experiences and Products, "Statement from Josh D'Amato, Chairman, Disney Parks, Experiences and Products (DPEP)," September 29, 2020, <https://dpep.disney.com/update/>.

² Deadline, "Disney & Fox Corporation End Temporary Executive Pay Cuts Related To COVID-19 Pandemic," Nellie Andreeva and Dominic Patten, August 20, 2020, <https://deadline.com/2020/08/disney-fox-coronavirus-pay-reductions-restored-1203018873/>.

³The Guardian, "Disney heir criticises \$1.5bn in bonuses and dividends as company cuts pay," Mark Sweney, July 1, 2020, <https://www.theguardian.com/film/2020/apr/22/disney-heir-criticises-company-over-15bn-bonuses-cuts-pay>.

⁴ U.S. Securities and Exchange Commission, Walt Disney Co. (CIK# 0001744489) 10-Q Filings, <https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001744489&owner=exclude&count=40>.

⁵ *Id.*

⁶ The New York Times, "Disney Lays Off 28,000, Mostly at Its 2 U.S. Theme Parks," Brooks Barnes, September 29, 2020, <https://www.nytimes.com/2020/09/29/business/disney-theme-park-workers-layoffs.html>.

⁷ Orlando Sentinel, "A food bank gives groceries to furloughed Disney workers. The car line stretches for 2 miles," Gabrielle Russon, September 1, 2020, <https://www.orlandosentinel.com/business/os-bz-unemployment-hotel-food-drive-20200901-6xbwj63eqvfjtdrmcx7e5akrji-story.html>.

⁸ Deadline, "Disney & Fox Corporation End Temporary Executive Pay Cuts Related To COVID-19 Pandemic," Nellie Andreeva and Dominic Patten, August 20, 2020, <https://deadline.com/2020/08/disney-fox-coronavirus-pay-reductions-restored-1203018873/>.

decision to lay off workers and whether your company plans to extend health care or other critical benefits and protections to laid off employees.

On September 29, the head of parks at Disney announced in a memo that the company would lay off 28,000 workers as a result of the coronavirus disease 2019 (COVID-19) pandemic.⁹ The announcement stated that the decision was “exacerbated in California by the State’s unwillingness to lift restrictions that would allow Disneyland to reopen.”¹⁰ Since the start of the pandemic, California has had over 830,000 COVID-19 cases, and over 16,000 individuals in the state have died.¹¹ Disney parks in the state have remained closed since March,¹² and the state has opted to maintain its restriction on large public gatherings.¹³ While your company has blamed your decision to lay off thousands of workers on California public health measures, which were implemented to prevent the spread of COVID-19 and save lives,¹⁴ nearly 6,400 of the employees you laid off are actually in Florida.¹⁵ And just last week, another 8,857 part-time employees were laid off, also in Florida.¹⁶

The September 29th announcement describes reducing staff as a “very difficult decision,” resulting from the “the prolonged impact of COVID-19 on our business.”¹⁷ However, this explanation fails to acknowledge Disney’s short-sighted business decisions that reduced its capital, including (1) spending billions of dollars to repurchase its own shares over the last decade,¹⁸ (2) rewarding its shareholders through billions of dollars in dividend payments,¹⁹ and (3) showering its top company executives with over-the-top compensation packages and

⁹ Disney Parks, Experiences and Products, “Statement from Josh D’Amaro, Chairman, Disney Parks, Experiences and Products (DPEP),” September 29, 2020, <https://dpep.disney.com/update/>.

¹⁰ *Id.*

¹¹ California Department of Public Health, “California COVID-19 By The Numbers,” October 9, 2020, <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/Immunization/ncov2019.aspx>.

¹² Vox, “Disney World and Disneyland closed indefinitely amid Covid-19 fears,” Carlye Wisel, March 31, 2020, <https://www.vox.com/the-goods/2020/3/12/21177375/disney-coronavirus-covid-19-theme-parks-disneyworld-disneyland>.

¹³ The Orange County Register, “Disneyland demands Newsom reopen California theme parks now: ‘It’s time’,” Brady Macdonald, September 23, 2020, <https://www.ocregister.com/2020/09/22/disneyland-demands-newsom-reopen-california-theme-parks-now-its-time/>.

¹⁴ *Id.*

¹⁵ Letter from Jim Bowden, Vice President of Employee Relations at Disney, to Steven Gustafson, Florida State Trade and Rapid Response Coordinator, September 29, 2020, <http://reactwarn.floridajobs.org/WarnList/Records?year=2020&sort=CompanyName&sortdir=ASC&page=13>.

