



## 2013 Annual Meeting of Shareholders

MARCH 6, 2013

### Disney Speakers:

**Bob Iger**

*Chairman and Chief Executive Officer*

### PRESENTATION

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#### **Announcer**

Ladies and Gentlemen, please welcome the Chairman and Chief Executive Officer of The Walt Disney Company, Bob Iger

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**Bob Iger** – *Chairman and Chief Executive Officer, The Walt Disney Company*

Thank you. Good morning, Phoenix. Nice to be here this morning. Wasn't that video just fantastic? Thank you. It really is a great time to be part of The Walt Disney Company, great time for the company, because in case you missed it yesterday, our stock price hit an all time high. Timing is everything, right? And the market cap of our company hit a record \$102 billion. And not to be too greedy, but we opened today up a little bit and the last I checked we are up another \$0.06, not a bad way to start the day.

Now that video that you just saw reflects how much Disney means to millions of people all over the world. We create special moments and wonderful memories that last a lifetime. That's the real magic of Disney. And last year we made more magic than ever. How many of you have been to Cars Land? Cars Land is like stepping right out of the movie, *Cars*, and into Radiator Springs in real life and our guests absolutely love it. The opening of Cars Land capped an



amazing transformation at Disney California Adventure, which is now a fantastic destination in its own right and a real worthy neighbor to Disneyland.

We also launched our fourth ship, the incomparable Disney Fantasy, which set a new standard of luxury cruising, and cruise passengers voted the Disney Fantasy "The Best Overall Large Ship and the Best Service in the World", that's of all cruise ships. It's quite a distinction. Thank you.

And as you may have heard, Marvel's *The Avengers* was not only the biggest movie of the year, but it's the third highest grossing movie of all time. I have a lot of other good things to say, so you can hold your applause. We also released three animated features last year, *Brave*, *Frankenweenie* and *Wreck-It Ralph* and everyone of them received Golden Globe and Oscar nominations for Best Picture, and *Brave* took home both awards, which makes it the 7th movie to win the Oscar for Pixar.

We actually swept the animation Oscars. We also won an Oscar for a short film from Disney Animation which was called *Paperman*. So we've had an extraordinary creative resurgence at our Animation business and across the company, which is what we wanted when we made our acquisition Pixar back in 2006.

Now, meanwhile, ESPN is still the undisputed market leader and number one sports brand. ABC's *Good Morning America* is now the country's number one morning show and the Disney Channel finished last year as the number one channel among kids 2 to 11, and that's the first time they've ever done that. So, all of the success across all of our businesses led to another great financial performance for The Walt Disney Company.

In fiscal 2012, we increased revenue by 3% to a record \$42 billion, which led to a record \$5.7 billion in net income, and that was up over 18% over last year. And our earnings per share were up 24% setting a new record of \$3.13. Thank you. And for the 57th year in a row Disney shareholders received a dividend and it was up 25% from the year earlier.

So our record financial results drove total shareholder return of more than 76% and that was more than double that of the S&P 500. Now, over the last five years, total shareholder return for Disney was 62.2% and that is almost 12 times the S&P 500 return of 5.4%.

Our strong performance is a result of the world-class management team which is running our businesses and the tremendous work of our fantastic cast members and employees all around the world, and I hope you are as proud of our people, and of our results, as we are.

Now we're also very excited about what's ahead. There were some teasers in that video that you saw earlier. I've got to start with our acquisition of Lucasfilm. It's a huge honor for us to have George Lucas entrust his extraordinary legacy to Disney. George has always been a great innovator and a great visionary, but first and foremost, George is a great storyteller, and *Star Wars*, with its 17,000 characters and 20,000 years of mythology, it is an incredible story.



We are taking that story into the future starting with *Star Wars Episode VII*, which will be directed by J.J. Abrams, with whom we've had a long and very successful relationship that includes creating the global phenomenon that was on ABC, known as *Lost*. And we are obviously very excited to have J.J. on-board and to have *Star Wars* at Disney and I hope you are too. Take a look at this video.

[VIDEO]

Pretty exciting. *Star Wars Episode VII* will be released in 2015 and we are also working on some standalone movies, featuring the great *Star Wars* characters. Lucasfilm joins Disney, Pixar, Marvel, ESPN and ABC in our unprecedented collection of amazing brands and we have so much to look forward to in all of our businesses starting, by the way, with parks and resorts.

Our expansion of Fantasyland at Walt Disney World combines exceptional creativity and innovative technology to take storytelling and iconic characters to a great location and bring it to a whole new level. The response from our guests, because some of this is already opened, has been overwhelmingly positive and we've got more attractions coming this year in 2013 and then in 2014.

