Egan-Jones Proxy Services

Research Report

Company		Ticker Symbol	CUSIP
THE WALT DISNEY COMPANY		DIS	254687106
Guideline	**Meeting Date**	**Record Date**	**Date Published**
Standard	03/07/19	01/07/19	02/26/19

(delivered to most major institutional investors and parties interested in proxy matters)

Our recommendations are received by most major investors.

THIS IS A CORRECTED REPORT

Meeting Information	
Meeting Type	Annual
Meeting Date	03/07/19
Record Date	01/07/19

Items & Recommendations

We recommend that clients holding shares of THE WALT DISNEY COMPANY vote:

Item	Egan-Jones Recommendation	Management Recommendation
1 – Election of Directors	FOR, WITH EXCEPTION OF Mary T. Barra, Maria Elena Lagomasino, Rober Iger	FOR ALL
2 – Ratification of Appointment of Independent Registered Public Accountants	AGAINST	FOR
3 – Advisory Vote on Executive Compensation	AGAINST	FOR
4 – Shareholder Proposal: Lobbying Disclosure	AGAINST	AGAINST
5 – Shareholder Proposal: Report on Cyber Security and Data Privacy	FOR	AGAINST

Considerations and Recommendations

Egan-Jones' review centered on the Proposals in the context of maximizing shareholder value, based on publicly available information.

This is a corrected report.

Recent Updates:

On March 4, 2019, The Walt Disney Company (the "Company") and Robert A. Iger entered into an amendment to Mr. Iger's employment agreement with the Company (the "Amendment"). The Amendment reduces by **$13,500,000** the annual total compensation opportunities that the Company would have made available to Mr. Iger upon the closing (the "Transaction Closing Date") of the transaction (the "Transaction") contemplated by the Agreement and Plan of Merger, dated December 13, 2017, among Twenty-First Century Fox, Inc., the Company, TWC Merger Enterprises 2 Corp., and TWC Merger Enterprises 1, LLC (the "Transaction Agreement"), as follows: (a) eliminates the annual base salary increase of $500,000 on the Transaction Closing Date, and instead maintains annual base salary at the level currently in effect of $3,000,000; (b) eliminates the annualized $8,000,000 increase in Mr. Iger's annual target bonus opportunity following the Transition Closing Date, and instead maintains annual target bonus opportunity at the level currently in effect of $12,000,000; and (c) decreases by $5,000,000 the annual target long-term incentive award opportunity that would have been made available to Mr. Iger for periods following the Transaction Closing Date to $20,000,000.

We note that the said decrease in total compensation of Mr. Iger did not result into a change in our voting recommendation for the Say on Pay proposal.

Governance Rating Score Summary

Ticker	**DIS**
Company name	**Walt Disney Company**

Board Rating

Item	**TRUE/FALSE**
CEO and Chairman Separate	FALSE
Annual Director Elections	TRUE
All Classes of Stock Have Equal Voting Rights	TRUE
Compensation Committee with All Independents	TRUE
Audit Committee with All Independents	TRUE
Nominating Committee with All Independents	TRUE
Non-binding Compensation Vote on Agenda	TRUE
Majority Independent Directors on Board	TRUE
Over-boarded CEO Director	FALSE
Over-boarded Board Chair	FALSE
Over-boarded Non-CEO Director	FALSE
Major cyber security breach	FALSE
Failure to implement sufficient carbon risk plan	FALSE
Other financial or operational risk control failure	FALSE
Other serious reputational risk failure by the Board	FALSE
Version	VER 2.10 12/15/2017
Sub Total	80.00
Performance Adjustment	7.81
Total	87.81
Final Board Score	***Good***