¹⁶ Orlando Sentinel, “More Disney World layoffs revealed: 8,857 part-time union employees are losing their jobs,” Gabrielle Russon, October 7, 2020, <https://www.orlandosentinel.com/business/tourism/os-bz-disney-union-layoffs-part-time-20201007-m5rochxtq5gmpphip3kwdzclce-story.html>.

¹⁷ Disney Parks, Experiences and Products, “Statement from Josh D’Amaro, Chairman, Disney Parks, Experiences and Products (DPEP),” September 29, 2020, <https://dpep.disney.com/update/>.

¹⁸ CNBC, “Investors should be furious: 3 blue-chip stock buybacks that went horribly wrong,” Mitch Goldberg, December 13, 2018, <https://www.cnbc.com/2018/12/11/investors-should-be-furious-3-stock-buybacks-that-went-horribly-wrong.html>.

¹⁹ The Guardian, “Disney heir criticises \$1.5bn in bonuses and dividends as company cuts pay,” Mark Sweney, July 1, 2020, <https://www.theguardian.com/film/2020/apr/22/disney-heir-criticises-company-over-15bn-bonuses-cuts-pay>.

salaries²⁰ — which reportedly were restored several weeks before the September layoff announcement.²¹

Disney has spent tens of billions of dollars on share buybacks in recent years,²² spending \$47.9 billion repurchasing its own common stock from 2009-2018²³ — a practice that is known to turn excess company cash into higher stock prices for the benefit of shareholders.²⁴

In addition to stock buybacks, Disney has similarly rewarded its shareholders through dividend payments, further depleting its capital reserves in the time leading up to the pandemic. In FY 2018 and FY 2019, the last two fiscal years prior to the pandemic, Disney spent \$5.4 billion in dividend payments²⁵ — a practice that was publicly criticized in April of this year as the company cut the pay of 100,000 workers²⁶ before payments were finally suspended by its board of directors.²⁷

Finally, Disney has paid more than \$338 million in total compensation to its top 20 executives in the three years prior to the pandemic.²⁸ Under the looming economic crisis driven by the pandemic, these top executives made salary sacrifices in April to “better position [the company] to weather these extraordinary challenges.”²⁹ Disney VP-level executives and above saw salary

²⁰ *Id.*

²¹ Deadline, “Disney & Fox Corporation End Temporary Executive Pay Cuts Related To COVID-19 Pandemic,” Nellie Andreeva and Dominic Patten, August 20, 2020, <https://deadline.com/2020/08/disney-fox-coronavirus-pay-reductions-restored-1203018873/>.

²² The Motley Fool, “The Walt Disney Company Bought Back 74 Million Shares in 2016 -- Should Investors Be Happy?,” Anders Bylund, November 23, 2016, <https://www.fool.com/investing/2016/11/23/the-walt-disney-company-bought-back-74-million-sha.aspx>.

²³ CNBC, “Investors should be furious: 3 blue-chip stock buybacks that went horribly wrong,” Mitch Goldberg, December 13, 2018, <https://www.cnbc.com/2018/12/11/investors-should-be-furious-3-stock-buybacks-that-went-horribly-wrong.html>.

²⁴ The New York Times, “The Stock Buyback Binge May Be Over. For Now,” Matt Phillips, March 24, 2020, <https://www.nytimes.com/2020/03/24/business/coronavirus-stock-buybacks.html>.

²⁵ Securities and Exchange Commission, “Form 10-K”, 2019, <https://www.sec.gov/ix?doc=/Archives/edgar/data/1744489/000174448919000225/fy2019q410k.htm>

²⁶ The Guardian, “Disney heir criticises \$1.5bn in bonuses and dividends as company cuts pay,” Mark Sweney, July 1, 2020, <https://www.theguardian.com/film/2020/apr/22/disney-heir-criticises-company-over-15bn-bonuses-cuts-pay>.

²⁷ Investment U, “Walt Disney Suspends Dividend and Cuts History of Growth,” Rob Otman, May 12, 2020, <https://investmentu.com/walt-disney-suspends-dividend-2020/>.

²⁸ S & P Capital IQ, “The Walt Disney Company (NYSE:DIS), Summary Compensation.” Underlying data derived from SEC filings, including 10-Ks, 10-Qs, and Proxy Statements between 2016 and 2019, <https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001744489&type=&date=&owner=exclude&start=0&count=40>.

