The Palace Coup at the Magic Kingdom

The inside story of how Bob Iger undermined and outmaneuvered Bob Chapek, his chosen successor, and returned to power at Disney.


By James B. Stewart and Brooks Barnes

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At 5 p.m. on Feb. 25, 2020, Bob Chapek and Bob Iger settled into matching directors' chairs on the Disney studio lot for a series of live media interviews. The company had just shocked pretty much everybody by announcing that the little-known Mr. Chapek would be replacing the wildly popular Mr. Iger as chief executive.

The bald and stocky Mr. Chapek and the graying but still debonair Mr. Iger struck an immediate contrast, even though both were dressed in navy suits and open-collar white shirts and both were named Bob. To avoid confusion, some referred to them as "Bob One" and "Bob Two," or "Big Bob" and "Little Bob" (even though Mr. Chapek was taller and heavier). And then there was "Handsome Bob" and "Boring Bob."

In an interview with Julia Boorstin of CNBC, Mr. Chapek fawned over his predecessor. "I obviously have huge shoes to fill," he said with wide eyes, hailing Mr. Iger's "magic" running Disney. Mr. Iger's 15-year tenure as chief executive had been so successful that he had considered running for president as a Democrat. Queen Elizabeth II knighted him just before she died.

Mr. Iger said he and Mr. Chapek had worked together "extremely well," but in the next breath qualified that praise: "Actually, our senior management team has worked together quite well."

Mr. Chapek listened in vain for something more effusive, more personal.

As the questions — and the attention — shifted entirely to Mr. Chapek, Mr. Iger's usually relaxed demeanor stiffened. His gaze shifted down, away from Mr. Chapek, and he looked increasingly uncomfortable. He crossed his arms.

Mr. Chapek was intimately familiar with Mr. Iger's body language and expressions. "This is not good," he thought.

He was right about that. But little did he realize that he and Mr. Iger were about to face off in an epic corporate power struggle with few rivals in business history.

When Mr. Iger stepped down as chief executive — abruptly, just weeks before the coronavirus pandemic plunged Disney into the worst crisis in its history — the company's board agreed that he could stay on as "creative director" and executive chairman of the board for another two years.

That agreement nearly fell apart over the issue of whom, exactly, Mr. Chapek would answer to: Mr. Iger or the board. A last-minute compromise, reached without a board vote, had Mr. Chapek reporting to both. That proved a recipe for conflict — as Mr. Chapek soon began to realize.

Just weeks into his tenure as chief executive, Mr. Chapek expressed frustration. "I can't survive another two years of this," Mr. Chapek told Arthur Bochner, his chief of staff. Mr. Iger is "not going to leave. He'll be here until he dies."

Mr. Bochner worried that Mr. Chapek would quit. Mr. Chapek was ultimately deprived of even that option. The board fired him just before Thanksgiving in 2022.

As he had feared, his successor was Mr. Iger.

The New York Times has pieced together what happened inside Disney during those fateful months by talking to scores of people directly involved. Many of them talked extensively for the first time about what transpired, some only on the condition of anonymity because of their nondisclosure agreements with Disney. In each instance in which a past conversation is reconstructed in this article, the spoken words have been confirmed by multiple people with knowledge of the conversations.

Those conversations reveal how Disney's board and executive ranks were consumed by conflict and drama just as the company was facing historic upheaval in the entertainment industry. When the pandemic hit, right as Mr. Chapek took over, the company had to temporarily close its highly profitable theme parks. In spring 2022, the streaming bubble burst, causing investors to flee all media stocks, including Disney's.

But inside Disney, much of the focus was on trying to manage the tensions between Mr. Iger and Mr. Chapek.

Those problems have renewed importance now, as Disney embarks on yet another quest to find someone to succeed Mr. Iger, whose contract ends on Dec. 31, 2026.

The ‘Snake Pit’

For a company that bills its theme parks as the “Happiest Place on Earth,” Disney’s corporate headquarters have long been anything but — a hotbed of intrigue and power struggles. Mr. Chapek’s former chief of staff told people the company’s sixth-floor executive suite was a “snake pit.”

Mr. Iger ascended almost two decades ago, after a power struggle between Michael Eisner, a long-serving chief executive, and Roy E. Disney, Walt Disney’s nephew and a Disney board member. By that time, Mr. Eisner had already elevated and then dispatched two handpicked successors, Jeffrey Katzenberg, who became a co-founder of DreamWorks, and Michael Ovitz, once the most powerful agent in Hollywood.

Mr. Iger, who started his career as a weatherman on a cable channel in upstate New York, had vowed to never follow in Mr. Eisner’s footsteps. To friends, he mocked Mr. Eisner’s fears about leaving Disney — that his calls to power brokers would go unreturned, and that he wouldn’t be able to get reservations at top restaurants. He told Mr. Chapek and others that he would never stay more than 10 years.

Mr. Iger seemed well on his way to honoring that pledge. Once, while Mr. Chapek was running Disney’s consumer products division, Mr. Iger paid a rare unscheduled visit to Mr. Chapek at his office several miles from corporate headquarters. Mr. Iger asked whether Mr. Chapek thought Jay Rasulo or Tom Staggs, two top lieutenants, should succeed him as chief executive.

“Do you want my honest answer?” Mr. Chapek replied. “Neither.”

“That’s what I thought you’d say,” Mr. Iger said, according to Mr. Chapek, and then proceeded to list their respective faults.

It was Mr. Chapek’s first inkling that he might be Mr. Iger’s actual choice as successor.

But his hopes were dashed when, in February 2015, Mr. Iger named Mr. Staggs, then the theme park chairman, as chief operating officer and presumptive heir. Around the same time, the board extended Mr. Iger’s contract two years, to 2018, with the expectation that Mr. Iger would spend much of that time grooming Mr. Staggs as his successor.
But Mr. Iger soured on him. He complained that Shanghai Disneyland, Mr. Staggs’s project, was behind schedule and over budget. Mr. Iger pushed out Mr. Staggs in April 2016.

Mr. Chapek was back in the running.

He had started at Disney in 1993 in the VHS tape department, eventually rising to oversee all movie distribution. In 2011, he took over Disney’s consumer products division, which soon became flush with "Frozen" merchandise sales. By 2015, Mr. Chapek had been promoted to run theme parks, overseeing at least $24 billion in capital investments, including new "Star Wars," "Avengers" and "Toy Story" rides.

Mr. Chapek was the consummate company man, loyal to Mr. Iger to the point of obsequiousness. Alone among Disney senior managers, he routinely called Mr. Iger "Boss" rather than "Bob," which Mr. Iger found endearing.

At the same time, Mr. Chapek lacked Mr. Iger's charisma and wasn't a natural communicator; even Mr. Chapek acknowledged that he had low "E.Q.," or emotional intelligence. Mr. Iger urged him to work on his bedside manner.

Mr. Iger told Mr. Chapek to schedule a series of one-on-one meetings with Disney's directors to build a rapport and lay out his vision for the company's future. But in late 2017, Disney reached a deal to buy the entertainment assets of 21st Century Fox. Mr. Iger received a big bonus for consummating the deal — stock awards of up to $142 million at the then-current share price — and the board extended his contract for a sixth time. He would now retire at the end of 2021.

Mr. Chapek canceled his plans to meet directors.

Is There Life After Disney?

A Disney chief executive is an instant celebrity. He (they've all been men) presides over what are perceived as some of the most powerful and glamorous businesses in the world: the Marvel, Disney, Pixar, Lucasfilm and 20th Century movie studios; the ABC broadcast network and news division; cable channels like ESPN, FX and National Geographic. Its 12 theme parks attracted a combined 142 million visitors in 2023. And even by chief executive standards, the pay is enormous. Forbes estimates Mr. Iger's net worth at over $700 million.

With a yacht, corporate jet, power and influence, Mr. Iger and his wife, Willow Bay, a former television anchor and the current dean of the University of Southern California's journalism school, hobnobbed with a rarefied crowd: Barack and Michelle Obama, Jeff Bezos, Steven Spielberg, David Geffen and Oprah Winfrey, to name just a few.

