FOR IMMEDIATE RELEASE
February 28, 2013
Revised 12:00 noon

NAPPIER URGES DISNEY SHAREHOLDERS TO SEPARATE BOARD CHAIR AND CEO POSITIONS; LEADING ADVISING FIRMS AGREE, CALLING MOVE IN BEST INTERESTS OF DISNEY, SHAREHOLDERS

Company Agreed to Similar Practice at Nappier's Urging in 2004, then Reversed Course in 2011

Hartford, CT - Connecticut Treasurer Denise L. Nappier, on behalf of the $26 billion Connecticut Retirement Plans and Trust Funds (CRPTF) (which holds 603,155 shares in The Walt Disney Company with an approximate value of $30 million as of 12/27/12), has filed a shareholder resolution at Disney asking the company to accept a change to its corporate governance guidelines that separate the roles of Chairman of the Board and CEO and appoint an independent outside director to the position of non-executive Board Chairman; and establish a process and criteria for combining the roles only during "extraordinary circumstances." The resolution is on the agenda for the company's annual meeting on March 6 in Phoenix, Arizona.

The CRPTF resolution, strengthens the threshold that must be met for the Disney Board to depart from the widely accepted best practice of having an independent board chair, from "best interests" of the company (the standard agreed to in 2005 and cited in 2011) to the stricter standard of "extraordinary circumstances," which is utilized by many leading corporations.

Nappier and Disney have a long history, highlighted by Nappier's call - in a similar resolution almost a decade ago - for the separation of the Board Chair and CEO positions, which is widely viewed as a corporate governance best practice. Disney agreed to do so then in the face of significant shareholder pressure during the tenure of former CEO Michael Eisner, who held both roles until the CRPTF-led shareholder resolution resulted in the Board ending Eisner's dual role with the appointment of an independent Chair.

In 2011, the Board back-tracked on the 2004 decision – which was formalized in 2005 – when it provided a contract to Eisner's successor as CEO, Robert Iger, to serve as CEO through 2015 and Board Chair through 2016. The board undertook no organized outreach to shareholders. In fact, just the opposite: the timing of the Board's decision "strongly suggests that shareholder input was intentionally avoided" Nappier said, noting that the company's announcement was made public after Disney's September 2011 deadline for accepting shareholder proposals.

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“The Board’s short-sighted and potentially destabilizing action brings the potential for Disney to return to a time of imperial CEO leadership, unaccountable CEO compensation and lackluster company performance,” Nappier said. “Disney needs to move forward and utilize corporate governance best practice to mitigate risk, enhance performance and advance shareholder value.”

The CRPTF resolution has gained the support of the two primary proxy voting advisory firms. ISS has urged adoption of the Connecticut shareholder resolution, stating that “in view of certain actions taken by the board as well as the inadequate response to the 2012 pay vote, shareholders would benefit from independent board leadership.” Glass Lewis pointed out that “regardless of the installation of a lead independent director, we ultimately believe vesting a single person with both executive and board leadership concentrates too much oversight in a single person and inhibits the independent oversight intended to be provided by the board on behalf of shareholders.”

Neither proxy advisory firm views the combined Chairman/CEO structure at Disney as a positive development for the company or its shareholders. “Shareholders should be confident that the board will represent their interests and provide oversight over management,” ISS noted. As a public shareholder, CRPTF maintains a fiduciary responsibility and unwavering commitment to advocating that best practices are adhered to by portfolio companies as a means of enhancing shareholder value.

Nappier said, “By its actions, the Board has undermined and shaken investor confidence. The Disney Board has contractually bound the company to having Iger in the combined leadership positions for an extended period of time (as CEO through 2015 and as Board Chair through 2016), and with a severance package with an estimated value of $100 million. Our common sense and fiscally prudent shareholder proposal aims to reassert and reestablish both confidence and accountability, in the best interest of the company and its shareholders.” Given the onerous terms of the 2011 agreement, the CRPTF would not expect the board to separate the roles until after Mr. Iger’s departure in 2016.

The Connecticut Treasurer has been a longstanding leader among public fund fiduciaries for more than a decade, asserting that Board leadership (the Chairman) should be independent of and separate from management leadership (the CEO) at Disney and other portfolio companies. The CRPTF, under Nappier’s leadership, has been at the forefront on a range of corporate governance reform issues. The CRPTF is supporting shareholder initiatives at Disney being led by the California State Teachers’ Retirement System (CalSTRS), to withhold support (“Vote No”) from Disney’s advisory vote on executive compensation request (Say-on-Pay); and Hermes, whose resolution calls for the establishment of proxy access at the company.

“The fate of this proposal is not an academic enterprise for Connecticut. The long-term performance of Disney, with an economic presence in the state in the corporate headquarters of ESPN - which has received economic development incentives from the State of Connecticut and is currently in the midst of expanding facilities in Bristol - is of importance to us for the benefits we hope to see accrue to the State’s communities and taxpayers as well as the CRPTF’s beneficiaries,” Nappier said.

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