Walt Disney said, "Disneyland will never be completed. It will continue to grow as long as there is imagination left in the world." And we feel the same way about all of our parks across the world. We continue to invent new ways to thrill and entertain families at every one of our parks, and we're constantly asking how we can make it even more fun, even a better experience, and we have invested a lot of thought and resources in this effort, and the most recent result is our new MyMagicPlus program. And using the latest RFID technology embedded in a convenient wristband, MyMagicPlus is going to let Walt Disney World guests enjoy more of what we have to offer starting with planning the details of their visit from home, including securing fast passes to their favorite attractions and making reservations at special dining experiences across our property.

And at the resort, magic bands will serve as room keys and park tickets, and you can even link them to your credit card and pay for your purchases with a simple swipe of your wrist, at any place that you are purchasing something. And for the guests who choose to share additional information with us about what they like, we can create an even more personalized experience, which I think everybody is going to love.

I was at Disney World just last month and I had a chance to try out MyMagicPlus and I can tell you the magic bands take the park to a whole new level in terms of experience. Access and convenience is definitely greater and I think they are going to be extremely popular for us.

Another exciting project is Shanghai Disneyland where we are creating a one of a kind destination that is authentically Disney and distinctly Chinese. We broke ground just two years ago and we recently got our first look at a 3D model showing what the park is actually going to



look like. And I can't show you the whole thing right now, but I know there's a lot of anticipation and excitement about the Shanghai Disney Resort, so I did bring you one surprise.

You are going to be the very first audience to see just how spectacular Shanghai Disneyland will be, just take a look at this picture. And what that depicts obviously is our castle. We said when we broke ground that we are going to build the tallest and the largest castle that we've ever built and I think you get some sense from that. That's actually a 3D model that our imagineers created, adding some lighting to it, and you can tell that we've paid special attention to creating a great Disney Park, but a good Chinese experience as well.

And I can't tell you much more about it because we haven't announced all the details, but I can tell you that this is personally very special for me because I have spent 15 years working with some of the most talented people in the world to take what was once an ambitious idea into what we believe is going to be one of the most spectacular Disney experiences yet and clearly an important part of this company's future. And we look forward to opening the gates of this great park at the end of 2015 and welcoming the first of what we believe will be millions and millions and millions of guests who are going to enjoy Shanghai Disneyland for generations to come.

I'm an instant gratification guy. To see a picture like that, and I immediately want to enjoy the park. Right now, by the way, we have thousands of workers on the site. It doesn't quite look like that yet. I said it's going to open in 2015, but it's starting to grow from the ground and it's very hard to contain our excitement when we visit the site, but we are a couple of years away.

Now turning to our studio, we've got a lot to look forward to this year starting with the fantastical adventure *Oz The Great and Powerful*. This film is a stunningly beautiful movie with a great engaging story and a stellar cast, and you can see it for yourself because it's opening up this Friday.

Now later this spring, Robert Downey Jr. returns as Tony Stark in *Iron Man 3*, and I know that's a long time for you Marvel fans to wait, and I brought a brand new trailer of *Iron Man 3*.

[VIDEO]

We just have to amp it up with a little more energy and a little more action, right? *Iron Man 3* opens on May 3<sup>rd</sup>, so you don't have to wait too long. We also just completed *Thor: The Dark World*, which will be in theaters later this year; and we've started or just getting ready to start filming *Captain America: The Winter Soldier*, which is the sequel to *Captain America*. And we have the next *Avengers* blockbuster - that's coming in 2015. So Marvel fans can relax, we've got plenty of Marvel movies ahead.

In June, we're going to release another great Pixar movie, *Monsters University*, that's a prequel to the smash hit *Monsters Inc.* And way before we met Mike and Sulley in the first film, they



were just a couple of college kids at Monsters University. So I brought you a very first look at *Monsters University* with a never before seen clip of how Mike and Sulley first met and take a look of the start of a beautiful friendship.

[VIDEO]

We have brought one more trailer. In July the creative team behind the incredibly successful *Pirates of the Caribbean* franchise brings us another great movie with Johnny Depp once again at the center of the action, this time as Tonto, in *The Lone Ranger*. Let's take a quick look.

[VIDEO]

About three years ago when we were talking about doing that film, Johnny Depp showed up at the Disney lot in Burbank in that costume, and a guy walking around the office with a bird on his head, just a normal day at Disney, right?

In addition to the movies I just mentioned we've also got *Frozen*, which is another great story from Disney animation. It's a musical fantasy and the warmest story set in the coldest place you will ever see. And then at the end of the year a movie called *Saving Mr. Banks* which is the story behind the making of *Mary Poppins*, starring Tom Hanks as Walt Disney himself.

Now, in our digital media business, we are reinventing the way video games tell their stories with a whole new gaming platform. We are calling this Disney Infinity, and we've created a whole new universe where players have the freedom to create stories and adventures with some of Disney and Pixar's most beloved characters for the first time ever.

We've been thrilled with the tremendous reaction from everyone who has seen Infinity so far from core gamers to retailers, and we look forward to releasing this innovative new platform later on in the year.

