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Connecticut Treasurer Withdraws Shareholder Resolution After Disney Agrees to Formalize Its Policy Regarding Separation of Chair and CEO Positions

Connecticut Treasurer Denise L. Nappier said today the Connecticut Retirement Plans and Trust Funds (CRPTF) has withdrawn its shareholder resolution filed in advance of the 2005 annual shareholder meeting after the Board of the Walt Disney Company agreed to amend its corporate governance guidelines to formalize its policy with respect to the separation of the jobs of Chairman of the Board and Chief Executive Officer.

"This represents a significant victory for Disney shareholders and corporate governance advocates, and is certainly in the best interest of the company," said Nappier, principal fiduciary of the \$20 billion CRPTF. "I appreciate the willingness of Board Chair George Mitchell and his colleagues to confirm, by way of formal amendment to the Corporate Governance Guidelines, the Board's policy regarding the independence of the position of Chairman of the Board."

"In my view, the company needs two strong leaders – one to lead the Board and one to lead the management team. This action is an important step to achieve that goal and assure the continued success of one of America's most recognized and highly regarded companies," said Nappier.

Nappier said having an independent Board chair should be a mainstream corporate governance issue, noting that the *Council of Institutional Investors (CII)*, an association of more than 140 corporate, public and union pension funds with more than \$3 trillion in pension assets, supports such a policy.

The Disney Board policy places the corporation in alignment with the CII guidelines on the issue, and Nappier said that Disney's action underscores the importance of this corporate governance practice.

"Shareholders have been asking The Walt Disney Company to strengthen its corporate governance practices for several years," said Nappier. "By adopting this policy the Disney Board has again responded to shareholders' interest in stronger corporate governance, and other companies should look at Disney and follow their lead."

Following Disney's annual meeting in March 2004, the Disney Board separated the positions of chair and CEO, elected Mitchell as the new Board Chair, and amended the

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company by-laws to permit separation of these positions. While the Board expressed its policy in this area it did not specifically incorporate that policy as part of its corporate governance guidelines. Since then, the Disney Board has initiated a search for a new CEO to succeed Michael Eisner, and Mitchell has announced plans to step down from the Board in early 2006.

Under the newly approved amendment to the Board's guidelines, the Chairman of the Disney Board "shall be an independent director." The amendment further provides that should the Board conclude, at any time in the future, that the shareholders would be better served by a non-independent Board Chair, the Board would be required to inform shareholders in a written statement in the next proxy as to the reasons. In addition, the Board would immediately appoint an independent lead director to undertake a series of leadership functions specifically spelled out in the guidelines that would require the Board Chair to share responsibility in a number of key areas, to include presiding at meetings of independent members of the Board.

Nappier has been one of the leading advocates for corporate governance reform at Disney in recent years, dating back to the company's annual meeting in Hartford in 2002 when she advocated a separation between the company's audit and consulting work, which had previously been handled by the same outside company. The Connecticut fund called for a permanent separation of the Chair and CEO positions when it voted against Eisner last March, and has been one of a number of public funds involved in ongoing discussions about adding additional independent members to the Disney Board. The Connecticut pension fund has formally adopted the position that the Chairman of the Board of every company should be an independent director.

The CRPTF owns 1,045,859 shares of Disney stock worth approximately \$28.8 million (as of January 4, 2005).