Compensation Rating

CEO Total Comp($)	65,645,214
CEO Salary ($)	2,875,000
TSR (%)	20.63
Market Capitalization ($M)	173,918.21
Wealth Creation ($M)	35877.19
Wealth Creation/CEOPAY	546.53
Raw Score (pre adjustments)	Superior
Final Score	***Needs Attention***
Rating Model Version	VER 3.10 12/15/2017
High CEO Total Compensation	Negative Adjustment
CEO Salary Under $1 Million Limit	No Adjustment
Other Adjustments:	No Adjustment

Audit Rating

Audit Fees	19,900,000
Total Fees	27,000,000
Non-Audit Fees exceed 50%	FALSE
Auditor has served for seven or more years	TRUE
Raw Score	Some Concerns
Version	VER 1.11 12/15/2017
Final Score	***Needs Attention***

Governance Rating

Overall Score	***Needs Attention***

Cyber Security Risk Rating

The Egan-Jones Cyber Risk Ratings helps stake holders assess the security posture (health) of covered entities. EJPS analysts use the SecurityScorecard platform to ascertain the company's Score which is incorporated into the EJPS Proxy Research Report. The methodology utilized for determining the Score can be found at http://ejproxy.com/media/documents/Egan-Jones_Proxy_Services_Cyber_Risk_Rating.pdf. For additional questions or comments please contact research@ejproxy.com or +1-844-495-5244 x1102.

Company Name	THE WALT DISNEY COMPANY
Domain	disney.com
SSC Letter Grade	C
SSC Industry	entertainment
Application Security	F
Cubit Score	A
DNS Health	F
Endpoint Security	B
Hacker Chatter	A
IP Reputation	A
Network Security	C
Information Leak	A
Patching Cadence	C
Social Engineering	A
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Minimum Factor Grade	F
EJP Qualitative Adjustment	None
Final Score	***Needs Attention***
Cyber Security Scoring Engine Version	2.0.1 - EJP

Governance Data Source:

MyLogIQ.com - MyLogIQ is a data provider that powers intelligent decision-making about US public companies. Using artificial intelligence (AI), MyLogIQ’s Company IQ™ platform identifies, extracts, and collates information from relevant public sources to create an in depth company profile. The MyLogIQ data and analytics cover financial performance, corporate governance, executive and director compensation, regulatory compliance, audit activity, and institutional/activist ownership.

Governance Profile:

Cik Code	1001039
Company Name	WALT DISNEY CO/
Ticker	DIS
Cusip	254687106
Filing Year	2019
Filing Date	01-11-2019
Lead Director	Yes
At Least One-Third Female Directors on Board	No
Board Attendance in Excess of 95%	No
Regular Executive Sessions of Non-Management Directors	Yes
Compensation Consultant	FREDERIC W. COOK & CO. INC
Stockholder Contact Point	Broadridge Corporate Issuer Solutions, P.O. Box 1342, Brentwood, NY 11717
Director Performance Review	Yes
Directors Removed Only for Cause	Yes
Supermajority Required to Amend Charter	ND
Directors Resign Upon Change in Job	Yes
Director Age Limit	ND
Lack of Cumulative Voting for Directors	ND
Act by Shareholder Written Consent	ND
Right to Call Special Meetings	Yes
Poison Pill or Rights Plan	No
Classified Board	No
Proxy Access Policy	ND
Disclosed Clawback Provision	Yes
Anti Hedging and Pledging Policies	Yes
Auditor Name	PRICEWATERHOUSECOOPERS LLP
Auditor Since	1938

Cusip	254687106
Filing Year	2019
Filing Date	01-11-2019
Pay for Performance	Yes
Active Stockholder Engagement Program	Yes
LTI Based on Relative TSR and Value-Driving Financial Metrics	Yes
Severance Provisions	Yes
Clawback Policy on All Variable Pay	Yes
Consideration by Compensation Committee of Stockholder Dilution and Burn Rate in Equity Grant Decisions	No
Stock Ownership Requirements	ND
Annual Comparator Group Review	Yes
Independent Consultant Reports Directly to the Compensation Committee	Yes

