CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?

California State Teachers'
Retirement System
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March 12, 2012

Mr. John E. Pepper Jr.
Chairman of the Board

Mr. Fred H. Langhammer
Chairman of the Compensation Committee

Mr. Aylwin B. Lewis
Chairman of the Governance and Nominating Committee

The Walt Disney Company
500 South Buena Vista Street
Burbank, CA 91521

Dear Gentlemen,

We are writing to you on behalf of the members of the California State Teachers' Retirement System (CalSTRS). CalSTRS was established for the benefit of California's public school teachers over 95 years ago and is currently the second-largest public pension system in the United States. The CalSTRS portfolio is currently valued at approximately $150 billion and serves the investment and retirement interests of over 852,000 plan participants. The long-term nature of CalSTRS' liabilities, and its responsibilities as a fiduciary to its members, makes the fund keenly interested in governance issues, especially executive compensation.

We want to thank Mr. Pepper and his colleagues for meeting with us last week on March 5, 2012. We found the meeting both helpful and informative, and we sincerely appreciate the organized effort to engage shareholders. As of December 31, 2011, CalSTRS held 5,099,647 shares worth $191,236,762.50 of The Walt Disney Company ("Disney" or the "Company") common stock and, as you may know, we plan to vote against several items on the Company's 2012 proxy. Given our recent meeting, we wanted to provide specific details regarding our against votes.

CalSTRS will be voting against the members of Disney's Governance and Nominating Committee members for the return of the Executive Chairman at Disney. CalSTRS fundamentally supports the concept of an independent non-executive chairman and we were extremely disappointed when the announcement was made to recombine the roles of CEO and Chairman. As our representatives in the boardroom, one of the primary responsibilities of a Governance and Nominating Committee is to develop and implement policies related to corporate governance. We felt the committee members were remiss in their responsibilities by not surveying shareholders prior to reversing a precedent that many see as a best practice standard in the marketplace. We were further concerned by the Board's decision to include this arrangement in Mr. Iger's employment agreement. As we stated in our meeting, we generally do not support employment agreements guaranteeing compensation, especially for long-tenured employees.

CalSTRS will also be voting against the Disney's Say-on-Pay proposal and the Compensation Committee members. Similar to the rationale for our against vote last year, we believe the structure of Disney's compensation is fundamentally flawed. First and foremost, we find a disconnect between the performance of the Company and the compensation of the executives, especially Mr. Iger's. In our view, Mr. Iger's compensation over the past several years has not been an example of alignment with the interest of shareholders. We believe this is partly due to the generous base salaries and large cash bonuses. For example, over the past three years Mr. Iger received over $44 million in cash while Disney's total shareholder return over the same time period has been a modest 0.7%, compared to the peer median of the cross-industry group was 3.7%. These cash payments do little to align the executives' interest with that of shareholders.

We believe the other major structural flaw of Disney's compensation program is related to the multiple peer groups used. While we understand the challenges companies face when selecting a peer group, especially for a company of Disney's size and complexity, consistent peer groups must be established to measure performance. In the supplementary proxy materials issued by the Company you state, "The Committee looks at performance and compensation in relation to the single most appropriate set of peers available: the five major publicly held entertainment companies." While we do not dispute that these companies should be included in Disney's peer group, we do not believe pay should be targeted solely to these media companies, while using performance metrics from another group of peers. In addition to looking at the entertainment companies and a broader cross-industry group of companies, Disney also uses the S&P 500 to test the performance metrics for the restricted stock units. There is a major disconnect when trying to align pay with one group of companies, yet measuring its performance to another.

As an iconic California company we wish you continued success and thank you and colleagues for engaging us on these important issues. We encourage the Board to reevaluate the Company's policies and reflect on the outcome of the upcoming annual meeting. Should you have any immediate questions or wish to set up a call, please contact Aeisha Mastagni by phone at 916-414-7418 or by email at amastagni@calstrs.com .

Thank you for your attention in this matter.

Sincerely,

Anne Sheehan
Director of Corporate Governance

cc: Mr. Alan N. Braverman, Senior Vice President, General Counsel, and Secretary
Mr. Lowell Singer, Senior Vice President, Investor Relations
Mr. Dominick J. DiCosimo, Senior Vice President, Enterprise Compensation