Turning to our Media Networks group, ESPN continues to serve sports fans across the country and of course right here in Phoenix, Arizona like no one else can, this video will show.

[VIDEO]

Those ESPN guys have a tough time putting together highlights reels. ESPN is bringing more sports coverage to more people in more ways than ever before and our revolutionary WatchESPN service now allows fans in more than 55 million US homes to watch ESPN on the go. And with more than 30,000 hours of live events, news and original programming across all of its networks and digital platforms each year, it's no surprise that more than 113 million sports fans interact with ESPN every week.



Now, these days whether sports fans are watching NFL games, Wimbledon, the NBA, Indy 500, Major League Baseball, college sports or sports news on television, online or on a mobile device, most of them are watching ESPN.

At ABC News, we're very glad to welcome Robin Roberts back to *Good morning America*, just a couple of weeks ago. Robin's courage and grace have touched millions of people who marveled at her strength and they were inspired to become bone marrow donors, and we are all very thankful for her recovery and absolutely thrilled by her triumphant return to *Good Morning America*.

ABC News and our ABC-owned stations also did an absolutely stellar job across the board. From the 2012 coverage of the election to the devastation of natural disasters, these teams told the stories that mattered the most, in ways that reveal the power and the importance and humanity behind all of them.

And in primetime, ABC Network continues to deliver some of the best shows on TV including three of the fall season's top shows -- *Grey's Anatomy*, *Once Upon a Time* and *Modern Family* -- which is TV's #1 comedy. And successful shows from ABC not only drive viewers to our network here in the United States, but they are sold into more than 200 markets around the world, which delivers even greater returns on our investments in that programming.

And then on to cable, ABC Family continues to serve the millennial audience with characters and stories that are relevant to their lives. And in 2012, ABC Family was cable's number one network in primetime among young women, and that was the first time in that network's history, and delivered its strongest performance ever across key digital platforms as well.

And over the last several years, I had mentioned this earlier, Disney Channel has become a true driver of our brand around the world, taking Disney directly into the homes and daily lives of millions people. We launched our first free-to-air channel in Russia just over a year ago and we are already reaching 90% of the entire Russian audience.

And by some estimates one in every three children in Russia tune in to watch Disney Channel every day, which makes the Russian Disney Channel the country's number one free to air channel among kids and creates a tremendous opportunity for our company to connect with this large audience.

And we now have a 108 Disney Channels in 34 languages reaching 426 million homes in a 166 different markets. And when you add the extended reach of our international partners, Disney and Marvel-branded kid's television is now available in over 1 billion homes across the world.

And here in the United States, as I mentioned earlier, Disney Channel continues its winning streak, now the number one network of kids and teens, and Disney Junior's *Doc McStuffins*, *Jake and the Never Land Pirates* and *Mickey Mouse Club House* were this year's top 3 cable



shows of Kids 2-5 and *Sofia The First: Once Upon A Princess* was the highest rated telecast among these young viewers, and is now new a very popular series as well.

We also continue to expand our presence in both China and Russia or as we continue to expand our presence in both China and Russia. We also just made a large investment in India and that's the acquisition of UTV with 250 million customers. And so we are now India's leading films studio and TV producer and one of the country's premier broadcasters that also create a very strong foundation for The Walt Disney Company in this rapidly changing and emerging market, and I think it is going to be very important for us in the future.

Now as we expand our presence around the world, we remained committed to being a corporate citizen, from reducing our environmental impact and ensuring respectful workplaces, to promoting the well-being of kids and families. Now we just released our [2012] Citizenship Performance Summary, outlining our progress toward the targets we set a year ago. It's on our website and I invite all of you to take a look at the many ways that The Walt Disney Company is working toward positive change.

Disney was the first media company to take action to help parents promote healthier choices for their families with our landmark Nutrition Guidelines, that was back in 2006, and we recently took another huge step forward as the first to set standards for food advertising in television programming targeted to kids, and we are proud to continue to lead the industry on this very important issue.

We are also proud of our legacy supporting those who serve our country and at our last shareholders meeting we announced the company-wide effort to support US veterans and military families, including launching a public service campaign that we called Heroes Work Here to raise awareness of the tremendous value veterans can bring to any company. Now we also made a commitment at that time to hire at least 1,000 military veterans by 2015 and that's a goal I am pleased to say that we've already surpassed.

So we decided to increase our hiring goal to create opportunities for another 1,000 former service members in the next two years, and we continue to raise awareness through our ongoing Heroes Work Here campaign, starring some of the amazing veterans that now work at The Walt Disney Company.

So here is our newest public service message showing that we are very proud to have heroes work at Disney.

[VIDEO]

Thank you. Now for the better part of this century, The Walt Disney Company has entertained and delighted families with extraordinary experiences that expand the limits of imagination and set a new standard of excellence in entertainment.