Item 1

Election of Directors

There is a single slate of nominees, the nominees appear qualified,**however we recommend that clients WITHHOLD votes from the following nominees:**

Director Nominee	Reason to WITHHOLD	Egan-Jones Explanation
Mary T. Barra	Member of the Compensation Committee and the Company earns a compensation score of Needs Attention	Egan-Jones' Proxy Guidelines state that the Compensation Committee should be held accountable for such a poor rating and should ensure that the Company's compensation policies and procedures are centered on a competitive pay-for-performance culture, strongly aligned with the long-term interest of its shareholders and necessary to attract and retain experienced, highly qualified executives critical to the Company's long-term success and the enhancement of shareholder value.
Maria Elena Lagomasino		
Rober Iger	Chairman of the Board and the Company earns a Cyber Security Risk Rating of Needs Attention	Egan-Jones' Proxy Guidelines state that the Chairman of the Board should be held accountable in cases when the Company obtains the score of Needs Attention on the Cyber Security Risk Rating. We believe that cyber security should be critical for all organizations given the rise of the cyber threats and data breaches in the corporate scene, which could affect any organization's reputation and lead to declined investor confidence. As such, Egan-Jones believes that in order to avoid risks of data breaches any cybersecurity weaknesses should be addressed aggressively in the board room, combined with the proper approach to cyber risk management, implementation of systems and controls against cybersecurity incidents and the leadership of the Chairman of the Board.

We note the presence of the key Board committees namely Audit, Compensation and Corporate Governance/Nominating committees, comprised solely of Independent outside directors. Also, each director attended at least 75% of all the meetings of the Board and of the committees during fiscal year 2018.

DIRECTOR NOMINEES:

Susan E. Arnold, 64, has been an operating executive of The Carlyle Group, an equity investment firm, since September 2013. She retired as President — Global Business Units of Procter & Gamble in 2009, a position she had held since 2007. Prior to 2007, she was Vice Chair of P&G Beauty and Health from 2006, Vice Chair of P&G Beauty from 2004 and President Global Personal Beauty Care and Global Feminine Care from 2002. She was a director of McDonald's Corporation from 2008 to 2016, and was a director of NBTY, Inc. from 2013 to 2017. Ms. Arnold has been a Director of the Company since 2007.

Ms. Arnold contributes to the mix of experience and qualifications the Board seeks to maintain primarily through her experience as an executive of Procter & Gamble and her other public company board experience. At Procter & Gamble, Ms. Arnold was a senior executive responsible for major consumer brands in a large, complex retailing and global brand management company. As a result of this experience, Ms. Arnold brings to the Board in-depth knowledge of brand management and marketing, environmental sustainability, product development, international consumer markets, finance and executive management, including executive compensation and management leadership.

Mary T. Barra, 57, has been Chairman of General Motors Company since 2016 and Chief Executive Officer of General Motors since 2014. Prior to that time, she served at General Motors as Executive Vice President, Global Product Development, Purchasing and Supply Chain from 2013 to 2014, Senior Vice President, Global Product Development from 2011 to 2013, Vice President, Global Human Resources from 2009 to 2011 and Vice President, Global Manufacturing Engineering from 2008 to 2009. In addition to serving on the Board of General Motors from 2014, she served on the Board of General Dynamics Corporation from 2011 to 2017. Ms. Barra has been a Director of the Company since 2017.

Ms. Barra contributes to the mix of experience and qualifications the Board seeks to maintain primarily through her experience as a leader of the General Motors Company and her other public company board experience. In her roles at General Motors, Ms. Barra has been responsible for overseeing and managing executive teams and a sizeable worldwide work force, with an emphasis on development and marketing of technology-based consumer-facing products and on human resources. As a result of this experience, Ms. Barra brings to the Board an understanding of worldwide consumer markets, changing technology and the challenges and risks facing large public companies with complex global operations.

