

[← Back to Original Article](#)

COMPANY TOWN

## Disney tells details of Marvel Entertainment acquisition in a regulatory filing

*The two companies embarked on a nearly three-month-long series of negotiations that involved intense back-and-forth over price that culminated in the \$4-billion deal announced Aug. 31.*

September 23, 2009 | Ben Fritz

Walt Disney Co.'s romance with Marvel Entertainment began last February when Disney Chief Executive Bob Iger first brought up the idea of an acquisition during an otherwise innocuous business meeting with Marvel film chief David Maisel.

In June, Iger made his intentions clear and the two companies embarked on a nearly three-month-long series of negotiations that involved four in-person meetings, numerous phone discussions and an intense back-and-forth over price that culminated in the \$4-billion deal announced Aug. 31.

The timeline of the negotiations that led to the acquisition, along with other details of the agreement, were disclosed Tuesday in a regulatory filing from Disney that led with its public offer of up to \$2.12 billion in stock to help fund the deal.

The filing also revealed that in addition to the money they would get for their ownership stakes in the company, several top Marvel executives and board members would receive millions of dollars as a result of the stock options they hold.

Marvel Entertainment CEO Isaac Perlmutter, for instance, would receive roughly \$34.1 million, based on Disney's current share price, for his options if and when the deal closes.

Maisel, chairman of Marvel Studios, would get \$5.93 million, along with \$1.84 million for deferred stock that he holds. Sid Ganis, a producer, former Sony Pictures executive and former president of the Academy of Motion Picture Arts and Sciences who has been on the Marvel board since 1999, would receive \$2.76 million.

For Perlmutter, the stock option payout would be relatively minor compared with the \$1.5 billion he would get from the acquisition for his stake in Marvel.

Maisel's shares, by contrast, would bring him \$11.4 million based on data from regulatory filings, while Ganis would receive about \$550,000.

Tuesday's filing also revealed that Marvel is paying Bank of America-Merrill Lynch, which advised the comic book and film company on the deal, a fee of \$20 million.

BofA was first engaged by Perlmutter in early June after Maisel advised him of Iger's interest.

About a week later, Maisel had his first official meeting with Disney executives Iger, Chief Financial Officer Thomas Staggs and Kevin Mayer, executive vice president of corporate strategy, business development and technology, to talk terms.

Maisel said at the time that Marvel wanted to get more than \$50 a share for the acquisition, primarily or entirely in Disney stock. Staggs all but dismissed those terms immediately.

Discussions continued, however, including two in-person meetings between Perlmutter and Iger in late June. In July, Staggs told BofA managing director Jeffrey Kaplan that Disney would be willing to pay \$46 to \$48 a share in a mix of cash and stock.

Marvel's board rejected that offer later in the month but appointed members Ganis, Morton Handel and James Halpin, all independent directors, to oversee continued negotiations by the company's management with Disney.

On Aug. 3, Staggs contacted Kaplan with an updated bid of \$50 a share, a premium of about 20% over Marvel's then-trading price. Kaplan attempted to talk Staggs up to more than \$51 but was unsuccessful.

The two sides continued to negotiate other terms of the acquisition for the rest of the month, but Staggs' \$50-per-share bid held and the boards of directors of both companies approved the deal Aug. 30. The next morning, the two companies executed and announced the agreement.

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