Disney is one of the best known companies in the world, but as CEO, I have always wanted us to be one of the most admired companies as well, earning the respect of our consumers, our employees and our shareholders for what we achieve and, most importantly, for how we achieve it. It's one of the goals I had for our company when I stepped into this job just over seven years ago.

Today, I am happy to report that Fortune Magazine recognized The Walt Disney Company as one of the 10 most admired companies in the world. This is a reflection of our unwavering commitment to excellence and the results of everything we've done in several years to deliver significant value to our shareholders, and is a true privilege to lead this company. We have an extraordinary legacy of achievement and such tremendous potential in the future.

Over the last seven years, we've focused on three strategic priorities to ensure that we realize that potential, and they are creating exceptionally high-quality content for families, making that content more engaging and accessible through the innovative use of technology, and growing our brand in businesses and in markets around the world.

Now we've made great strides in all of these areas across all of our businesses from the creative resurgence that we are seeing in animation, to the way we're leveraging technology to deliver our content and enhance the guest experience, particularly at our parks, to our ever-expanding footprint in established and in emerging markets. And as happy and as proud as we are about what we have achieved, I have to say we are even more excited about the future. And as we move forward, I sincerely appreciate your continued support. Thank you.

I am also immensely grateful to have the guidance of an absolutely stellar board of directors, a group of exceptional leaders from a wide array of industries who bring their individual perspective, experience and independence to Disney's board. They've proven to be one of the strongest, most effective boards in the country and as CEO I rely on their insight and wisdom as we continue to shape an extraordinary future for this amazing company.

And so I would like to introduce them to all of you now, starting with our Lead Director, Orin Smith, who is formally President and CEO of Starbucks. Orin? Thank you. As Lead Director, Orin provides independent leadership for the board of directors as well as invaluable counsel to me and our senior team.

Susan Arnold is retired from Procter & Gamble where she was the company's Vice Chairman as well as President of its Global Business Units. John Chen is a Senior Advisor at a private investment firm, Silver Lake, recently retired as Chairman and CEO of Sybase, Inc. Judy Estrin is CEO of JLABS, a company that is focused on furthering innovation in business, government and non-profit organizations. Fred Langhammer is Chairman of Global Affairs of The Estee Lauder. Fred?





Aylwin Lewis, President and Chief Executive Officer of Potbelly Sandwich Works and there is one just three blocks away, a commercial for Potbelly, just right down the road. Monica Lozano is Chief Executive Officer of impreMedia, LLC. Bob Matschullat is a Private Equity Investor and former Vice Chairman and CFO of The Seagram Company. And Sheryl Sandberg is Chief Operating Officer of Facebook. Thank you. So ladies and gentlemen, our Board of Directors. Thank you.

Now the fun part of the meeting. We now move on to the formal business portion of the meeting and let me cover a few administrative matters. Today's meeting has been duly called and is being conducted in conformity with the laws of Delaware and the Company's charter and bylaws. The notice of the meeting and proxy materials describing the meeting's business have been duly sent or made available to the company's shareholders. The polls opened at 9:00 am this morning and will close at the end of business portion of this meeting and if you haven't voted or if you want to change your vote, you may do so at any time prior to the closing of the polls.

Now if you didn't get a ballot at the registration table just outside the entrance and would like one, please raise your hand. Copies of the rules for the meeting were provided also at the registration table. If anybody needs a ballot they are passing them out right now.

Now I would like to ask for everyone's cooperation in respecting the rules including speaking time limit and assisting us in the orderly conduct of business. The company has retained Broadridge Investor Communication Solutions as Inspector of Election for this meeting.

Now, we have six items on the agenda today: the election of 10 directors, 3 company proposals, and, if presented, 2 proposals from shareholders. And I will introduce each of the first four matters. Shareholder representatives will present the shareholder proposals and then there will be an opportunity for those present to address the matters presented. And once we've completed our consideration of these items, the polls will close and we'll hear a preliminary report from the Inspector of Elections.

We will then adjourn the business portion of the meeting which will be followed by a general question-and-answer period. So I would now like to introduce our Inspector of Election, Belinda Massafra, Representative of Broadridge, and ask her to report on the number of shares present today and voting. Ms. Massafra?

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**Belinda Massafra** – *Broadridge Communications*

Thank you, Mr. Chairman. As of the close of business on January 2013, the record date for this meeting is over 1,799,523,890 shares of common stock outstanding, each of which is entitled to one vote. There are at least 1,538,715,883 shares of common stock represented by proxy at this meeting, which represents at least 85% of the total number of shares entitled to vote.



**Bob Iger** – *Chairman and Chief Executive Officer, The Walt Disney Company*

Thank you very much. Based on the report we have just heard I rule that a quorum is present and that this meeting is qualified to proceed with the business before us. The first proposal is the election of 10 members of the board of directors, each director holds office for a term of one year, and those nominated for election at this meeting are the 10 directors including me, introduced earlier.