Safra A. Catz, 57, has been a Chief Executive Officer of Oracle Corporation since 2014. She served as President of Oracle from 2004 to 2014 and as the company's Chief Financial Officer from 2011 to 2014 and from 2005 to 2008. Prior to being named President of Oracle, she held various other positions with Oracle from 1999. She has been a member of the Board of Directors of Oracle since 2001, and was a director of HSBC Holdings from 2008 through 2015. She has been a Director of the Company since February 2018.

Ms. Catz contributes to the mix of experience and qualifications the Board seeks to maintain primarily through her experience as both a chief executive and chief financial officer of Oracle. At Oracle, Ms. Catz has been responsible for leadership of a complex, global technology company, with an emphasis on acquisition strategy and integration of acquired companies, and also led Oracle's financial function, which has a complexity and breadth comparable to that of the Company. As a result of this experience, Ms. Catz brings to the Board valuable insights regarding the management of a complex, global organization with particular insights in acquisitions, experience in a wide range of financial and accounting matters, and an understanding of the rapidly changing technological landscape that affects the businesses including the protection of electronically stored data.

Francis A. deSouza, 48, has been President and Chief Executive Officer of Illumina, Inc., a biotechnology company, since 2016 and served as President of Illumina from 2013 to 2016. Prior to joining Illumina, Mr. deSouza was President, Products and Services, of Symantec Corporation from 2011 to 2013, and Mr. deSouza served as Symantec's Senior Vice President, Enterprise Security Group, from 2009 to 2011. Prior to that time he founded or worked in a variety of other technology businesses. He has served as a Director of Illumina since 2014 and was a director of Citrix Systems, Inc. from 2014 to 2016. He has been a Director of the Company since February 2018.

Mr. deSouza contributes to the mix of experience and qualifications the Board seeks to maintain primarily through his experience as Chief Executive Officer of Illumina, his prior experience at Symantec and other technology companies. At Illumina, Symantec, and the other companies he has worked at, Mr. deSouza has overseen growth and maturation of technology businesses and gained in-depth experience in the management of technology oriented businesses, including cybersecurity businesses. As a result of this experience, Mr. deSouza brings to the Board an understanding of the risks and opportunities involved in the development of diverse and changing businesses and extensive insight into technological developments that affect the business, including cybersecurity matters.

Michael Froman, 56, has been Vice Chairman and President, Strategic Growth at Mastercard Incorporated since 2018. He served as United States Trade Representative in the Executive Office of the President from 2013 to 2017, and as Assistant to the President and Deputy National Security Advisor for International Economic Policy from 2009 to 2013. Prior to that time he held various positions at Citigroup from 1999 through 2009, including Chief Executive Officer of CitiInsurance and Chief Operating Officer of Citigroup's alternative investments business. Earlier in his career, Mr. Froman served in the Clinton administration, holding positions both at the US Department of Treasury and the White House. He currently serves as a Distinguished Fellow of the Council on Foreign Relations. He has been a Director of the Company since September 2018.

Mr. Froman contributes to the mix of experience and qualifications the Board seeks to maintain primarily through his experience in international affairs in both the public and private sector, his background in finance, and his experience in managing large and complex global businesses. As a result, he brings to the board extensive knowledge of the international markets in which we participate, factors affecting international trade, finance, executive management, and balancing risks and opportunities in a dynamic marketplace, all of which support the strategic focus on innovation in changing markets and global growth.

Robert A. Iger, 67, has served as Chairman and Chief Executive Officer since March 2012. Prior to that time, he served as President and Chief Executive Officer of the Company since 2005, having previously served as President and Chief Operating Officer since 2000 and as President of Walt Disney International and Chairman of the ABC Group from 1999 to 2000. From 1974 to 1998, Mr. Iger held a series of increasingly responsible positions at ABC, Inc. and its predecessor Capital Cities/ABC, Inc., culminating in service as President of the ABC

Network Television Group from 1993 to 1994 and President and Chief Operating Officer of ABC, Inc. from 1994 to 1999. He is a member of the Board of Directors of Apple, Inc., the National September 11 Memorial & Museum, and the Bloomberg Family Foundation. Mr. Iger has been a Director of the Company since 2000. The Company has agreed in Mr. Iger's employment agreement to nominate him for re-election as a member of the Board and as Chairman of the Board at the expiration of each term of office during the term of the agreement, and he has agreed to continue to serve on the Board if elected.

