



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BRAD LANDER

August 14, 2023

Robert A. Iger
Chief Executive Officer
The Walt Disney Company
500 South Buena Vista Street
Burbank, CA 91521

Dear Mr. Iger,

I write to you on behalf of the New York City Teachers' Retirement System, the New York City Employees' Retirement System, the New York City Police Pension Fund, the New York City Fire Pension Fund, and the New York City Board of Education Retirement System (individually a "System," collectively the "Systems" or "NYCRS") to express concern regarding your failure to end the ongoing Writers Guild of America West and Writers Guild of America, East (jointly, WGA) and Screen Actors Guild – American Federation of Television and Radio Artists (SAG-AFTRA) strikes.

Writers have been on strike for over three months, bringing major TV and film productions across the country to a halt, yet the major media companies have not negotiated a fair deal. Anonymous industry executives were recently quoted claiming that the studios do not plan to negotiate with writers until October, which could prolong the strike's disruption to your business for as long as six to eight months. SAG-AFTRA has now also gone on strike, resulting in a level of disruption to the media and entertainment industry not seen since 1960.

NYCRS has \$250 billion in assets under management and are substantial long-term Disney shareholders of The Walt Disney Company, with approximately 2.7 million shares valued at \$229.2 million. As long term investors, NYCRS has long considered constructive labor management relations to be fundamental to effective human capital management and the creation of sustainable shareholder value.

My fellow NYCRS trustees and I have a fiduciary duty to safeguard the financial stability of our members' assets and address issues that may present risks to NYCRS' investments. In addition to concerns that the WGA and SAG-AFTRA strikes expose NYCRS' investments to undue risk, I am also concerned that the underlying business practices which led to this conflict, if not resolved, may threaten the long-term stability of NYCRS' investments in your company.

The WGA is comprised of 11,500 professional writers who create your company's core product of film and television programming, and who have been on strike since May 2nd. SAG-AFTRA is comprised of 160,000 actors and performers who bring that product to life onscreen, and who have been on strike since July 14th. Despite the tremendous value of the content they create, writers are facing unprecedented declines in compensation and erosion of their working conditions. With the rise of streaming video, media companies have implemented business practices that prioritize short-term profits over long-term sustainability – cutting writers' pay, decreasing the amount of time they are given to do the work, and forcing more work onto fewer writers.¹ This effectively creates a gig economy inside a unionized workforce, and reduces workers' ability and incentive to remain in the industry's highly-skilled labor pool. Actors' ability to make a living has been similarly threatened by the shift of work to streaming platforms and the recent explosion of generative Artificial Intelligence. As a result, this employment model poses an existential threat not just to the professions of writing and acting, but to the long-term financial stability of your media business.

Growing production delays and cancellations resulting from the strikes pose risks to all media companies. Streaming services rely on a continuous influx of new scripted content to keep customers subscribed and engaged.ⁱⁱ The longer that new content is delayed, the greater the risk that consumers will cancel their services.

However, the risks from the strikes are particularly pronounced for traditional media companies like Comcast NBCUniversal, Disney, and Paramount, given the continued importance of broadcast and cable television to your businesses.ⁱⁱⁱ The strikes' disruption to the writing and production of dozens of scripted series intended for fall 2023 debuts will lead to delays in fall broadcast programming and potentially truncated seasons, along with postponed theatrical releases. The impact will extend to these traditional media companies' new streaming businesses, which must compete with tech companies like Netflix, Amazon, and Apple and which rely on a steady flow of new broadcast episodes and theatrical movies to supplement the original programming on their platforms.

Your company also risks financial and reputational harm the longer you refuse to negotiate on core issues facing writers and actors, who enjoy broad support from the public and elected officials.^{iv} With such visibility and public support, your company risks backlash from consumers, investors, or other stakeholders.

The costs of this disruption are great, and are increasing by the day, along with the financial risk to your company's market valuation. **We urge your company to end the WGA and SAG-AFTRA strikes promptly in order to ensure the long-term stability of your business and your shareholders' investments.**

Thank you for your prompt attention to this matter.

Sincerely,



Brad Lander
New York City Comptroller, on behalf of
The New York City Teachers' Retirement System
The New York City Employees' Retirement System
The New York City Police Pension Fund
The New York City Fire Pension Fund
The New York City Board of Education Retirement System

ⁱ Writers Guild of America, "The cost of settling," (May 16, 2023), available at: <https://www.wgacontract2023.org/announcements/the-cost-of-settling>.

ⁱⁱ Eric Deggans, *What do users want from their TV streaming? A new NPR/Ipsos poll has some answers*, NPR (Oct. 28, 2022) available at: <https://www.npr.org/2022/10/28/1130669763/what-do-users-want-from-their-tv-streaming-a-new-npr-ipsos-poll-has-some-answers#:~:text=As%20major%20platforms%20like%20Netflix,content%20and%20ease%20of%20use>.

ⁱⁱⁱ Moody's Investors Service, Sector in-depth report on media – North America (May 3, 2023) available at: <https://www.moody.com/credit-ratings/Live-Entertainment-Incorporated-credit-rating-374900> (registration required).

^{iv} See 71% Of Americans Back Striking Writers; Support Cuts Across Political Lines, LaborPress.org, May 25, 2023 at <https://perfectunion.us/poll-the-public-overwhelmingly-supports-the-writers-strike/#:~:text=The%20two%2Dway%20poll%20found,Alliance%20of%20Motion%20Picture%20and> and Writers Guild of America, "Solidarity and support," available at: <https://www.wgacontract2023.org/take-action/solidarity-and-support>.