As you all know, the Board has recommended a vote “For” the election of all of the nominees.

The next proposal is ratification of the appointment of PricewaterhouseCoopers LLP as the company’s independent registered accountants for the current fiscal year, as recommended by the Audit Committee of the Board of Directors.

Services provided by PricewaterhouseCoopers to the Company include examination of the company’s financial statements and review of its reports and other filings with the Securities and Exchange Commission.

Wayne Jackson, a representative of PricewaterhouseCoopers, is here today to respond to any questions.

The Board has recommended a vote “For” the ratification of the appointment of PricewaterhouseCoopers as the Company’s independent registered accountants for fiscal 2013.

The next proposal is approval of the terms of the 2002 Executive Performance Plan.

In order to preserve the deductibility of compensation awarded under the plan for tax purposes, the terms of the plan must be approved every five years, and therefore we are seeking shareholder approval of the plan at this time. The Board also approved changes to the limits on the size of bonus awards under the plan to provide greater flexibility to appoint additional covered executives such as a chief operating officer or president. The changes do not increase the limits on individual awards.

The next proposal is the advisory vote on executive compensation.

We are seeking advisory shareholder approval of the compensation of our named executive officers. We believe the design of our compensation program and the compensation awarded under it creates an appropriate relationship between performance and compensation, and the Board has recommended a vote “For” this proposal. Although the vote is non-binding, the Board of Directors and the Compensation Committee will review the voting results in connection with their ongoing evaluation of the Company’s compensation program.



The next proposal is a shareholder proposal presented by Legal & General Management, on behalf of its client, Hermes Equity Ownership Services. The full text of the proposal is set forth in the proxy statement and I understand that Cornish Hitchcock, a representative of the shareholder is here to present today, and if he is here I would like to invite him to do so at this time. I would ask that he limit the presentation to five minutes at most. Cornish?

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**Cornish Hitchcock** – *Representative, Hermes Equity Ownership Services*

As you mentioned I'm here on behalf of Hermes Equity Ownership Services, which is part of the BT Pension Scheme, the largest pension scheme in the United Kingdom. I'll be brief as you mentioned. The proposal and our supporting statements are fully set forth in the proxy and I would just like to make a few comments.

The proposal is fairly simple in concept. It says that long-term shareholders with a significant stake in the company should be able to nominate one or two candidates for the board of directors and have those candidates appear in the company's proxy and on the company proxy card.

The idea is to give shareholders the ability to inject some new blood, some new faces on to the board of directors short of the current alternative which is running a proxy contest with multiple proxy cards and the cost of which can be fairly high.

It shouldn't have to be that way. I think we all know from the experience that sometimes bringing in a new person or persons can be refreshing if they say, "why do we do things that way" or, "here are some things you may have not considered" and it's a way of board's getting fresh insights that they might not otherwise, from shareholders who do have a long-term stake in the company.

I would like to respond very briefly to several of the points that were made in our position. First of all, you say this might lead to a loss of collegiality into the board. This has happened elsewhere and that hasn't happened. Another argument you make is that this will just open up the nomination process to so-called special interests which you identify as labor unions and public pension funds.

I would note simply that if an independent candidate is going to be elected, he or she will need to get a majority of the shares that are voted and it's unlikely to have that kind of special interest candidate obtaining majority. The other thing is that if someone is elected, he or she has a fiduciary obligation to act on behalf of all shareholders.

So I submit that this argument is something of a straw man. I would note as well that several companies with a similar proposal did achieve a majority at several companies last year and indeed one of your neighbors in California, Hewlett Packard is putting the same concept up for



vote to its shareholders this year with a management recommendation to vote "yes." So I move adoption of the proposal and appreciate the board's consideration.

Thank you, Mr. Chairman.

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**Bob Iger** – *Chairman and Chief Executive Officer, The Walt Disney Company*

Thank you very much, Mr. Hitchcock. The board of directors has recommended to vote "Against" this proposal for the reasons set forth in our proxy statement. The next proposal is a shareholder proposal from Connecticut Retirement Plans and Trust Fund. The full text of the proposal was set forth in the proxy statement. I understand that Suzanne Hopgood, a representative of the shareholder, is here to present this proposal and if she is here, I would like to invite her to do so at this time. I would again ask that you limit the presentations to five minutes at most. Suzanne?

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**Suzanne Hopgood** – *Representative, Connecticut Pension Fund*

Mr. Chairman, members of the board and fellow shareholders, thank you for your time today. My name is Suzanne Hopgood and I am here representing Treasurer, Denise L. Nappier, the principle fiduciary of the \$26 billion Connecticut Retirement Plans and Trust Funds, herein referred to as the Connecticut Pension Fund.

I hereby move proposal number six on behalf of the Connecticut Retirement Plans and Trust Funds. The proposal creates a greater threshold for combining the Chair and CEO positions and limits that combination to six months.