Once in the job, Mr. Iger wondered, as did Mr. Eisner before him: If stripped of his power and multimillion-dollar compensation at Disney, would his allure diminish? For several years, the license plate holder on Mr. Iger's silver Porsche posed the question, "Is there life after Disney?"

There were aspects of the job that Mr. Iger didn't especially enjoy, like earnings presentations and being grilled by Wall Street analysts. He had grown tired of budget meetings.

He often complained to Mr. Chapek (and board members) about his compensation. It was a frequent source of tension between him and Susan Arnold, who sat on the compensation committee for many years. Mr. Iger pointed repeatedly to Leslie Moonves, the chief executive of CBS, who was paid more than him even though CBS was much smaller and less complex. In 2017, Mr. Moonves made $69.3 million, Mr. Iger $36.3 million, barely half that. One Disney director called it "Moonves envy." In 2018, shareholders rejected Mr. Iger's compensation in a nonbinding vote; Disney won approval in 2019 only after Mr. Iger agreed to a smaller package.

Mr. Iger also pondered a conversation he'd had with Steve Jobs shortly before the Apple co-founder died in 2011. Mr. Jobs had urged Mr. Iger not to stay so long at Disney that he ended up depriving himself of some of the great things life had to offer.

When the company's board met in December 2019, Mr. Iger broached the idea of stepping back — but not leaving entirely. "Why don't we accelerate the process?" Mr. Iger suggested. Mr. Chapek was his choice to succeed him. Mr. Iger told the board that Mr. Chapek knew the brand well, respected it and would do no harm. He also said Mr. Chapek had great integrity.

One of Disney's directors, Mark Parker, had recently decided to step down as chief executive of Nike and become executive chairman. Mr. Iger pitched doing the same thing. That model would allow him to stay at Disney for the remainder of his contract doing what he liked best, overseeing the company's creative endeavors. Mr. Chapek would become the C.E.O. and handle everything else. A crucial element was that all the division leaders would report to Mr. Chapek, but Mr. Chapek would report to Mr. Iger, leaving Mr. Iger ultimately in charge. There was an obvious financial incentive as well: Mr. Iger still had more than $100 million in unvested stock options and his leadership could help protect its value.

Safra Catz, the chief executive of Oracle and a Disney board member, pushed back. Why make Mr. Chapek chief executive rather than chief operating officer?

Mr. Iger said he didn't want a rerun of the situation with Mr. Staggs, in which people thought Mr. Staggs was merely auditioning for the top job and they could outmaneuver him by going to Mr. Iger.

But in a rare show of resistance, the board was unpersuaded. It agreed to consider the issue over the holidays.

By the time board members met in late January 2020, in Los Angeles, they had come around. Mr. Iger told Mr. Chapek the good news immediately afterward, saying an announcement would be made in just three weeks on Feb. 25.

Why the rush? Zenia Mucha, Disney's chief communications officer and a close adviser to Mr. Iger, counseled delay; she disagreed with the entire plan, including the selection of Mr. Chapek. But Mr. Iger was adamant.

By mid-February, the coronavirus was spreading widely, and the pressure it could put on the company was becoming clear. Mr. Iger had received a detailed briefing in New York from the ABC News team covering the story. Disney's theme parks in Shanghai and Hong Kong had already closed.

David Jefferson, a Disney spokesman, said the pandemic had nothing to do with the timing of the leadership change. Board members agree but, when pressed, offer no explanation for the haste other than that was what Mr. Iger wanted.

'Don't Step on His Toes'

When Mr. Chapek shared the good news of his promotion with his wife, Cindy, she was skeptical. "We've heard that before," she told him. But the board's lead independent director, Ms. Arnold, flew from her home in Oregon to meet with Mr. Chapek in the Rotunda, as Disney's executive dining room is known. There, she confirmed that he was the board's unanimous choice to succeed Mr. Iger as C.E.O. "This is happening," Ms. Arnold assured him.

Mr. Chapek was told there was no time for him to meet with other directors. While they had met with Mr. Chapek in his previous roles, the idea that there was no time or no need to interview him to assess his capacity to serve as chief executive, not to mention explore his vision for the future of a company in the midst of profound change, seems inexplicable.

Ms. Arnold recognized that the unusual arrangement, in which Mr. Iger would be staying on as executive chairman and chief creative officer, posed a potential for conflict. She urged Mr. Chapek to show him deference. "Give him a wide berth" on creative matters, she advised. "Don't step on his toes."

Notably, Mr. Chapek would not be joining Disney's board, which was unusual, given that nearly all chief executives also serve as board members, in many instances as chair. But the board wanted a probation period for Mr. Chapek, and wanted to emphasize that he would be reporting to Mr. Iger. It would be awkward if Mr. Chapek were also a member of the board responsible for Mr. Iger's oversight.

In the days before the announcement Mr. Iger told just a handful of top executives, among them Christine McCarthy, the chief financial officer. Like almost everyone who learned the news, she was taken aback. While pledging to help Mr. Chapek succeed, she pointed out some of his weaknesses: He knew next to nothing about the television business, he didn't know anything about sports programming, he didn't have many relationships with Hollywood talent, he hadn't dealt with Wall Street.

Mr. Iger agreed that Mr. Chapek didn't come across as especially creative. But Mr. Iger had faced the same criticism when he was named president of ABC Entertainment in 1989.

"I think he can do it," Mr. Iger insisted. "And I'll still be around."

A Last-Minute Hitch

On Feb. 24, the eve of Mr. Chapek's announcement, the succession plan nearly fell apart.

Alan Braverman, Disney's long-serving general counsel, called Mr. Iger to say that under the company's bylaws, the chief executive had to report to the board — not to Mr. Iger. For Mr. Iger, that was a nonstarter. He wanted to retain ultimate control.

It was Mr. Braverman and Ms. Mucha who came up with a hastily conceived compromise: Mr. Chapek would report to both the board and Mr. Iger.

That was OK with Mr. Iger since, from his perspective, Mr. Chapek still reported to him. Mr. Iger insisted that the announcement be made the next morning as scheduled — even though board members hadn't discussed as a group, let alone approved, the new dual reporting arrangement.

No one told Mr. Chapek about the change to the reporting structure. But Mr. Chapek wasn't very concerned about it, because Mr. Iger had always been such a strong supporter of his.

In another sign that Mr. Iger intended to maintain a visible presence, he decided to stay in the office that both he and Mr. Eisner had occupied as chief executives. Mr. Chapek was relegated to smaller quarters nearby. The arrangement only added to internal confusion about Mr. Chapek's new status.

Some board members weren't thrilled with the office decision or the dual reporting change. But, as it had in so many instances, the board went along with what Mr. Iger wanted.

Mr. Chapek and Mr. Iger faced the cameras as planned the next day. The company's announcement said the change was "effective immediately."

The sudden move shocked and baffled Hollywood. Paul McCartney, a close friend of Mr. Iger's, called him to ask if he was sick.

Iger's 'Lap Dog'

About two weeks later, on March 11, Mr. Chapek was scheduled to make his formal debut as chief executive at Disney's annual shareholder meeting. Mr. Chapek was nervous, all the more so because public speaking had never been his strength.

Before the meeting, Disney's investor relations personnel assembled thick briefing binders covering every conceivable data point and question that might arise. Armed with these binders, Mr. Iger and Mr. Chapek settled into the front compartment of the Disney Gulfstream jet for the four-and-a-half-hour flight to

Raleigh, N.C., the site of that year's meeting, for what Mr. Chapek expected would be an extended preparation session.

Several passengers, including Mr. Chapek, recalled that Mr. Iger pulled out his iPad and started flipping through recent photographs, telling the stories behind them. There were photos of himself with Mr. McCartney and recent dinner guests in New York. Mr. Chapek said he tried to steer the discussion back to the annual meeting, but Mr. Iger interrupted: "Did you see my new yacht design?"