Mr. Iger contributes to the mix of experience and qualifications the Board seeks to maintain primarily through his position as Chairman and Chief Executive Officer of the Company and his long experience with the business of the Company. As Chairman and Chief Executive Officer and as a result of the experience he gained in over 40 years at ABC and Disney, Mr. Iger has an intimate knowledge of all aspects of the Company's business and close working relationships with all of the Company's senior executives.

Maria Elena Lagomasino, 69, is the Chief Executive Officer and Managing Partner of WE Family Offices, an office serving high net worth families, and has held these positions since March 2013. Ms. Lagomasino served as Chief Executive Officer of GenSpring Family Offices, LLC, an affiliate of SunTrust Banks, Inc., from November 2005 through October 2012. From 2001 to 2005, Ms. Lagomasino was Chairman and Chief Executive Officer of JPMorgan Private Bank, a division of JPMorgan Chase & Co., a global financial services firm. Prior to assuming this position, she was Managing Director of The Chase Manhattan Bank in charge of its Global Private Banking Group. Ms. Lagomasino had been with Chase Manhattan since 1983 in various positions in private banking. Ms. Lagomasino is a member of the Council on Foreign Relations, and is a founder of the Institute for the Fiduciary Standard. She served as a Trustee of the National Geographic Society from 2007 to 2015. She served as a director of the Coca-Cola Company from 2003 to 2006 and from 2008 to the present and currently serves as the independent lead director of Coca-Cola, and she served as a director of Avon Products, Inc. from 2001 to March 2016. Ms. Lagomasino has been a Director of the Company since 2015.

Ms. Lagomasino contributes to the mix of experience and qualifications the Board seeks to maintain primarily through her experience in leading a variety of firms in the wealth management industry and her experience on other public company boards. In leading firms in the wealth management industry, she has gained a deep understanding of finance, investment and capital markets and experience in leading complex organizations and in evaluating the strategies of businesses in a variety of industries with varying size and complexity. Her experience at JP Morgan Private Bank included management of that firm's international operations and this experience contributes an understanding of conducting business internationally, particularly in Latin America. Through her service on other public company boards, she brings to the Board extensive experience with and a keen understanding of global brands as well as her ability to use her experience in providing insight and guidance in overseeing executive management, including executive compensation.

Mark G. Parker, 63, has been President and Chief Executive Officer of NIKE, Inc. since 2006 and Chairman of NIKE since 2016. He has been employed by NIKE since 1979 in a variety of positions with primary responsibilities in product research, design and development, marketing and brand management. Mr. Parker has been a member of the Board of Directors of NIKE since 2006, and has been a Director of the Company since 2016.

Mr. Parker contributes to the mix of experience and qualifications the Board seeks to maintain through his experience in various positions at NIKE. Through this experience he has gained substantial insights in designing, producing and marketing consumer products and in managing major consumer brands sold throughout the world. At NIKE, Mr. Parker has also managed a complex, global organization and brings to the Board his knowledge and skills in financial and executive management, executive compensation and management leadership.

Derica W. Rice, 53, has been Executive Vice President of CVS Health and President of CVS Caremark, the pharmacy benefits management business of CVS Health, since March 2018. Prior to that time, he was employed in various executive positions at Eli Lilly and Company since 1990, most recently serving as Executive Vice President of Global Services and Chief Financial Officer from 2006 to 2017. Mr. Rice was a member of the Board of Directors of Target Corporation from 2007 to January 2018.

