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Abstract (Article Summary)

Under the settlement under discussion, Disney and Mr. [Michael Eisner] would be cited for securities violations and would formally agree to a "cease and desist" order. Disney in 2002 began making more detailed disclosures about the relationships between board members and the company. A Disney spokeswoman said Mr. Eisner "accepted responsibility for the lapse in disclosure so we can put this behind us."

Mr. [Stanley Gold] said that he and Mr. Disney will try to reach institutional holders directly via mail and personal visits, while going after the support of Disney's many individual shareholders via their Web site, Savedisney.com, which Mr. Gold says has more than 12,000 registered users. Mr. Gold said he and Mr. Disney have had some informal meetings with various shareholders and other groups, but "until we decided to do this we didn't have anything to ask for." Mr. Disney is a nephew of the late Walt Disney and the son of company co-founder Roy O. Disney.

Full Text (609 words)

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Walt Disney Co. said its board awarded a \$6.25 million restricted stock bonus to Chairman and Chief Executive Michael Eisner for fiscal 2003, even as former board members Roy E. Disney and Stanley Gold issued a call in a letter for shareholders to withhold votes for the re-election of Mr. Eisner and three other directors.

Disney's annual proxy statement also disclosed that the company and Mr. Eisner are in discussions about a "possible administrative resolution" to a Securities and Exchange Commission inquiry. The previously disclosed SEC inquiry isn't related to Disney's financial statements, but rather to what the proxy statement describes as past "disclosure deficiencies" regarding relationships between the company and board members.

Under the settlement under discussion, Disney and Mr. Eisner would be cited for securities violations and would formally agree to a "cease and desist" order. Disney in 2002 began making more detailed disclosures about the relationships between board members and the company. A Disney spokeswoman said Mr. Eisner "accepted responsibility for the lapse in disclosure so we can put this behind us."

Mr. Eisner in 2003 received a \$1 million salary in addition to the restricted stock. He received no cash bonus. The package for Mr. Eisner is an increase from last year, when he received his \$1 million salary, a \$5 million restricted-stock award and no cash bonus. Disney in 2003 showed improvement in its stock price and financial performance but was coming off several rocky years in which its share price suffered because of poor earnings.

Disney President Bob Iger was paid a salary of nearly \$1.4 million, a cash bonus of \$4 million and \$1 million in restricted stock. That was an increase from his 2002 package that included a \$1 million salary, \$3 million bonus and \$1 million in restricted stock. For 2003, Disney Chief Financial Officer Tom Staggs and Chief Strategic Officer Peter Murphy were each paid salaries of about \$842,000, plus \$1 million cash bonuses and \$450,000 in restricted stock.

Disney's annual meeting is set for March 3 in Philadelphia. Mr. Disney and Mr. Gold resigned from Disney's board late last year, and have since then campaigned for the resignation or ouster of Mr. Eisner. In a letter released yesterday, the men urged shareholders to withhold votes for the re-election of Mr. Eisner, who they said "has been unable to manage growth or achieve performance levels that were once commonplace" at the company.

The men also said that shareholders should withhold votes from the board's presiding director, George Mitchell, for what they called "poor governance"; John Bryson, for what was called "lack of independence"; and Judith Estrin, chairman of the board's compensation committee, for allegedly "poor compensation practices."

Mr. Gold said that he and Mr. Disney will try to reach institutional holders directly via mail and personal visits, while going after the support of Disney's many individual shareholders via their Web site, Savedisney.com, which Mr. Gold says has more than 12,000 registered users. Mr. Gold said he and Mr. Disney have had some informal meetings with various shareholders and other groups, but "until we decided to do this we didn't have anything to ask for." Mr. Disney is a nephew of the late Walt Disney and the son of company co-founder Roy O. Disney.

None of the Disney board members could be reached for comment. A company spokeswoman said the letter from Messrs. Disney and Gold is "full of factual errors designed to mislead the shareholder" and that the company believes its shareholders can "distinguish truth from fiction." Mr. Gold denied any errors and said he too believes in the shareholders ability to tell the difference between fact and fiction.

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