Flustered by Mr. Iger's digressions, Mr. Chapek got up and moved to the plane's rear compartment.

(Others on the flight said Mr. Chapek immediately went to the back of the plane and didn't recall his having any iPad chitchat with Mr. Iger.)

Mr. Chapek's extended absence was noted in the front cabin. "Does Bob want to get briefed or not?" Mr. Iger asked his fellow passengers, Ms. McCarthy, Ms. Mucha and Mr. Braverman. Finally, Mr. Iger stood up and went to find Mr. Chapek.

"Bob, do you want to sit with us so we can brief you?" Mr. Iger asked.

"Isn't it all in here?" Mr. Chapek replied, holding up the binder. Mr. Iger said the book couldn't convey the nuances. But Mr. Chapek said he'd review the book and let him know if he had any questions. He went back to his reading.

"He doesn't want to be prepped. He says the book is enough," an incredulous Mr. Iger told his fellow passengers when he returned to the front compartment. Mr. Iger suddenly felt as if he were at the wedding altar with the bride walking down the aisle. He realized he'd made a terrible mistake. But it was too late.

On the way back to California, Gov. Gavin Newsom called Mr. Iger before announcing that he would restrict public gatherings in California because of Covid. But he thought Disneyland might stay open. The governor didn't want people to panic — and he feared they might if Disneyland closed.

Mr. Iger argued to Mr. Newsom that keeping the theme park open was a bad idea, given the health risks to both guests and employees. Mr. Newsom later publicly praised Mr. Iger's advice and cooperation.

Mr. Chapek didn't disagree with the decision to close the parks, but he was furious that Mr. Iger had excluded him. The decision had nothing to do with Mr. Iger's creative mandate.

Disney's executives worried about the shock that the park closures would have on the company's cash flow. Ms. McCarthy and Mr. Chapek made the decision to quickly furlough, albeit with health benefits, more than 90,000 employees at the theme parks.

But Mr. Iger overruled them. He decided to wait until the government passed a Covid relief bill.

Two months earlier, when Mr. Chapek and Mr. Iger had appeared together on CNBC, Mr. Iger brushed aside a question about the potential for confusion over who was in charge. “Bob is going to be running the company,” Mr. Iger said. But now it seemed to Mr. Chapek that Mr. Iger was acting as though nothing had changed — Mr. Iger was still chief executive in all but name.

Mr. Chapek’s wife told him he was little more than Mr. Iger’s “lap dog.”

‘He’s Killing Me’

However marginalized Mr. Chapek felt, the two maintained at least a facade of cooperation. Because of Covid, no one went into the office, but Mr. Chapek spoke to Mr. Iger weekly by phone and sometimes went to see him at his home in Brentwood, an upscale Los Angeles neighborhood where they took walks wearing masks. Mr. Iger never went to see Mr. Chapek at his home in Westlake Village, a far-flung suburb. (A spokesman for Mr. Iger said he had never been invited.)

At Mr. Chapek’s request, the two held a series of employee town-hall meetings, where Mr. Iger was supposed to reinforce the message that Mr. Chapek was now in charge. “My goal is for Bob to be successful, and to the extent that I can help him do that, I will,” Mr. Iger said at the first town hall they held in February 2020. “I think it’s got to be a balance between giving him the freedom to make the decisions and do things the way he wants to do them because, you know, they will feel right to him. On the other hand, I’ve got a fair amount of experience doing a lot of these things. And, you know, it’s not quite about throwing him into a swimming pool when he’s never swum. So it’ll be a balance.”

But nearly everything Mr. Chapek did (or didn’t) do reinforced Mr. Iger’s sense that naming Mr. Chapek as his successor had been a huge mistake. Mr. Iger expressed his frustration with friends in Hollywood. Word spread, and someone contacted The New York Times’s media columnist at the time, Ben Smith, to say Mr. Iger was reasserting control. Mr. Smith called and spoke to Mr. Iger, too, who followed up with an email.

On Sunday, April 12, Mr. Chapek hosted a belated late-afternoon party for family and friends at his home to celebrate his promotion. A friend emailed him Mr. Smith’s column, which had just appeared online. Mr. Chapek stepped out of the party and read it.

“After a few weeks of letting Mr. Chapek take charge, Mr. Iger smoothly reasserted control,” Mr. Smith wrote. Mr. Chapek read with mounting disbelief.

Mr. Smith called Mr. Chapek “the new, nominal chief executive” and even speculated that the choice of Mr. Iger’s successor “may be open again.”

Mr. Smith quoted Mr. Iger as saying in an email that “a crisis of this magnitude, and its impact on Disney, would necessarily result in my actively helping Bob [Chapek] and the company contend with it, particularly since I ran the company for 15 years!”

Mr. Chapek immediately called Ms. Mucha, the communications executive. “What the hell is this?” he demanded. Trying to calm him, she argued the column wasn’t that bad.

“He’s killing me,” Mr. Chapek responded.

Mr. Chapek didn’t sleep that night. Early the next morning, he confronted Mr. Iger on the phone.

Mr. Iger denied that he had spoken to Mr. Smith, which only further enraged Mr. Chapek, who pointed out that Mr. Iger’s quote came directly from an email. Mr. Iger said he didn’t understand why Mr. Chapek was so upset. What was wrong with saying he was reasserting control in the midst of a crisis?

“You’ve cut my legs out from under me,” Mr. Chapek said. “I’ve never felt worse in my life.”

The conversation became heated, and both men raised their voices.

Mr. Iger told several people immediately afterward that he’d never been treated with more disrespect by anyone in his entire life.

As far as Mr. Iger was concerned, his relationship with Mr. Chapek was over.

‘This Too Shall Pass’

Starting at 6 a.m. on Monday, Jayne Parker, Disney’s chief human resources officer, called Disney directors to alert them to Mr. Chapek’s fury. She got one out of bed to take the call.

An enraged Mr. Chapek got on the phone with Ms. Arnold, the board’s lead independent director. This was the first time he’d broached the feud with a director. He hadn’t wanted to call attention to something that seemed petty compared with a global pandemic, but he felt this could no longer be ignored.

Mr. Chapek, who deemed some other board members fiercely loyal to Mr. Iger, felt he’d developed a good rapport with Ms. Arnold, who had spent most of her career in the Midwest at Procter & Gamble, eventually becoming its first woman president. Mr. Chapek, the son of a machinist from Hammond, Ind., had gotten his start in packaged goods, working in the pet-food division at Heinz and helping to market Kraft cheese.

Ms. Arnold also knew something about corporate succession: She'd been a leading candidate to become Procter & Gamble's chief executive but took herself out of the running and left the company in 2009, partly because, as a prominent gay executive, she didn't want her personal life to be publicly scrutinized, something that would most likely accompany the job.

Ms. Arnold was taken aback by the vehemence of Mr. Chapek's reaction to the column. She thought he seemed paranoid that Mr. Iger was out to destroy him. She urged him to calm down and defer to Mr. Iger, as she had advised before.

"What will be left of my reputation?" Mr. Chapek pleaded.

"This too shall pass," she responded. Mr. Iger would be gone in 20 months, and the C.E.O. prize would be Mr. Chapek's alone.

Mr. Chapek all but begged to be named to the board as a show of confidence in him. Ms. Arnold conferred with several other directors. None was aware of the depth of the hostility that had developed between Mr. Iger and his designated successor. But they agreed it could damage his standing. The board now felt it had no choice but to name Mr. Chapek a director as a show of support.

Ms. Arnold called Mr. Iger and chastised him for the column. She told him it was the worst thing that could have happened to Mr. Chapek. She pointed out that, had Mr. Iger taken the board's suggestion to initially name Mr. Chapek chief operating officer rather than chief executive, none of this would be happening. In any event, the sniping had to stop.