Mr. Rice will contribute to the mix of experience and qualifications the Board seeks to maintain through his experience in various positions at CVS Health and Eli Lilly and his other public company board experience. Mr. Rice leads the pharmacy benefits management business of CVS Health and had extensive experience in the financial function at Eli Lilly, including serving as Eli Lilly's chief financial officer. As such, he brings practical knowledge of executive management of complex, worldwide businesses, and extensive experience in a wide range of financial and accounting matters including management of worldwide financial operations, financial oversight, risk management and the alignment of financial and strategic initiatives.

KEY BOARD COMMITTEE MEMBERSHIPS:

Audit Committee

Safra A. Catz

John S. Chen (Chair)

Francis A. deSouza

Michael Froman

Aylwin B. Lewis

Governance and Nominating Committee

Susan E. Arnold (Chair)

Maria Elena Lagomasino

Fred H. Langhammer

Mark G. Parker

Compensation Committee

Mary T. Barra

Maria Elena Lagomasino

Aylwin B. Lewis (Chair)

CERTAIN RELATED TRANSACTIONS:

None

Item 2

Ratification of Appointment of Independent Registered Public Accountants

Recommendation:

At Egan-Jones Proxy Services we review relevant factors, both qualitative and quantitative in nature, before issuing a recommendation regarding the ratification of appointment of independent auditors. We believe that auditor rotation every seven years, a ratio of non-audit fees and total fees not exceeding 50%, a lack of significant and material disciplinary actions taken against the Company’s Auditor and any financial interest of the auditor in or association with the Company are the minimum criteria that should be taken into consideration in ensuring the auditor’s independence.

The sum total of our evaluation can be found in the Auditor Rating we give this auditor. Generally and absent other negative factors, we suggest a score of ***Neutral*** or higher. This audit firm has earned a grade of ***Needs Attention*** and thus, has failed to pass our model.

After, taking into account both the quantitative and qualitative measures outlined below, we believe that shareholders should not support the ratification of the auditors**Therefore, we recommend a vote AGAINST this Proposal.**

**See scoring details on top of the report.*

Background:

While ratification of auditors is one of the most common proposals submitted to shareholders it should not be overlooked. After employing the most qualified directors and CEO, to manage and grow the company, having equally experienced auditors should be next in importance. Reliable auditors are critical to ensuring shareholders receive accurate and timely reports of the Company's financial performance.

Exhibit 1 - Audit Fees

	Current Fiscal Year		Prior Fiscal Year	
Audit Fees	$	19,900,000	$	19,600,000
Audit Related Fees	$	3,500,000	$	3,400,000
Non Audit and Tax Fees	$	3,600,000	$	4,000,000
Total Fees	$	27,000,000	$	27,000,000

Exhibit 2 - Audit Fee Ratios

	Relevant Ratios	Note
Total Fee Increase/Decrease	0.0%	
Non-Audit Related Fees divided by Total Fees (Current FY):	13.3%	Should not be higher than 50%

Board Auditor Choice: **PricewaterhouseCoopers, LLP**

PricewaterhouseCoopers, LLP is a PCAOB (Public Company Accounting Oversight Board) registered auditor. Public records show that there have been a disciplinary actions taken against this firm; however, we do not believe this to be unusual for such a large company with a big number of employees, in most of these cases.

Nevertheless, we note the PCAOB Release No. 105-2017-032 from August 2, 2017 in which the Public Company Accounting Oversight Board censured PricewaterhouseCoopers LLP ("PwC" or "Respondent") and imposed on PwC a civil money penalty in the amount of $1,000,000. The Board imposed these sanctions on the basis of its findings that PwC violated PCAOB rules and standards in connection with its 2014 audit and examination engagements for Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill"), a broker-dealer registered with the United States Securities and Exchange Commission ("Commission").

