OFFICE OF
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DENISE L. NAPPIER

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CONNECTICUT TREASURER CALLS ON DISNEY CHAIR TO END EFFORT AIMED AT BLOCKING SHAREHOLDER VOTE ON PERMANENT SEPARATION OF CHAIR AND CEO POSITIONS

Nappier Urges Mitchell to Allow Shareholders to Vote on Critical Corporate Governance Issue Proposed by Connecticut, as Search for New CEO Proceeds

Connecticut Treasurer Denise L. Nappier is calling on the Board of the Walt Disney Company to end efforts aimed at preventing shareholders from voting on whether the separation of the jobs of Chairman of the Board and Chief Executive Officer should be made permanent.

Describing the company's position as "astonishing," in a letter to Disney Board Chairman George J. Mitchell, Nappier expressed "extreme displeasure in management's efforts to block shareholders … from the opportunity to express their opinion on a central and critical corporate governance issue."

The Connecticut Retirement Plans and Trust Funds (CRPTF) recently filed a shareholder resolution that would permit all Disney shareholders to vote on the issue, but Disney management has asked the Securities and Exchange Commission (SEC) to permit the company to omit this vote from its annual proxy early next year, which would deny shareholders even the chance to vote.

"Especially given the process now underway which will result in a significant transition of leadership at the company," Nappier wrote, "I am convinced that it would be extremely beneficial and appropriate for the Board to receive direct input from shareholders on whether the positions of Chairman and CEO should remain held by different people."

Both jobs had been held at Disney by Michael Eisner until a shareholder vote last March in which 42% of shareholders, including the Connecticut pension fund, voted against Eisner's re-election to the Board. Just after that landmark vote, the Disney Board elected Mitchell as the new Board Chair, but did not take steps to make the separation of the two positions permanent. Since then, the Disney Board has initiated a search for a new CEO to succeed Eisner, and Mitchell has announced plans to step down from the Board in early 2006.

"In my view, the company needs two new strong leaders – one to lead the Board and one to lead the management team. It is virtually incomprehensible that in the current

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environment, management would take steps to make certain that the Board does not have the opportunity to hear from shareholders on so critical an issue," said Nappier, principal fiduciary of the $20 billion CRPTF.

Nappier said that the issue of separation of Chair and CEO is a mainstream corporate governance issue, noting that the *Council of Institutional Investors*, an association of more than 140 corporate, public and union pension funds with more than $3 trillion in pension assets, supports such a separation. The Connecticut pension fund has formally adopted the position that the Chairman of the Board of every company should be an independent director.

Treasurer 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.

Observing that on behalf of company management Disney lawyers have raised technical objections to the Connecticut shareholder resolution, Nappier said "These technical legal arguments … are not the real issue here. The real issue is that the Board of The Walt Disney Company ought to be soliciting the opinion of shareholders on this matter, not trying to deny investors the right to vote on it."

The CRPTF owns 1,053,000 shares of Disney stock worth approximately $26.5 million.

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