Mr. Iger was taken aback by both the tone and substance of Ms. Arnold's call. She seemed to be siding with Mr. Chapek — even though he had been C.E.O. for less than two months and Mr. Iger was still ultimately in charge. She and other board members should be happy he was stepping back up during a crisis, Mr. Iger thought, especially when Mr. Chapek's leadership had been so lackluster.

On April 15, three days after Mr. Smith's column published, Mr. Chapek was named to Disney's board.

In June, the board scheduled private sessions by video call with both men to address the conflict. Mr. Iger went first. He aired his complaints about Mr. Chapek's leadership, including that he hadn't sought Mr. Iger's advice and counsel. Mr. Chapek had no standing in the creative community and hadn't made any efforts to improve it. He'd skipped creative meetings that Mr. Iger had invited him to.

Mr. Chapek said he was sorry their differences had become a board issue. But he was incensed when Mr. Parker, the board member who had led Nike, questioned Mr. Chapek's lack of contacts in the Hollywood creative community, since that was supposed to be Mr. Iger's jurisdiction. He insisted that he hadn't skipped meetings but rather that Mr. Iger had scheduled them without telling him. Mr. Chapek said Mr. Iger had ceded little authority, something Mr. Chapek said he had accepted without complaining. “I was just trying to be a good soldier,” Mr. Chapek said.

The board’s message to both men: The company was in crisis, and they needed to start acting like adults and work together.

Later, in an audit committee board session with Ms. McCarthy, Ms. Catz, the board member who had questioned Mr. Chapek’s readiness, asked if she thought Mr. Chapek was up to the job. Ms. McCarthy, the chief financial officer, didn’t immediately answer.

“I don’t like the fact that you’re hesitating,” Ms. Catz said.

“I’m giving you a qualified answer,” Ms. McCarthy said. “If he will start to listen. If he will listen. We’re all trying to help him, but he doesn’t listen.”

In the ensuing months, Mr. Iger seemed increasingly cranky about the board’s reaction to Mr. Smith’s column. “Why are you so hostile toward the board?” Mr. Chapek finally asked during one of their calls, which had continued despite the tensions.

Mr. Iger told him that he couldn’t handle the truth, and then proceeded to say that before the board had agreed to name Mr. Chapek chief executive, the directors had assured Mr. Iger that, if he didn’t think it was working out, he could fire Mr. Chapek and return as chief executive anytime he wanted. (Given the dual reporting structure, it is unclear whether Mr. Iger had that authority.)

Ellen Davis, a spokeswoman for Mr. Chapek, confirmed that account. She said Mr. Chapek “was shocked and surprised when told by Mr. Iger that he believed he could have his job back if and when he wanted it.”

Immediately after the call, Mr. Chapek called Ms. Arnold. “What is he talking about?” he asked.

Ms. Arnold tried to make light of it. “Well, you know Bob,” Ms. Arnold answered. “He may think so, but just let it go.”

It wasn’t the answer Mr. Chapek was hoping for.

Mr. Jefferson, the Disney spokesman, said there was never any such understanding between Mr. Iger and the board. The claim that he could return at will was “not something Mr. Iger would have said,” Mr. Jefferson added.

For Mr. Chapek, it was a turning point. It wasn’t just paranoia: He was now convinced that Mr. Iger was trying to get rid of him and return as chief executive, and that the board might let him.

‘This Is His Company to Run’

As Covid shutdowns continued into the fall of 2020, it wasn’t just Disney’s theme parks that bore the brunt. Disney’s movie and television production had ground to a halt, just as consumers were staying home and turning to streaming services. Wall Street had been obsessed with subscriber gains, and Disney+ had delivered, surpassing 70 million, hitting its initial five-year goal after only nine months of operation. But it needed new content, which had all but dried up. Subscriber growth was slowing.

Mr. Chapek pleaded with his studio heads — Pete Docter of Pixar, Kevin Feige of Marvel, Jennifer Lee of Disney Animation — and encountered resistance: All of them wanted to hold back their best material for debuts in theaters with star-studded premieres. Mr. Chapek had no idea when, if ever, those days would return. In the meantime, Disney needed cash flow to meet interest payments on the enormous debt it had racked up under Mr. Iger to buy most of 21st Century Fox.

One of Mr. Chapek’s perceived strengths was corporate organization. He proposed remaking the company around a new division, Disney Media and Entertainment Distribution, to give priority to streaming services (Disney+, Hulu and ESPN+) and to guarantee they received a steady flow of Disney’s best content. DMED, as it became known, would now have bottom-line responsibility for all the company’s entertainment, and would decide where films and programs would appear — in theaters, on television or, as was increasingly likely, on Disney+. It would be Mr. Chapek’s signature initiative as chief executive.

There was logic to Mr. Chapek’s plan. But its seemingly benign, business-school rationale belied a reality: To strip Disney’s creative heads of authority over spending, as well as where their movies and shows would be distributed, would be a huge loss of power and status. Moreover, Hollywood talent wanted guarantees of where projects would end up before committing to a deal. Although the division heads would still report to Mr. Chapek (and indirectly to Mr. Iger), it was a huge demotion. In many ways, their new boss would really be the head of DMED.

For that role, Mr. Chapek approached Alan Bergman, then the chairman of Walt Disney Studios, a figure both well known in Hollywood and respected by Disney’s creative teams. Mr. Bergman said he’d think about it and called Mr. Iger to ask what he should do. Mr. Iger said he should tell Mr. Chapek what he really thought, which was that DMED was a terrible idea. Mr. Bergman turned down the offer.

Exasperated, Mr. Chapek turned to a loyal former lieutenant at consumer products, Kareem Daniel. A 13-year Disney veteran, Mr. Daniel was nonetheless barely known outside the company and had little experience with movies or television. Overnight, he would be running a division with more than $50 billion in annual revenue and would be in the spotlight as Disney’s highest-ranking Black executive. Like Mr. Bergman, Mr. Daniel had his doubts about the wisdom of the proposed restructuring.

Mr. Chapek spent hours, both on the phone and in person at Mr. Iger's house, selling Mr. Iger on the idea. Mr. Iger was unenthusiastic but didn't object.

By early October, after a two-hour meeting at Mr. Iger's house, Mr. Chapek thought he'd gotten Mr. Iger's blessing. He was in his car heading back to Westlake Village when Mr. Bergman called him. "Iger just told me we're not doing the reorganization," Mr. Bergman said, according to Mr. Chapek. "He said he hates it."

Mr. Chapek was dumbfounded. He'd left Mr. Iger just 10 minutes earlier. "No, it's on. We're doing it," Mr. Chapek replied.

Mr. Chapek said he immediately called Mr. Iger, and asked if he'd said that to Mr. Bergman. "Yes, I hate it," Mr. Iger confirmed.

"Why didn't you say that to me?" Mr. Chapek asked.

Mr. Iger didn't answer.

A more seasoned chief executive might well have paused at this juncture, given the lack of internal support. At least a dozen senior Disney executives had told Mr. Chapek that the reorganization was a bad idea. But the Disney board gave Mr. Chapek its strong backing for the creation of Disney Media and Entertainment Distribution after extended discussions in which Mr. Iger raised questions but said nothing to oppose it. Mr. Iger was on such thin ice with the board at that time that there was little he could say without appearing to undermine Mr. Chapek. "This is his company to run," Mr. Iger said to directors at one point. The reorganization, and Mr. Daniel's promotion, were announced on Oct. 12, 2020.

Mr. Chapek had finally accomplished something, and he was proud of it. As he later told a reporter at The Times, "It was singularly the best thing I could have done to transform this culture."

In June 2021, the board gathered at Aulani, a Disney resort in Hawaii, for its first in-person meeting since the pandemic. Few companies had been as hard hit as Disney. For a time, revenue from its theme parks and movies had all but been wiped out. But it was on a rebound. Disney World had reopened. Disney+ subscriber growth had pushed Disney's stock to near a record high.