First, I would like to stress how important The Walt Disney Company is to the Connecticut Pension Fund as an equity investment. The treasurer relies on investments in companies like The Walt Disney Company to fulfill her obligation to the Connecticut Pension Fund beneficiaries and believe that an independent Chair is the key risk mitigation measure that can protect and enhance shareholder value in the long-term.

A 2012 study of US large-cap companies found that companies that separate the Chair and CEO positions outperformed companies combining those two roles over the long-term with a 28% higher five-year shareholder return. The Connecticut Pension Fund is a long-term shareholder. The same study found that CEOs who hold the role of Chair earned 50% more than their counterparts for serving solely as CEO.

In 2004, the Connecticut Pension Fund reached agreements with The Walt Disney Company to separate the Chair and CEO positions and the board implemented those guidelines in 2005. The Connecticut Pension Fund believe they could rely upon Disney's commitment and we are pleased to see this separation Chair and CEO serving as an effective governance structure from



2004 to 2011 with very strong financial performance during that period and we thank you for that performance.

Then in 2011, the board backtracked on that 2004 commitment when they provided a contract to the CEO, Robert Iger to service CEO through 2015 and as Chair through 2016. The timing of the board's decision in the fall of 2011 precluded shareholders from voicing effective consent, strongly suggesting shareholder input was intentionally avoided. By that action, the board has weakened shareholder confidence and trust in its ability to provide effective oversight of management, responsiveness to the shareholder concerns, and transparency.

Proposal number six before you aims to ensure the best possible leadership structure for Disney with a truly independent chairman and in so doing to restore board accountability to shareholders. Given the onerous terms of the combined Chair and CEO contract including Mr. Iger's huge severance package estimated to be at \$100 million, the Connecticut Pension Fund does not expect nor does the proposal require the board to separate roles until Mr. Iger's departure in 2016.

And, Mr. Chairman, because our resolution for an independent and separate Chair and CEO cannot take effect until 2016, we ask that as board Chair you take responsibility for strengthening the role of lead director in accordance with the best practice guidelines presented to your General Counsel and your Chief Financial Officer in order to provide a better balance and make the lead director's role a responsible position.

The role of the Chair is always to mitigate risk and creating a better board leadership structure will go a long way to improving our problematic process and structure until there is once again an independent Chair in 2016. The CEO is the highest ranking member of management and the Connecticut Pension Fund believes that a large highly integrated organization like Disney simply does not work most effectively when the CEO manages the board responsible for overseeing him and evaluating his performance.

We share a common interest in Disney's performance gains and want it to continue well into the future. A prerequisite for such sustainable performance is recognizing the importance of having appropriate board oversight and returning to the models that were so successful at Disney. The Connecticut Pension Fund proposal has gained the support of both proxy advisory firms ISS and Glass Lewis and we urge shareholders to vote for this proposal. Thank you.

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**Bob Iger** – *Chairman and Chief Executive Officer, The Walt Disney Company*

Thank you. The board of directors has recommended to vote against this proposal for the reasons set out fully in the proxy statement. Before I turn to the floor to make comments on the two shareholders proposals, I would like to turn to our Lead Director, Orin Smith to respond to the proposal that was just presented. Orin?



**Orin Smith** — *Lead Independent Director, The Walt Disney Company*

Thank you very much for your comment. Let me respond in two ways. First of all, our guidelines call for an independent chairman of the board, unless in the view of the independent directors, it is in the best interest of the shareholders to do otherwise. And I can assure you that in our belief this decision was made in the best interest of shareholders.

In 2011 it was clear that the Disney Company had an exceptional CEO, made clear by the financial performance that spoke for itself as well as the long-term strategy that Bob had developed to create shareholder value for this company. Recognizing that the term of Bob's contract ended in January of 2013, the board decided to be preemptive and act to extend that contract for as long a period as possible.

Upon making that decision, the board also made the decision to go forward and offer Bob the role of Chairman and Chief Executive Officer. We did that because we believe that Bob would make an outstanding chairman of the board, because of his strategic vision and insights and because of his outstanding relationship with independent directors, because of the transparency and openness with which he dealt with the board throughout his tenure.

Accordingly, we took the initiative and made that proposal to Bob and negotiated the contract that extended his term as CEO from January of 2013 to March of 2015. And because we included the chairmanship, we were able to extend the period in which we could have his services another 15 months to mid-2016, gaining not only his services in respect to strategy and other such matters, but also providing an orderly process for transition to the next CEO. We believe that that is an exceptional circumstance which we acted and that it was in the very best interest of shareholders.

I would also note that in the process of making Bob the chairman of the board, that we also strengthen the role of the lead director. The lead director now has responsibilities that exceed the requirements established by most proxy advisors. The lead director has the responsibility for calling and presiding over meetings of independent directors. The lead director also works with the Chair in setting the agenda for all board meetings.

