OFFICE OF
STATE TREASURER
DENISE L. NAPPIER

NEWS

FOR IMMEDIATE RELEASE
Friday, October 15, 2004

Connecticut Pension Fund Files Shareholder Resolution to Require Separation of CEO and Board Chair Positions at Disney

Efforts Continue to Add Independent Directors at Company; Shareholders Signal Renewed Commitment to Governance Issues as Leadership Transition Plans Take Shape

Connecticut State Treasurer Denise L. Nappier announced today that she has filed a shareholder resolution on behalf of the Connecticut Retirement Plans and Trust Funds (CRPTF) at The Walt Disney Company calling for a permanent separation of the positions of Chairman of the Board and CEO.

Following an extraordinarily large withhold vote last March against CEO Michael Eisner, the Disney Board announced that the positions of Chairman and CEO would no longer both be held by Eisner, but a permanent separation in the jobs was not made.

“All Boards need independent leadership to fulfill their role of oversight of management on behalf of shareholders” said Nappier. “With the impending retirement of both CEO Eisner, and Chairman of the Board George Mitchell in 2006, Disney is at a crossroads. It needs two new strong leaders – one to lead the board and one to lead the management team. We believe shareholders will support our resolution and confirm our message that these positions should not be recombined in one person”.

The Connecticut pension fund had withheld its votes from Eisner at that time, in part because he held both positions. Nappier believes, and Connecticut pension fund policy guidelines state, that the Chairman of the Board should be an independent director. The Connecticut Treasurer has consistently advocated permanent separation of the two roles and the fund’s shareholder votes routinely reflect that position.

“Nearly a year ago, I said that Disney had made considerable changes in its corporate governance and Board composition, but more needed to be done. I was concerned then, and continue to be concerned, by their unrelenting reluctance to ensure a permanent separation of the roles of Board Chairman and CEO. This resolution will give shareholders an opportunity to send a clear signal that separating these roles is in the best interest of investors and the company, especially as planning for a transition of leadership moves ahead.”

The shareholder resolution – which would be voted on at the 2005 annual meeting -- continues Treasurer Nappier’s work with Disney over the past few years to improve corporate governance at Disney. As the shareholder resolution for the upcoming proxy voting season states:

CONTACT: BERNARD L. KAVALER
DIRECTOR OF COMMUNICATION
(860) 702-3277 FAX (860) 702-3043
BERNARD.KAVALER@PO.STATE.CT.US

We believe that it is the role of the Chief Executive Officer and management to run the business of the company and the role of the board of directors to oversee management. We believe given these different roles, and responsibilities, leadership of the board in all companies, should be different from leadership of management.

In addition, Treasurer Nappier continues to urge the Board to add additional independent directors, and is continuing to work with other institutional investors and the company to accomplish that important goal.

"While Disney added one independent director in 2002, and two independent directors last year, the Board needs additional independent directors at this crucial time to assure shareholders that their search and selection of new leadership will match the company's strategic objectives, and produce long term returns for shareholders," Nappier said.

CT WILL SUPPORT RESOLUTION ON INDEPENDENT DIRECTORS

Nappier also said that Connecticut intends to support a shareholder resolution filed by the California Public Employees' Retirement System (CalPERS), the New York State Common Retirement Fund, the AFSCME Employees Pension Plan, and the Illinois State Board of Investment that would give shareowners the right to nominate directors at Disney.

The proposal calls for a group of shareholders to be able to nominate up to two directors on Disney's 11-member board and have them included on the company's proxy. If the proposal receives a majority of votes in 2005, depending upon the specific rules ultimately adopted by the SEC, the shareholders could be able to nominate two directors for the 2006 annual meeting.

"We have long advocated for investors to have greater access to the proxy ballot, and now is the time to move this essential reform from the drawing board to actual practice," Nappier said. "We remain hopeful that Disney will not wait for a shareholder vote to add independent directors, but at the same time we must be prepared to move ahead on this issue."

Nappier noted that the wave of corporate scandals in recent years have underscored the need for independent directors, and noted that many investors and corporate governance experts have concluded that independent directors are essential to an effective and responsive board.

The issue of allowing shareowners to nominate independent directors to corporate boards has been at the forefront of the corporate governance debate and is currently awaiting action by the U.S. Securities and Exchange Commission. Treasurer Nappier testified on the issue at a special hearing called by the SEC earlier this year.

Currently, shareowners are largely shut out of the system of nominating directors, with incumbent boards determining who to nominate and shareowners left to ratify choices through votes at the annual meeting. Even if alternate candidates come forward and shareowners decide to fund proxy materials in support of those candidates, the significant expense realistically puts the option out of reach for public funds.

CONTACT: BERNARD L. KAVALER
DIRECTOR OF COMMUNICATION
(860) 702-3277 FAX (860) 702-3043
BERNARD.KAVALER@PO.STATE.CT.US