Mr. Iger opened the board retreat with a paean to creativity, "the essence of who we are as a company." He warned that data and algorithms would never supplant creativity and that "not everyone is born with the ability to be wildly creative, and not everyone is born with the ability to manage wildly creative, or sometimes wild and creative, people." He didn't mention any names, but directors said they knew whom he was talking about.

Mr. Iger asked Ms. Arnold if she wanted to run the executive session along with him, but she told him to leave and asked Mr. Chapek to stay. Mr. Iger was taken aback, but took a seat outside the room, expecting to be called back after Mr. Chapek finished.

"We know it's been hard," Ms. Arnold told Mr. Chapek once Mr. Iger was out of the room. She complimented the stock price and his operational leadership during the pandemic. Directors nodded in agreement.

When the session with Mr. Chapek ended, the meeting adjourned and directors left the room. No one thought to tell Mr. Iger, who was left outside to fume.

For the first time since his promotion to chief executive, Mr. Chapek let himself think that Mr. Iger had been vanquished.

But trouble soon arose.

That summer, Disney was locked in negotiations over the release of "Black Widow," Marvel's big new superhero film, with its star, Scarlett Johansson. Now that DMED was up and running, Mr. Chapek wanted to see a return on the $350 million cost of the movie.

On July 9, a few days into the annual gathering of media moguls in Sun Valley, Idaho, Disney released "Black Widow" in theaters and on Disney+, even though Ms. Johansson's contract called for an exclusive theatrical release and her pay was pegged to the theatrical box office. Releasing it on Disney+ would obviously cut into ticket sales, costing her as much as $50 million, her agent contended. "She's not happy," her agent told Mr. Chapek when he ran into him at the conference. This was exactly the kind of problem Mr. Bergman had warned about when DMED was created.

"Black Widow" took in $80 million at the domestic box office during its first three days, sharply less than previous Marvel films had. A few weeks later, when Ms. Johansson sued Disney, the company took a hard line. In a statement approved by Mr. Iger, Disney called the suit "especially sad and distressing," accused Ms. Johansson of a "callous disregard" for the impact of Covid on theatergoers and said she'd already been paid $20 million. Talent relations fell under Mr. Iger's purview as creative head, but Mr. Chapek also contributed to the contents of the statement and signed off on it.

"Attacking Johansson so personally was a pretty spectacular unforced error," wrote Kim Masters in The Hollywood Reporter. "And many observers are laying that at the feet of C.E.O. Bob Chapek. The person who isn't getting the blame? Outgoing chairman Bob Iger."

Mr. Chapek was stunned that he — and not Mr. Iger — was blamed for the debacle.

‘Fasten Your Seatbelts’

That fall, as his end-of-year retirement date approached, Mr. Iger said he didn’t want a farewell ceremony or party at Disney. The thought of Mr. Chapek hosting such an event was too galling. Instead, he and his wife decided to host their own party at their home in Brentwood. Mr. Iger chose a date when he knew Mr. Chapek would be in Orlando, Fla., for an event.

Mr. Chapek canceled the trip.

On Nov. 19, he arrived for the party at the same time as Thomas Schumacher, the longtime president of Disney’s Broadway division. Ms. Bay, Mr. Iger’s wife, was outside greeting guests as they arrived. “Tom Schumacher, it’s been too long,” she gushed. “I can’t believe you came all this way.” She embraced Mr. Schumacher. Mr. Chapek stood awkwardly by until she finally turned to him. “Hi, Bob. I see you all the time,” she said. She turned back to Mr. Schumacher.

A guest who witnessed the exchange recalled Bette Davis’s memorable line in “All About Eve”: “Fasten your seatbelts. It’s going to be a bumpy night.”

About 80 guests were seated at three long tables outdoors behind the house. Mr. Iger was flanked by Mr. Spielberg and Ms. Lee of Disney Animation. Mr. Chapek was in the middle of the table farthest from Mr. Iger’s.

Mr. Iger began a speech recognizing people who’d helped and inspired him. In one of his first jobs at ABC, Mr. Iger had worked as an assistant to the acclaimed sportscaster Al Michaels, who was at the party. Mr. Iger mentioned that back in the day he and Mr. Michaels had covered dirt-track racing in Terre Haute, Ind., for “Wide World of Sports.” Mr. Iger looked toward Mr. Chapek and went off script: “That’s your area, isn’t it Bob?” he asked, referring to Terre Haute, in rural southwestern Indiana. “You’d know all about dirt tracks.”

Mr. Chapek’s hometown of Hammond is near Chicago. He seethed at what he felt was a put-down.

Mr. Iger pushed on, worked his way through his career thanking people and then paused when he reached the present. “I think I’ll just stop there,” he said. “Thank you all for coming.” There was no praise, and no further mention, of Mr. Chapek.

Mr. Chapek reddened as he felt every gaze turn on him. He stood up and stalked out.

‘It’s Going to Get Worse’

On Nov. 30, in ABC’s old board room at Disney’s West 66th Street offices in New York City, Mr. Iger presided over his last meeting as chairman. He’d given considerable thought to what he’d say, discussing it with his wife and making detailed notes. He could have reflected on his accomplishments and made a graceful exit, something that he'd considered and that some board members expected.

But he didn't.

During an executive session without Mr. Chapek, Mr. Iger began by apologizing for not having had more interaction with board members since the meeting in Hawaii. Then he said, "There are things that I feel I must leave you with, that you must know because there are things that you need to watch." He then unleashed a broadside.

Mr. Iger asserted that under Mr. Chapek, the collegial culture he'd built over 15 years was crumbling. Disney was a company that depended first and foremost on creativity, and Mr. Chapek's DMED reorganization had damaged Disney's creative engines. The company, he said, had become distracted by a deep rift — Mr. Chapek and his allies on one side, Disney's creative executives and the Hollywood talent community on the other.

Mr. Iger didn't go so far as to say the board should fire Mr. Chapek. Nor did he ask to replace him as chief executive or to remain as chairman.

Afterward, Mr. Iger seemed unusually subdued at the board's farewell lunch for him. They showed a video tribute. Mr. Parker gave him a pair of custom Nike sneakers. Mr. Chapek gave him two gold coins embossed with Mickey Mouse to be placed under the mast of his new yacht, a good-luck custom to ward off pirates.

Mr. Chapek felt a chill. "It's going to get worse," Mr. Chapek told Ms. Arnold after lunch. He worried that, once he was gone, Mr. Iger would feel more emboldened to criticize Mr. Chapek.

In conversations with allies at the company, he started referring to Mr. Iger as an "assassin."

A Mea Culpa

During Mr. Iger's tenure, the studio had greenlighted a bevy of projects with progressive social and political themes. But Mr. Chapek worried the development slate had veered too far left on social issues. Disney was being pulled into partisan political debates more frequently, a worrisome situation for a brand that was supposed to stand for everyone.

Some board members agreed. Coming up through the pipeline was "Strange World," Disney's first animated film focusing on an openly gay teenager. Ms. Catz, a board member, was so opposed to the character that she told Mr. Chapek she'd have him fired if Disney released the film. He reported the threat to Ms. Arnold.

The film was too far along for Mr. Chapek to block it, but his fears about Disney's becoming a cultural flashpoint soon materialized. In January 2022, the Parental Rights in Education bill was introduced in Florida. Opponents labeled the bill "Don't Say Gay" because it prohibited classroom discussion of sexual orientation and gender identity for young students. The Human Rights Campaign, a prominent L.G.B.T.Q. advocacy organization, soon had more than 100 corporate signatories to a letter opposing anti-gay legislation in various statehouses. Media companies like Comcast, which owns NBCUniversal, had signed on. But Disney, one of the largest employers in Florida, was conspicuously absent.

Mr. Chapek realized that staying silent might cause controversy. He called Ms. Arnold, who had succeeded Mr. Iger as chairman, to discuss his view that Disney had become too politicized. He mentioned the Florida bill and the pressure on Disney to publicly condemn it.

