

State of Connecticut

DENISE L. NAPIER
TREASURER



Hartford

November 4, 2004

Honorable George J. Mitchell
Chairman of the Board
The Walt Disney Company
c/o Piper Rudnick
1200 19th Street, N.W.
Washington, DC 20036-2412

Dear Senator Mitchell:

I am writing to express my extreme displeasure in management's efforts to block the shareholders of The Walt Disney Company from the opportunity to express their opinion on a central and critical corporate governance issue: making permanent the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer.

Especially given the process now underway which will result in a significant transition of leadership at the company, 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. To accomplish that objective, the Connecticut Retirement Plans and Trust Funds (CRPTF) recently filed a shareholder resolution that would permit all Disney shareholders to vote on this issue.

Astonishingly, management has asked the Securities and Exchange Commission (SEC) to permit the company to omit this vote from the annual proxy early next year, which would deny shareholders even the chance to vote.

I find that action outrageous, and wholly inconsistent with the precepts of sound Board oversight as the representative of shareholders. Therefore, **I am requesting that the Board of Directors formally direct management to withdraw their request to the SEC for a no action letter on this shareholder resolution.**

The issue of separation of Chair and CEO is a mainstream corporate governance issue. The CRPTF (which owns 1,053,000 shares of Disney stock worth approximately \$26.5 million) has formally adopted the position that the Chairman of the Board of every company should be an independent director.

As stated in our shareholder resolution, 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, shares this view. During 2004, this issue was on the proxy ballot of 36 companies, reflecting the growing importance that shareholders attach to this issue. In Europe, independent chairs are the rule, rather than the exception.

One could infer, in fact, that you also agree. In a letter published in the *Wall Street Journal* on September 27, 2004, you said "As I have noted in the past, attention to governance is an ongoing process, and in my judgment, the Walt Disney board has responded to and embraced best practices in good governance." One of the board actions you point to in support of this statement is that "The board also separated the positions of chair and CEO". That said, I wonder how you and the Board can permit management to deny shareholders the chance to express their opinion on making that separation permanent.

Nearly a year ago, you and I discussed, among other things, the need for more independent directors on the Disney board, and my belief that the Chairman should be one of the independent directors. Since that time the board membership has indeed become more independent. In March, when we joined the 42% of shareholders that withheld their vote for Michael Eisner to be elected to the Board, I stated publicly that we did so because of our view that the Chairman of the Board should not be the CEO. Immediately following the annual meeting, the Board of Directors demonstrated their concurrence, and appointed you as the Chairman.

When we met in May, joined by other board members and leaders of five other public pension funds, this issue was again discussed. Various follow-up meetings on corporate governance issues and board leadership have continued since then, and those discussions are ongoing.

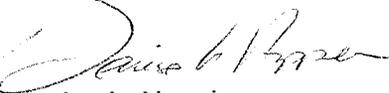
However, when the filing deadline for shareholder resolutions arrived this fall without resolution of our concerns on the issue of a permanent separation (except in extreme circumstances), we filed the resolution, which we believe to be both consistent with the best interests of shareholders and the company.

Currently, the Board is in the process of recruiting a new CEO for Disney. In addition, you have stated your intention to retire from the Board at the 2006 annual meeting. Disney is at a crossroads. 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 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.

Your lawyers have raised a number of objections to our resolution under the SEC's proxy rules, and we have replied to those arguments. These technical legal arguments, however, 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.

I look forward to hearing from you that the Board has directed company management to withdraw the no-action request and will indeed permit shareholders the opportunity to express their opinion on this fundamental corporate governance issue.

Sincerely,



Denise L. Nappier
State Treasurer