In addition, we note the 2014 PCAOB order (PCAOB Release No. 105-2014-007) in which the Board censured Randall A. Stone, CPA ("Stone"), Randall A. Stone, age 51, of Austin, Texas, a certified public accountant licensed under the laws of Texas (license no. 047916), imposed a civil money penalty in the amount of $50,000; and barred Stone from being associated with a registered public accounting firm. At all relevant times, Stone was a partner in the Austin, Texas office of PwC was an associated person of a registered public accounting firm as that term is defined in Section 2(a)(9) of the Act and PCAOB Rule 1001(p)(i). Stone retired from PwC effective June 30, 2014. This PCAOB order resulted from its findings concerning Stone's violations of PCAOB rules and auditing standards in connection with (1) the audit of the consolidated financial statements of ArthroCare Corporation ("ArthroCare" or "Company") for the fiscal year ended December 31, 2007, and (2) the consent to incorporate by reference the fiscal year 2007 audit report in a Form S-8 Registration Statement filed by ArthroCare with the United States Securities and Exchange Commission ("Commission" or "SEC") in June 2008.

Item 3

Advisory Vote on Executive Compensation

Recommendation:

After taking into account both the quantitative and qualitative measures outlined below, we believe that shareholders cannot support the current compensation policies put in place by the Company's directors. Furthermore, we believe that the Company's compensation policies and procedures are not effective or strongly aligned with the long-term interest of its shareholders. **Therefore, we recommend a vote AGAINST this Proposal.**

Background:

At Egan-Jones Proxy Services we review a number of factors, both qualitative and quantitative in nature, before issuing a recommendation regarding the advisory vote on executive compensation. These include total CEO compensation, company performance, and any past issues with compensation.

The sum total of our quantitative look at compensation can be found in the compensation corporate governance grade we give this company. Generally and absent other negative factors, a score of *Neutral* or higher in compensation merits a positive "say-on-pay" vote. This Company has earned a grade of***Needs Attention*** in compensation and thus, has failed to pass our quantitative tests.

Our qualitative review of this Company's compensation has identified one minor issue; the CEO's salary at $2,875,000 exceeds the $1 million dollar deducibility limit imposed by section 162m for salaries and non-qualified incentive payments. Failure to abide by IRS 162m rules results in loss of deductibility for the compensation in question and possibly increased and unnecessary tax payments. While this issue is not sufficient to trigger a negative vote alone, it does impact the Company's overall compensation score, we would recommend the board investigate and consider alternative means of compensation for the CEO and any other 162m covered NEOs who exceed this limit in the future.

This advisory vote is not binding. Although non-binding, the Compensation Committee will consider the outcome of the advisory vote when making future decisions regarding the executive compensation programs.

**See scoring details on the top of the report.*

Item 4

Shareholder Proposal: Lobbying Disclosure

Recommendation:

We believe that it is in the best interests of the Company and the stockholders to belong to industry associations and coalitions, where the Company benefits from the general business, technical, and industry standard-setting expertise these organizations provide. We furthermore believe that the proposal seeks unnecessary line-item disclosure of lobbying expenditures. We believe that the requested report is unnecessary and would require expenditures and the use of Company resources without providing any meaningful benefit to the shareholders. **After evaluating the details pursuant to the shareholder proposal and in accordance with the Egan-Jones' Proxy Guidelines, we recommend a vote AGAINST this Proposal.**

Background:

The shareholders are being asked to act on a proposal that requests the Board to authorize the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.

2. Payments by Disney used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.

3. Disney's membership in and payments to any tax-exempt organization that writes and endorses model legislation.

4. Description of management's decision making process and the Board's oversight for making payments described in sections 2 and 3 above.

For purposes of this proposal, a "grassroots lobbying communication" is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. "Indirect lobbying" is lobbying engaged in by a trade association or other organization of which Disney is a member.

Both "direct and indirect lobbying" and "grassroots lobbying communications" include efforts at the local, state, and federal levels.

The report shall be presented to the Audit Committee or other relevant oversight committees and posted on Disney's website.