²⁹ Variety, “Bob Iger to Give Up Salary, Other Senior Disney Executives to Take Pay Cuts,” Cynthia Littleton, March 30, 2020, <https://variety.com/2020/tv/news/bob-iger-disney-bob-chapek-salary-cuts-coronavirus-1203548824/>.

reductions of 20-30%,³⁰ Mr. Iger opted to forgo the remainder of his \$3 million salary for the year,³¹ and Mr. Chapek announced he would forgo half of his \$2.5 million base salary.³²

But these pay reductions represent “a drop in the bucket” because “the real payday is in the rest of the [compensation] package.”³³ For example, Mr. Iger earned a total of \$65.6 million in 2018 and \$47 million in 2019 as a result of this compensation package³⁴; hence, his pandemic-inspired salary cut amounted to roughly 3.3% percent of his total compensation in 2019.³⁵ Similarly, Mr. Chapek, who recently was promoted to CEO, was in line to earn up to \$22.5 million in bonuses in addition to his base salary.³⁶ Even worse, reports indicated that Disney was restoring the meager proposed cuts to executive pay in August 2020 – just weeks before the announcement of the 28,000 worker layoffs.³⁷

Earlier this year, Mr. Chapek reportedly stated that “Our ability to do good in the world starts with our cast members...who create magic every day. Our commitment to them will always be our top priority.”³⁸ Yet it appears that – prior to, and during the pandemic – Disney took good care of its top executives and shareholders – and now is hanging its front-line workers out to dry.

To better understand the decisions of your company and the consequences for workers, I am requesting the following additional information no later than October 27, 2020:

1. Which types of Disney employees will be laid off per Mr. D’Amaro’s September 29, 2020 memo?
What was the anticipated monthly total cost of wages for these employees?
Do any of these employees have recall rights? If so, will these individuals retain their seniority if rehired by Disney?
2. How were decisions made with regard to which employees would be laid off?

³⁰ Deadline, “Disney & Fox Corporation End Temporary Executive Pay Cuts Related To COVID-19 Pandemic,” Nellie Andreeva and Dominic Patten, August 20, 2020, <https://deadline.com/2020/08/disney-fox-coronavirus-pay-reductions-restored-1203018873/>.

³¹ The Guardian, “Disney heir criticises \$1.5bn in bonuses and dividends as company cuts pay,” Mark Sweney, July 1, 2020, <https://www.theguardian.com/film/2020/apr/22/disney-heir-criticises-company-over-15bn-bonuses-cuts-pay>.

³² *Id.*

³³ Tweet by Abigail Disney, April 21, 2020, <https://twitter.com/abigaildisney/status/1252665814337105921>.

³⁴ The Guardian, “Disney heir criticises \$1.5bn in bonuses and dividends as company cuts pay,” Mark Sweney, July 1, 2020, <https://www.theguardian.com/film/2020/apr/22/disney-heir-criticises-company-over-15bn-bonuses-cuts-pay>.

³⁵ The New York Times, “As the Pandemic Forced Layoffs, C.E.O.s Gave Up Little,” Peter Eavis, July 29, 2020, <https://www.nytimes.com/2020/07/29/business/economy/ceo-pay-pandemic-layoffs.html>.

³⁶ Variety, “Bob Iger to Give Up Salary, Other Senior Disney Executives to Take Pay Cuts,” Cynthia Littleton, March 30, 2020, <https://variety.com/2020/tv/news/bob-iger-disney-bob-chapek-salary-cuts-coronavirus-1203548824/>.


³⁷ Deadline, “Disney & Fox Corporation End Temporary Executive Pay Cuts Related To COVID-19 Pandemic,” Nellie Andreeva and Dominic Patten, August 20, 2020, <https://deadline.com/2020/08/disney-fox-coronavirus-pay-reductions-restored-1203018873/>.

³⁸ Tweet by Abigail Disney, April 21, 2020, <https://twitter.com/abigaildisney/status/1252665822637686785>.

3. Will Disney provide health care coverage for laid-off employees? Will Disney cover any premiums for this health care coverage? If so, which laid-off employees?
 - a. Will Disney provide any additional support for these employees?
4. How much in total compensation has Disney awarded each of its top executives and its Board members, in (a) FY 2019; and (b) FY 2020? Please describe the components of this compensation.
5. What specific cuts in executive salary and compensation were made at the beginning of the pandemic? Are reports that these cuts have been reversed – in whole or in part – accurate?
6. What is the total value of stock buybacks made by Disney in each quarter starting in FY 2016? To what extent did this increase the stock's value, and to what extent did it benefit top executives and members of the Board?
7. How much has Disney paid its shareholders in dividends in each year since 2017? To what extent did this benefit top executives and members of the Board?

Thank you for your prompt attention to this matter.

Sincerely,



Elizabeth Warren
United States Senator