That process works in the following way. I take information from other board directors, either from executive committee meetings or from private conversations. I present these topics that the board wishes to deal with to the chairman. He provides me with a tentative agenda and I make the final approval on that agenda.

I also work with the chairman and with the Chair of the governance and nominating committee to identify with input from other directors, the members that we will propose for the committees as well as the Chair of those committees. And lastly of the most important responsibilities, I have the challenge of organizing and leading the evaluation of the CEO and as well the performance of the entire board.



We believe we have independent directors that act in the best interest of shareholders and we believe that we should have the discretion to make decisions to require or to make the CEO or chairman of board within the guidelines that we do so, in the very best interest of shareholders.

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**Bob Iger** – *Chairman and Chief Executive Officer, The Walt Disney Company*

Thank you, Orin. At this point I will open the floor to discussion of any of the proposals that have been presented and if you would like to address one of the proposals please proceed to a microphone and wait to be recognized. When you recognized please state your name, tell us where you're from and identify which proposal you wish to address and then proceed with your remarks, and please limit your remarks to few minutes in order to give other shareholders an opportunity be heard.

Note that we will have a general question-and-answer session following the business portion of the meeting. So please limit your remarks right now to the proposals that have just been presented. We have anyone wish to speak? Thank you, yes, please.

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**Aesha Mastagni** – *Representative, California State Teachers' Retirement System*

Good morning. My name is Aeisha Mastagni. And I am here representing the California State Teachers' Retirement System over of over 5 million shares of Disney stock. I am also representing PGGM Investments, the leading Dutch pension service provider and owner of over 1.2 million shares.

I want to start by congratulating the Walt Disney Company on its most recent stock performance and the great leadership Mr. Iger has given the company over his tenure.

Shareholders have truly benefitted from his leadership as CEO, and the company has been a source of economic strength in the State of California. This being said we believe there are certain governance structure that are lacking at Disney, which would serve to protect the investments of our beneficiaries and ensure the company's continued long-term success.

As the old saying goes, those who forget history are doomed to repeat it. We as shareholders do not want to see a repeat of the events that occurred in 2004/2005, yet we fear the Disney Board seems to be slipping back into its old ways.

We were extremely disappointed when the Disney Board recombined the CEO and chairman positions, especially without shareholder input. In addition we have been watching the declining support for the compensation program from 77% to barely passing last year at 57%.



Unfortunately the Board's response to this low support has been inadequate. We believe a compensation program that is properly structured to ensure that executive interest is essential to ensure that executive interests are aligned with shareholders.

Compensation is about pay for performance. And although the performance at Disney has been outstanding, especially the last year, there are elements of the pay program that are fundamentally flawed. In addition, for the substantial majority of Iger's tenure, Disney has maintained a separate CEO and chairman. We believe these two roles should be separate because they have very different and conflicting roles. A chairman is there to lead the board and represent shareholders, and the CEO runs the company and leads the management team. The separation of these two roles provides an important safeguard.

Lastly, we believe every company should institute a mechanism that allows shareholders to nominate directors and which provide a proper balance to ensure only long-term shareholders can make use of this fundamental shareholder right. We believe that Disney is an iconic company and we want it and our investment to have continued and sustainable success in the future. We believe a properly structured compensation plan, a leadership structure that ensures accountability, and a governance standard like proxy access, should be in place at all companies, including The Walt Disney Company. Thank you.

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**Bob Iger** – *Chairman and Chief Executive Officer, The Walt Disney Company*

Do we have other comments specifically on those proposals from the audience? Yes, in the back, if we can get a light on you. Thank you.

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**Dwight Morgan** – *Shareholder*

Okay. My name is Dwight Morgan. And I'm just a shareholder. And I enjoy being one. But I wonder in light of these two shareholder proposals if people want to consider also that our lead director and his ties to Starbucks might have some play in Starbucks becoming the coffee supplier at Disneyland, which I know has upset a number of people that -- I go to Disneyland every week and I've heard nothing but bad comments along those lines. We miss our coffee. And we didn't want to see it change. And I wonder how independent our lead director is, might be something else to consider in line with these proposals. Thank you.

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**Bob Iger** – *Chairman and Chief Executive Officer, The Walt Disney Company*

Thank you. Let me assure you that the Board of Directors and the company maintains a very rigorous standard in terms of the definition of independence, something that we review for each of our board members on an annual basis and at no time has Orin Smith or any one of our other independent directors done anything or had any relationship with the company that would anyway impair the director's independence as a member of our board.





I also want to say and I was going to sort of hold general issues to later, but over the years one of the biggest criticisms we got at our parks was that our coffee wasn't good enough. And since Starbucks has done so well we thought it would be a great idea to serve our guests better coffee. And I don't mean to be cheeky about it but it's quickly become one of the most popular Starbucks in the country and we are going to add more. So I'm warning you about that, I think, but I think it's good news.