Ms. Arnold agreed that Disney should stay above the fray. But she said the company should sign the Human Rights Campaign letter. Since so many companies had already signed — including Nike, General Motors and Oracle, whose chief executives sat on Disney's board — she didn't envision Disney's being singled out for criticism: There was safety in numbers. Mr. Chapek agreed.

On Feb. 1, at the board's first meeting with Mr. Iger no longer at the company, Geoff Morrell, the new chief corporate affairs officer, gave a presentation arguing that Disney should stay out of divisive social and political issues, especially at the state and local levels, unless necessary. Disney should fight "the wars not the battles," he said. He also said Disney's employees, accustomed to Mr. Iger making public comments supporting progressive positions, would need to be "reconditioned." The board agreed.

The Florida legislation soon vaulted to national attention. On Feb. 8, President Biden issued a statement on Twitter: "I want every member of the LGBTQI+ community — especially the kids who will be impacted by this hateful bill — to know that you are loved and accepted just as you are."

Disney remained silent and soon faced an internal revolt. Creative employees — many of them gay or staunchly supportive of gay colleagues and friends — were still seething over the DMED reorganization. And now this?

On Feb. 24, Mr. Iger put a match to kindling by reposting Mr. Biden's comment and adding: "I'm with the President on this! If passed, this bill will put vulnerable, young LGBTQ people in jeopardy."

A few days later, a Disney L.G.B.T.Q. employee group sent a letter to Mr. Chapek and other high-ranking executives demanding that Disney oppose the bill and denounce similar legislation pending in other states. Mr. Chapek met with the group the next week, describing the discussion as "meaningful, illuminating and at times deeply moving."

In the midst of this, Disney's board held an emergency meeting to discuss the mounting controversy. Mr. Chapek told the board that, in keeping with the company's new policy, Disney had not signed the Human Rights Campaign petition. Ms. Arnold was taken aback. "I'm confused," she said. "You told me Disney was going to sign it."

The discussion moved on, but Ms. Arnold was visibly upset. Mr. Chapek sent her a text: "My bad. We decided not to sign. I got busy and forgot to tell you."

Ms. Arnold was furious.

Despite the pressure from employees, Disney's board agreed to stay the course. Mr. Chapek and his corporate affairs team drafted a statement defending Disney's decision not to comment, which was circulated to Ms. Arnold and the rest of the board: "Corporate statements do very little to change outcomes or minds. Instead, they are often weaponized by one side or the other to further divide and inflame."

The memo, distributed to employees and the news media on March 7, backfired in spectacular fashion. Letters and calls from prominent people criticizing Disney's failure to speak out poured in to Mr. Chapek. Abigail Disney, granddaughter of the co-founder Roy O. Disney, said on Twitter that she was "deeply angered." The Los Angeles Times called Disney's policy "corporate cowardice."

With pressure on Disney increasing, Ms. Arnold advised Mr. Chapek to reverse course and condemn the bill. "You're losing the creative community," she warned him. "You have to stand with your team."

On March 9, Ms. Arnold's first shareholder meeting as chair, Mr. Chapek extolled the company's recent accomplishments in a taped video, then delivered a mea culpa. "I understand our political approach, no matter how well-intentioned, didn't quite get the job done," he said. He announced that Disney would sign the letter and give $5 million to the organization. The Human Rights Campaign promptly said it would take the money only after Disney demonstrated it was following through on its promises.

Two days later, Mr. Chapek went even further in another memo to employees: "You needed me to be a stronger ally in the fight for equal rights, and I let you down. I am sorry." Taking direct aim at Gov. Ron DeSantis of Florida, he also halted political contributions in the state.

There were those at Disney, including Ms. Arnold, who thought Mr. Chapek had now gone too far in the other direction. The about-face and abject apology did little to assuage Disney's outraged L.G.B.T.Q. community. And it gave Florida's governor a national platform to mock the company as "Woke Disney." "If Disney wants to pick a fight, they chose the wrong guy," Mr. DeSantis said. Florida moved to revoke Disney World's special tax status and Disney and the state were soon battling it out in court.

Mr. Chapek thought it unfair that he was being blamed for a policy that had been endorsed by the board at every step. And he saw Mr. Iger's "assassin" fingerprints all over the ensuing firestorm, starting with his tweet. His suspicions only hardened on March 31, when Mr. Iger appeared on CNN. Mr. Iger never mentioned Mr. Chapek by name, but he didn't need to. "To me, it wasn't about politics," Mr. Iger said on the air. "It is about what is right and what is wrong, and that just seemed wrong."

As the bad press continued, Mr. Chapek insisted that his contract as chief executive, set to expire on Feb. 28, 2023, be extended as a show of board support. Terms for a new three-year contract were agreed to by late March. But Ms. Arnold declined to make the agreement public, saying the time wasn't right given the furor over the Florida legislation.

She was also trying to buy time. The board was having its first serious discussions about whether Mr. Chapek had been the wrong choice for the job. Two directors, Mr. Parker and Mary Barra, GM's chief executive, were especially critical of Mr. Chapek. The board discussed the possibility that Mr. Parker of Nike could step in to replace Mr. Chapek on an interim basis while it conducted a search, but he declined. In side discussions, a couple directors explored the idea of an office of the chairman led by Ms. Arnold, but she shut down that suggestion, saying she was happily retired from the daily slog of corporate life. The possibility of asking Mr. Iger to come back wasn't suggested.

Unnerving Calls

In most respects, Mr. Iger was pleasantly surprised by life after Disney. While a rumored appointment as ambassador to China or Britain never materialized, his calls were returned and restaurant reservations remained easy to come by. He spent time on his yacht, wrote a draft of a second book and acquired stakes in companies like Funko, a maker of pop culture collectibles, and Gopuff, the rapid-delivery start-up. He joined Josh Kushner's firm Thrive Capital as a venture partner and gave more than 20 talks at corporations seeking his wisdom.

Mr. Iger insisted he'd put Disney behind him and vowed not to talk about Mr. Chapek unless others brought him up. Evidently, many did. Mr. Chapek fielded a steady drumbeat of unnerving calls from people who had met with Mr. Iger. They told Mr. Chapek that Mr. Iger had heaped criticism on him and wanted to talk about little else.

Mr. Chapek complained about Mr. Iger's whisper campaign to Ms. Arnold and other board members, some of whom had independently heard about Mr. Iger's trash talk. But now that Mr. Iger had officially retired, the board had no leverage on him. No board member ever reached out to him, according to Mr. Jefferson, the Disney spokesman.

Despite the board's growing reservations about Mr. Chapek, and given the lack of any alternative, Ms. Arnold agreed to announce Mr. Chapek's new contract, which allowed for a $20 million annual bonus, up from $15 million. On June 28, the board said: "Bob is the right leader at the right time for The Walt Disney Company, and the board has full confidence in him and his leadership team."

'We Have to Save Chapek'

Since becoming chief executive in 2020, Mr. Chapek's sometimes rocky tenure had been buoyed by Disney's strong share price. But since hitting a record high in March 2021, it had been falling, along with stocks of other entertainment companies grappling with the new economics of streaming and the decline of cable. In April 2022, Netflix reported it had lost subscribers for the first time in 10 years, panicking Wall Street. Netflix shares lost 35 percent in just one day. Seemingly overnight, investors went from caring only about subscriber numbers to focusing on earnings and losses. The streaming honeymoon was over.

By the time the board announced Mr. Chapek's new contract, Disney shares had dropped almost 50 percent from their peak, so low that activist investors like Dan Loeb and Nelson Peltz were circling the company, seeking board seats and calling for management changes.

Mr. Peltz knew a good deal about Disney and Mr. Iger, thanks to his neighbor in Palm Beach, Isaac ("Ike") Perlmutter, who had sold Marvel to Disney in 2009 and stayed on as Marvel's chairman. The deal made Mr. Perlmutter one of Disney's largest shareholders.

