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Disney Board Adopts Rules That Affect Leadership

Laura M. Holson. **New York Times**. (Late Edition (East Coast)). New York, N.Y.: Jan 7, 2004. pg. C.3

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Abstract (Article Summary)

Over the last two years, Disney has revamped its board, which investors and others had said was beholden to Michael D. Eisner, the company's chairman and chief executive. Recently, Roy Disney, nephew of the co-founder, Walt Disney, and another board member, Stanley P. Gold, quit the board and called for Mr. Eisner's resignation.

Under the new guidelines, John E. Bryson, the chairman of Edison International, will no longer be considered an independent director. Mr. Bryson's wife, Louise Henry Bryson, is an executive officer at Lifetime Entertainment Services, which is 50 percent owned by Disney and does business with Disney subsidiaries.

Mr. Eisner said that despite security alerts, Disney was pleased with attendance at the company's worldwide parks, including Walt Disney World, which he said had had its best day and best week over the Christmas holiday.

Full Text (556 words)

The Walt Disney Company said on Tuesday that its board had voted to adopt new guidelines for its corporate practices. The board also voted to reconfigure the makeup of some committees, including the influential governance and nominating committee.

Over the last two years, Disney has revamped its board, which investors and others had said was beholden to Michael D. Eisner, the company's chairman and chief executive. Recently, Roy Disney, nephew of the co-founder, Walt Disney, and another board member, Stanley P. Gold, quit the board and called for Mr. Eisner's resignation.

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In the 2003 fiscal year, that business exceeded the financial threshold established by the new guidelines for determining whether a director is independent.

As a result, Monica Lozano will succeed Mr. Bryson as head of the governance and nominating committee. Gary L. Wilson, a former Disney executive, will no longer be on the committee, which will now be composed of Ms. Lozano, Judith L. Estrin and a new board member, Aylwin Lewis.

The company said the board had also agreed to add another independent member and that former Senator George Mitchell of Maine would be re-elected as presiding director for 2004 and 2005.

Mr. Eisner spoke on Tuesday at the Smith Barney Entertainment, Media and Telecommunications Conference in Phoenix and detailed plans for the coming year. He said he expected earnings per share to rise 30 percent in fiscal 2004 as long as current economic trends continued.

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In the fall, Disney opened the attraction Mission: Space, which simulates a rocket launching, and it plans to open Hong Kong Disneyland next year.

The company is also continuing an effort to promote its products across all its divisions. For example, "Lilo & Stitch," the 2002 animated film from Walt Disney Pictures, has spawned a television show, a direct-to-home video movie and a coming theater sequel, Mr. Eisner said.

In the case of the Disney Channel, he pointed to several television shows that have done well, including "Kim Possible," an animated series about a cheerleader who is also an international spy, which has led to a line of consumer products, and the action series "That's So Raven" whose star, Raven, is being featured in books and a coming theater release.

"Indeed, it is something of a franchise factory," Mr. Eisner said of the Disney Channel.

But it is at the ABC network television division where Disney still has plenty of work to do.

"Our goal is to achieve profitability at the network in fiscal year 2005," Mr. Eisner said in his speech. Mr. Eisner said the network had curbed spending, including cutting costs at the television show "The Practice" by $76 million a year. The company has said that it renegotiated licensing fees for the show.

To further cut costs, Mr. Eisner said the company was continuing to pursue the sale of its Disney stores.