Are there any other comments specifically about those proposals? Yes, sir.

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**Audience Member**

Hi, my name is [Santino Pino]. I'm just a private shareholder and options trader. And I just wanted to say, I want to recommend that the board suggestions are followed through it. The current leadership that the company has has led this company to amazing new highs and provided the best interest to most parties involved and not everyone can come along for that ride, but everyone involved in it has reaped the benefit. So I recommend following the board's recommendations. Thank you.

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**Bob Iger** – *Chairman and Chief Executive Officer, The Walt Disney Company*

Any other comments at all on those proposals? Again, we have a general Q&A following this.

Okay, thank you. At this point, I think we've heard a range of views on proposals that this audience has brought. And I'd like to close this part of the discussion, which also concludes consideration of all the items to be presented at the meeting. So if anyone has not yet voted and you are holding a ballot, please raise your hand and we will collect them from you.

I think there are a few in the audience if we can please do that. The polls will now close. And I would ask the inspector of election to give us her report based on proxies received by the opening of today's meeting. Ballots and proxies handed in during the meeting will be tabulated by the inspector and included in the final tally, which will be reflected in the minutes of the meeting and in the report we will file with the SEC within the next week. So inspector, may we have your preliminary report.

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**Belinda Massafra** – *Broadridge Communications*

Thank you, Mr. Chairman.

For item 1, the election of directors, we have received proxies or votes as follows:



- For the election of Susan Arnold as director, “For” votes were approximately 86.6% of the votes cast.
- For the election of John Chen as director, “For” votes were approximately 88.4% of the votes cast.
- For the election of Judith Estrin as director, “For” votes were approximately 98.5% of the votes cast.
- For the election of Robert Iger as director, “For” votes were approximately 98.3% of the votes cast.
- For the election of Fred Langhammer as director, “For” votes were approximately 88.1% of the votes cast.
- For the election of Aylwin Lewis as director, “For” votes were approximately 86.8% of the votes cast.
- For the election of Monica Lozano as director, “For” votes were approximately 98.7% of the votes cast.
- For the election of Robert Matschullat as director, “For” votes were approximately 98.6% of the votes cast.
- For the election of Sheryl Sandberg as director, “For” votes were approximately 99.6% of the votes cast.
- For the election of Orin Smith as director, “For” votes were approximately 95.1% of the votes cast.

For item 2, ratification of the appointment of PricewaterhouseCoopers, we have received proxies for 98.9% of shares voting to approve the appointment.

For item 3, approval of the 2002 Executive Performance Plan, as amended, we have received proxies for 88.3% of shares voting to approve the Plan.

For item 4, approval of the advisory vote on executive compensation, we have received proxies for 57.6% of shares voting to approve the resolution.

For item 5, approval of the Proxy Access proposal, we have received proxies for 39.8% of shares voting to approve the proposal.



For item 6, approval of Future Separation of Chairman and Chief Executive Officer roles, we have received proxies for 35.3% of shares voting to approve the proposal.

That concludes my report, Mr. Chairman.

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**Bob Iger** – *Chairman and Chief Executive Officer, The Walt Disney Company*

Thank you very much. Based on that report and subject to the final confirmation of the voting results by the inspector of election, I declare that all of the nominees for election to the board have been duly elected, that the appointment of PricewaterhouseCoopers has been duly ratified, that the terms of the 2002 Executive Performance Plan are approved and that neither of the shareholder proposals was approved. I also note that the majority of votes present and eligible to both approve the advisory proposal on executive compensation.

Now that concludes the business portion of the meeting, which is now adjourned.

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**Forward-Looking Statements:**

Management believes certain statements in this call may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are made on the basis of management’s views and assumptions regarding future events and business performance as of the time the statements are made. Management does not undertake any obligation to update these statements. Actual results may differ materially from those expressed or implied. Such differences may result from actions taken by the Company, including restructuring or strategic initiatives (including capital investments or asset acquisitions or dispositions), as well as from developments beyond the Company’s control, including:

- adverse weather conditions or natural disasters;
- health concerns;
- international, political, or military developments;
- technological developments; and
- changes in domestic and global economic conditions, competitive conditions and consumer preferences.

Such developments may affect travel and leisure businesses generally and may, among other things, affect:

- the performance of the Company’s theatrical and home entertainment releases;
- the advertising market for broadcast and cable television programming;
- expenses of providing medical and pension benefits;
- demand for our products; and
- performance of some or all company businesses either directly or through their impact on those who distribute our products.

Additional factors are set forth in the Company’s Annual Report on Form 10-K for the year ended September 29, 2012 and in subsequent reports on Form 10-Q under Item 1A, “Risk Factors”.

Reconciliations of non-GAAP measures to closest equivalent GAAP measures can be found at [www.disney.com/investors](http://www.disney.com/investors).