OFFICE OF STATE TREASURER DENISE L. NAPPIER

NEWS

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NAPPIER SAYS DISNEY REVERSAL, SEPARATING AUDIT AND NON-AUDIT SERVICES, SHOULD BE FOLLOWED BY OTHER CORPORATIONS; URGES RENEWED SHAREHOLDER EFFORTS AS PROXY VOTING SEASON BEGINS

Treasurer Also Supports Report to Shareholders on Amusement Park Safety

(Hartford, CT) – Connecticut State Treasurer Denise L. Nappier, principal fiduciary of Connecticut's $20 billion state pension fund, heralded The Walt Disney Company's decision today to institute a Board policy discontinuing its previous practice of awarding audit and consulting work to the same accounting firm. The decision represents a reversal for Disney, which had originally opposed a shareholder resolution that would require such a corporate policy.

Speaking during the company's Annual Meeting on Tuesday in Hartford, Nappier said it was encouraging "to hear (Disney) Chairman (Michael) Eisner announce that no new consulting contracts will be given to the company's outside auditors, and that the Board and Audit Committee will develop a written policy to enforce it. This is a very significant announcement by the CEO of a very important U.S. company. I hope that other companies, facing similar resolutions, will offer a similar response."

Nappier, a leading proponent of corporate governance issues, has been advocating separation of the auditing and consulting functions for several years, and recently reiterated her position in discussions with members of Congress and correspondence with Securities and Exchange Commission (SEC) Chairman Harvey Pitt. She noted that the issue would be on the Annual Meeting agenda of more than two dozen leading companies during the unfolding proxy voting season.

Nappier's comments Tuesday came in support of a shareholder resolution submitted by the United Association S&P 500 Index Fund, a fund of the United Association of Plumbers and Pipefitters. The Connecticut Retirement Plans and Trust Funds (CRPTF), owns 1,181,640 shares of Disney, valued at approximately $28.2 million (as of February 15, 2002).

"Make no mistake, Disney's position has evolved. Just a few months ago, Disney flatly opposed this resolution. … Today, the company has truly come full circle, agreeing with shareholders they initially opposed – including Connecticut – that it is in the best interest of investors, shareholders, and the company's bottom line – to put an end to audit business as usual," Nappier said.

"Enron has made us keenly aware of the risks that investors face when audit companies also receive lucrative consulting contracts from the same clients. There's nothing magical about Disney's

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reversal. It's common sense, and a view that ought to be shared by the dozens of corporations facing similar shareholder initiatives in the coming weeks," Nappier said.

Nappier noted that many of the proxy votes on the issue were cast before public attention to the audit issue had become central to the Enron collapse, and at a time when Disney steadfastly opposed the resolution.

"There can be no doubt that the public is concerned, and rightly so. The solutions will be found in stricter regulations, better oversight, responsive corporate leadership, and shareholder activism and vigilance," Nappier said. "These corporate governance issues aren't mundane, they matter to investors large and small. Now more than ever."

The Treasurer said that having the new policy developed and implemented through the Audit Committee and Board of Directors is preferable to a management directive, which Disney had proposed on January 31, before revising its position Tuesday.

"Oversight of the audit function is a Board responsibility. Investors look to the Board and its Audit Committee for assurances that their investment is safe. These assurances can only ring true if the audit is truly independent, and if there is a Board policy that clearly and tightly defines those consulting services which cannot be performed by the independent auditor," Nappier said.

"The annual meeting of any company is an important forum for shareholders to exercise their rights and responsibility to address issues of corporate governance and corporate responsibility. As fiduciary for the CRPTF, voting proxies is an important responsibility that I take very seriously. I believe that good corporate governance adds to shareholder value - and through the proxy process we can increase the value of our retirees assets," Nappier said.

Amusement Park Safety Among Resolutions Voted

In addition to supporting the shareholder resolution regarding audit services, the CRPTF voted for the election of the Board of Directors and against management resolutions ratifying PricewaterhouseCoopers as company auditor and enhancing the company's executive incentive bonus. The CRPTF also supported a shareholder resolution in support of human rights in China, consistent with the Fund's proxy voting guidelines that call for fair labor and human rights policies by companies in which the state pension fund is a shareholder.

Nappier said the pension fund also supported a shareholder resolution calling for the Board of Directors to report to shareholders by July 2002 on the company's policies for amusement park safety and report on all injuries during the past two years, as well as the costs incurred.

"Unfortunately, we have seen too many tragic accidents at amusement parks in Connecticut and this region, and our heightened concern about safety at these venues appears to be justified by national statistics," Nappier said. "Disney has an opportunity to provide a model for others in the industry to follow and set the gold standard for safety. The issuance of a comprehensive report could be instructive not only for shareholders and safety experts, but could be an effective tool in promoting better safety procedures throughout the industry."

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