The irascible Mr. Perlmutter had clashed with Mr. Iger over the years. In 2015, Mr. Perlmutter tried to fire Mr. Feige, Marvel's celebrated movie chief, amid a disagreement about budgets; Mr. Iger saved Mr. Feige and effectively demoted Mr. Perlmutter by stripping superhero movies from his oversight. In 2019, Mr. Iger further marginalized Mr. Perlmutter, taking away the television portion of his job and leaving him with only a tiny fief involving comics publishing and a few consumer products. Mr. Perlmutter had been glad to see Mr. Iger step down.

But Mr. Perlmutter had sources in the company who convinced him that Mr. Iger was plotting a return. Mr. Perlmutter warned Mr. Chapek, fanning Mr. Chapek's own anxieties about Mr. Iger's intentions.

With Mr. Perlmutter's encouragement, Mr. Chapek met with Mr. Peltz in July at Disneyland Paris and the two men forged a rapport. Soon after, Mr. Perlmutter called several board members, including Ms. Catz, lobbying them to add Mr. Peltz to the board. If not, he warned, Mr. Iger "would be back at Disney," as Disney later put it in a proxy filing.

In a call to Horacio Gutierrez, the company's new general counsel, Mr. Perlmutter told him: "We have to save Chapek. We can't allow Iger to come back."

Mr. Chapek told Ms. Arnold that he thought inviting Mr. Peltz made sense. It would spare Disney a costly and distracting proxy fight. But Ms. Arnold said the board would never offer Mr. Peltz a seat, partly because of his friendship with Mr.

Perlmutter. The board was wary of Mr. Perlmutter given the antagonism between him and Mr. Iger and also because of Mr. Perlmutter's campaign against Mr. Feige, whom the board had come to view as a crucial employee.

'I Am Telling the Truth'

To prepare for that fall's earnings report, Mr. Chapek and Ms. McCarthy, the chief financial officer, met around Labor Day to preview the numbers. They discussed a looming shortfall between Wall Street's forecasts and the actual results, but Mr. Chapek wasn't especially concerned given strong streaming subscriber growth. He told Ms. McCarthy that Mr. Daniel, the DMED chief, had assured him that streaming was "killing it."

But that changed a few weeks later when Ms. McCarthy led board members through a presentation of the expected results. The first slide disclosed that Disney's earnings per share would be 27 cents below Wall Street's estimates — far more than what she and Mr. Chapek previously discussed, and a result sure to shock Wall Street. Disney's streaming business was still signing up subscribers at a fast pace. But soaring programming and marketing costs meant that streaming was now heading toward a $1.5 billion quarterly loss, up from $630 million a year earlier — just when investors had been promised there would be light at the end of the tunnel.

Board members started pelting Mr. Chapek with questions. How could the results be this bad?

Mr. Chapek felt blindsided. Ms. McCarthy had distributed projected earnings results nine days earlier to the board that prominently highlighted the 27-cent miss. But Mr. Chapek hadn't read that board package — he had assumed the material in it reflected what he and Ms. McCarthy had discussed when they met.

Ms. McCarthy continued through the slide presentation as board members appeared to grow more agitated. About an hour into the meeting, Mr. Chapek was visibly annoyed. He stared at Ms. McCarthy, tapped his watch, then took it from his wrist and began swinging it back and forth like a pendulum, signaling Ms. McCarthy to finish up.

During the ensuing break, he confronted her.

According to Ms. McCarthy's recollection, he accused her of upsetting the board. "I am telling the truth," she replied. "I never lie, and I'm not starting now. The numbers are the numbers."

Mr. Chapek said he didn't attack her, and simply asked why she'd blindsided him. He said she didn't offer any explanation.

The board met in executive session with Mr. Chapek, and then Ms. McCarthy. Ms. McCarthy said Mr. Chapek had attacked her during the break for being truthful. Ms. Catz again asked if Mr. Chapek was up to the job.

This time, Ms. McCarthy answered, "He can't do it."

Ms. Catz and others told Ms. McCarthy she had to hold the place together.

Afterward, an angry Ms. Arnold called Mr. Chapek.

"How could you attack Christine?" she demanded.

"She'd never told me the numbers!" Mr. Chapek exclaimed.

Petting a Hippo

Worried that Mr. Chapek was in denial about the gravity of the shortfall, Mr. Gutierrez, the general counsel, called for meetings during an October management retreat in Orlando. Mr. Gutierrez invited the senior leadership team, saying he wanted to ensure a common understanding of the situation and plan for what would surely be a difficult earnings call.

Mr. Chapek didn't attend Mr. Gutierrez's meetings. Instead, during one, Mr. Chapek greeted park visitors and petted a hippo at Disney's Animal Kingdom resort. (Mr. Chapek's spokeswoman said he went to every meeting he was told about, adding that the hippo encounter was part of an effort, encouraged by the board, to come across as more personable.)

Pressed by Mr. Gutierrez that a crisis was looming, Mr. Chapek offered him a meeting at 6:30 a.m. on Friday. Mr. Gutierrez declined, saying that several participants were scheduled to leave Orlando that morning.

The week before the earnings call, Kristina Schake, who had replaced Mr. Morrell as communications chief, tried to warn Mr. Chapek that the quarterly results would prompt a cascade of negative news articles. He chided her as an "Eeyore," a reference to the gloomy donkey from the Winnie-the-Pooh franchise.

Mr. Chapek unveiled the earnings as scheduled on Nov. 8. They fell short of estimates by 26 cents a share, only a penny better than the forecast. In his upbeat presentation to analysts, Mr. Chapek avoided mentioning the $1.5 billion in streaming losses, instead saying only that the red ink had hit a "peak." He spent more time extolling the post-Covid comeback of the theme parks.

On CNBC, Jim Cramer called the results "one of the most disappointing quarters I've ever seen at a major company."

Disney stock dropped 13 percent over the next 24 hours.

With the stock seemingly in free fall, creative personnel revolting and Mr. Chapek no longer on speaking terms with Ms. McCarthy, the chief financial officer, Mr. Gutierrez called Ms. Arnold.

Mr. Chapek didn't have the credibility or leadership skills to continue as C.E.O., Mr. Gutierrez told her. The only person who could solve the problems was Mr. Iger.

"You aren't the first" to suggest that, she replied.

Alarm Bells

A few days later, Mr. Iger went for separate walks with Mr. Bergman, the movie chief, and Dana Walden, who oversaw television operations. Each vented their frustrations with Mr. Chapek and told Mr. Iger how bad things were.

"Don't talk to me, because I can't do anything about it," Mr. Iger said. "Talk to the board."

Each said they already had. They told him everyone had.

Ms. Walden asked Mr. Iger if he'd consider coming back. "I might," he said. "But they'll never ask me."

"Would you call Susan Arnold?" Ms. Walden asked.

Mr. Iger was still on bad terms with Ms. Arnold, partly because of the column by Mr. Smith, and hadn't spoken to her since he left. "If she wants to talk to me, she knows how to reach me," he said.

That weekend, Mr. Chapek was in Palm Beach, Fla., to meet again with Mr. Peltz, even though Mr. Jefferson, the Disney spokesman, maintained that board members had instructed Mr. Chapek in August not to meet alone with any activist investors.

Mr. Chapek "never received any such admonition," Ms. Davis, the spokeswoman for Mr. Chapek, said. Mr. Chapek deemed communicating with activists and other large investors to be an essential part of his duties as chief executive. He "faithfully followed the board's direction on all matters," she said.

Mr. Chapek went to Mr. Peltz's oceanfront mansion, where the investor and one of his sons made their case for change at Disney. The meeting lasted about two hours. Afterward, Mr. Chapek met Mr. Perlmutter of Marvel and briefed him on the meeting.

Mr. Chapek didn't tell anyone on the board about the trip, but Mr. Iger nonetheless found out about it soon after it happened. (There appear to have been few secrets within Disney's upper ranks.) Mr. Iger assumed Mr. Chapek had been in Palm Beach solely to see Mr. Perlmutter.