The lobbying disclosure initiative is a natural extension of ongoing shareholder efforts seeking greater corporate political spending transparency and accountability. Specifically, enhanced lobbying disclosure will enable shareholders to better evaluate whether a company's lobbying expenditures and actions advance the company's interests and do not present risks to company value. (AFSCME Employees Pension Plan, 2014).

Shareholders encourage transparency and accountability in the company's use of corporate funds to influence legislation and regulation. Some companies do not disclose its memberships in, payments to, trade associations, or the portions of such amounts used for lobbying. Absent a system of accountability, company assets could be used for objectives contrary to the Company's long-term interests.

Item 5

Shareholder Proposal: Report on Cyber Security and Data Privacy

Recommendation:

Given the Cyber Security Risk Rating that the Company earns, we believe that providing a report as requested in the proposal is in the best interests of the Company and its shareholders. We believe that cyber security should be critical for all organizations given the rise of the cyber threats and data breaches in the corporate scene, which could affect any organization's reputation and lead to declined investor confidence. **We recommend a vote FOR this Proposal**

Background:

The shareholders are being asked to approve of The Walt Disney Company (the "Company" or "Disney") ask the board of directors (the "Board") to publish a report (at reasonable expense, within a reasonable time, and omitting confidential or propriety information) assessing the feasibility of integrating additional cyber security and data privacy metrics into the performance measures of senior executives under Disney's compensation incentive plans.

Disney links senior executive compensation to various performance metrics, including information security metrics. Cyber security and data privacy are vitally important issues for Disney and should be integrated as appropriate into senior executive compensation to incentivize leadership to reduce needless risk, enhance financial performance, and increase accountability.

Rewarding executives for risk mitigation as well as growth generation will better position Disney as a trusted brand.

In September 2017, the Co-Director of the SEC's Enforcement Division announced creation of a "Cyber Unit" stating, "Cyber-related threats and misconduct are among the greatest risks facing investors and the securities industry."

Prior to becoming Chairman of the SEC, Jay Clayton wrote, "cyber-threats are among the most urgent risk to America's economic and national security and the personal safety of its citizens."

A 2018 White House report estimated, "malicious cyber activity cost the U.S. economy between $57 billion and $109 billion in 2016." (https://www.whitehouse.gov/wp-content/uploads/2018/03/The-Cost-of-Malicious-Cyber-Activity-to-the-U.S.-Economy.pdf)

A 2018 survey of 9,500 executives in 122 countries found 44% have no overall information security strategy, 48% have no employee security awareness training program and 54% have no incident response plan in place. (https://www.pwc.com/us/en/services/consulting/cybersecurity/library/inf ormation-security-survey.html)

In the United Kingdom, a Parliamentary committee studying cyber security recommended: "To ensure this issue receives sufficient CEO attention before a crisis strikes, a portion of CEO compensation should be linked to effective cyber security, in a way to be decided by the Board."

Many consumers dislike being tracked and profiled. As a result some regulators have taken action to address concerns. Disney made several policy commitments regarding data privacy and data security but may be particularly vulnerable due to the depth of information it collects, including about children, who are usually subject to more stringent data protection laws. Some questions can be readily addressed by looking at Disney's Privacy Policy. However, publishing the requested report could further reduce uncertainty regarding what information is collected by Disney, how it is protected and how its security is tied to executive pay.

High-profile cyber attacks and allegations have given the entertainment industry an image problem.

Consumers have little faith in the industry's ability to safeguard their data or respect their privacy preferences. (https://deadline.com/2017/11/pwc-hollywood-cyberattacks-sony-pictures-hbo-netflix-1202198988/) Since risks are significant, the Board should explore more fully integrating cyber security and data privacy metrics into executive compensation.

Closing Comments

2/26/19 - Correction in Standard, Taft-Hartley, SRI and Catholic reports - removed Aylwin B. Lewis from recommentions as he is not standing for election.

Disclaimer