On Nov. 17, the Disney board held a special meeting to discuss the Peltz situation. Mr. Chapek was in Disney's New York offices and participated by video. He mentioned that he'd had conversations with Mr. Peltz, but not that they'd met in person a couple days earlier. The board reaffirmed its decision to rebuff Mr. Peltz.

Soon after the meeting ended, Ms. Arnold called Mr. Chapek, ordering him to have no further contact with Mr. Peltz, even if other Disney executives were with him. Ms. McCarthy and Mr. Gutierrez would be the only "designated points of contact" with the investor, as Disney said in one of its proxy filings.

The order set off alarm bells for Mr. Chapek. He'd met earlier with Mr. Loeb, who had dropped his campaign to shake up Disney. The board had praised Mr. Chapek for that. Now, he was barred not only from meeting alone with Mr. Peltz but also from communicating with him at all. He sensed a growing lack of trust.

There were two Disney premieres in New York that week, the Searchlight film "The Menu" and the FX series "Fleishman Is in Trouble." Mr. Chapek, preoccupied by the mounting pressures on both him and the company, didn't show up. Ms. McCarthy stood in for him.

That Friday, Ms. Walden called Mr. Iger and canceled a walk they had planned for that afternoon. Ms. Walden said Ms. Arnold would be calling him instead. Mr. Iger reported this to his wife.

"They're not asking you back," she said.

Mr. Iger agreed, but wondered, "What if they do?"

Ms. Bay said he'd have to accept. "If they're asking you to come back, they must be desperate. And second, you love the company and the people, you kind of owe it to them."

Ms. Arnold called as scheduled at 3 p.m. After brief pleasantries, she said she wanted to apologize for their rupture. That was important to Mr. Iger. Without an apology, he wouldn't consider a return. He accepted it and said they should move on.

"Would you come back?" she asked.

He accepted without hesitating, with three conditions: He wanted it to be announced immediately, no later than Monday, because it was too big a secret for him to keep. It had to be for a limited period — they decided on two years. And he wanted to serve without pay, because he didn't want anyone to think he was doing it for money.

Ms. Arnold said she'd have to get back to him on that.

The call lasted all of 15 minutes.

Ms. Arnold told Mr. Gutierrez to convene a virtual meeting of the board's independent directors for Sunday without telling Mr. Chapek. During the meeting, Ms. Arnold asked for Mr. Gutierrez's assessment. He said that Mr.

Chapek had lost the support of the senior leadership team and that there was a serious risk of losing some key creative talent. He'd become dysfunctional. He'd missed important meetings in Orlando preceding the disastrous November earnings call. In a moment of crisis, rather than charting a way forward, he was in denial. He seemed depressed.

The board voted unanimously to terminate Mr. Chapek and instructed Ms. Arnold and Mr. Gutierrez to call him.

That night, Elton John was giving a concert at Dodger Stadium that was being livestreamed on Disney+. Mr. Chapek planned to attend, but was still at home in Westlake Village when the call came.

Ms. Arnold got straight to the point: "Effective immediately, you're out." He wasn't even offered the face-saving gesture of resigning.

Despite his anxieties, Mr. Chapek was unprepared for something this sudden. "Why?" he asked.

"We lost confidence."

Iger's Last Extension?

Four hours later, the news broke about who would be replacing him. Mr. Chapek wasn't surprised.

Mr. Iger moved swiftly to dismantle Mr. Chapek's legacy and stifle any internal opposition. DMED was abolished within days of his return, its functions returned to the creative executives. Mr. Iger ousted Mr. Daniel. Mr. Perlmutter lost his job four months later. Next, Mr. Iger demanded Ms. McCarthy's resignation. Ms. Arnold left the board in March 2023, when her one-year extension as board chair came to an end. Ms. Catz left the board this July.
Mr. Iger returned to a company beleaguered on nearly every front. He soon faced a debilitating strike by Hollywood writers and actors, then a bitter proxy fight waged by Mr. Peltz. "Wish," a high-profile Disney animated film released in late 2023, became the fifth big-budget Disney film to bomb at the box office that year.

Disney shares rose immediately after Mr. Iger's return, but soon turned down again. After Mr. Peltz lost the proxy contest in April 2024, Mr. Perlmutter sold all of his 25.6 million shares, saying he had no confidence in Mr. Iger and Disney management. Disney shares this week were trading at less than $90, down 55 percent from March 2021.

Predictably, the board rebuffed Mr. Iger's suggestion that he work for nothing. A securities filing revealed he earned $31.6 million last year.

Mr. Chapek departed with over $20 million in severance payments (after earning just over $24 million for 2022), but his reputation was in shreds.

After he was fired, Mr. Chapek hired Bryan Freedman, a lawyer in Los Angeles known for handling high-profile media departures. Mr. Freedman told The Times he had advised Mr. Chapek that he had "a very strong legal claim against Bob Iger for illegally interfering with his ability to do his job." But Mr. Chapek told him that his children and grandchildren were a "Disney family" and he couldn't bring himself to file a lawsuit that might hurt the company, Mr. Freedman said.

Disney responded with a statement saying that Mr. Chapek was fired by the board because "he was no longer the right person to serve as C.E.O. during an increasingly complex period of industry transformation."

Muzzled by a severance agreement, Mr. Chapek has stayed in the background in the face of what he considers unflattering, unfair and, in some cases, inaccurate accounts of his leadership. Though he joined the board of a medical technology firm, few opportunities have come his way.

From the outset, as Disney's C.E.O., Mr. Chapek faced daunting challenges beyond his control: the onset of a global pandemic, upheaval in an industry being transformed by streaming and the overt hostility of a much admired and still-powerful predecessor.

At the same time, he certainly contributed to his own demise. Soon after he was named chief executive, he stopped ingratiating himself with Mr. Iger. And, by the end, nearly his entire executive team had turned against him, even people he'd hired and promoted. So did the board — not just Ms. Catz, skeptical of him from the outset, but also Ms. Arnold, once his strongest defender.

Mr. Chapek, his spokeswoman said, "remains deeply proud" of navigating Disney through the "unprecedented terrain" of the Covid crisis, "all while working to transform Disney into a media company poised for future success. Mr. Chapek is confident that, absent his predecessor and ultimate successor's campaign against him, this collective vision would have been realized under his leadership."

Current Disney executives say Mr. Iger has restored morale and brought needed stability to the management ranks. Marvel and Pixar had big summer hits in "Deadpool & Wolverine" and "Inside Out 2," both started while Mr. Iger was still creative head. Though Disney stock remains in the doldrums, the streaming combination of Disney+, Hulu and ESPN+ eked out a profit in the quarter ending June 29, three months ahead of projections. Mr. Iger was greeted by fans with delirious applause when he appeared onstage at this summer's D23 fan gathering in Anaheim, Calif. Mr. Iger was so moved that he had to fight back tears before speaking.

In the annals of corporate governance, there are surely few failures that rival the Disney board's handling of Mr. Iger's transition. The influential shareholder advisory service ISS called it a "failed succession" and cited "major missteps" by the board. Among the more startling were the board's failure to formally interview Mr. Chapek for the job, its failure to fully consider the unworkable reporting structure in which Mr. Chapek reported to both the board and Mr. Iger, and its failure to curb the debilitating conflict that erupted between the two men.

Few feuds among top executives have ever reached the level of intensity and bitterness of the one between Mr. Iger and his handpicked successor. Mr. Iger has called hiring Mr. Chapek for the top job the worst mistake of his career. Still, the question lingers: How could Mr. Iger have so misjudged Mr. Chapek after working with him for nearly 30 years? "I've tried hard to conduct my own post-mortem, just so that we as a company don't do it again," Mr. Iger said at The New York Times's DealBook Summit last year, but declined to disclose any conclusions.

Disney said Mr. Iger had nothing further to add.

Last summer, Disney's board extended Mr. Iger's contract yet again, until late 2026. Mr. Iger is adamant that this will be the last extension.

James B. Stewart has been a reporter and business columnist for The Times since 2011, focusing on the human drama of the business world and the struggle for corporate power. More about James B. Stewart

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