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Disney Board Again Spurns Comcast

By Akweli Parker

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Walt Disney Co. shareholders' stunning 43 percent vote against the continued reign of company chairman Michael D. Eisner buoyed - for a time, at least - the prospects of Comcast Corp., whose merger bid was rejected last month by the Disney board and by Eisner personally.

After preliminary voting results emerged yesterday afternoon, Comcast in a statement urged Disney's "independent directors" to meet "immediately" with Comcast to discuss the spurned bid.

But again, the Disney board rejected the new Comcast overture. In a statement last night, the Disney board said it "does not believe today's reiteration by Comcast of its previous proposal, which we rejected as inadequate, would lead to a transaction beneficial to Disney shareholders. The board will carefully review and analyze any reasonable proposal." Nonetheless, Comcast chief financial officer John R. Alchin said last night: "We stand by the statement we made earlier. It says all we have to say. It is really up to them."

Comcast executive vice president David L. Cohen and a handful of other executives, including Alchin and vice president of administration Karen Dougherty Buchholz, cut short their stay at a 500-employee management retreat in Arizona so they could monitor Disney's shareholder meeting yesterday in Philadelphia.

Listening to the Disney proceedings via Webcast at Comcast's headquarters at 15th and Market Streets, Cohen gave his boss, chief executive officer Brian L. Roberts, frequent updates on the Disney meeting via BlackBerry email pager.

Roberts and Comcast cable president Stephen B. Burke remained behind in Arizona to fire up their troops, but a question concerning Disney had been gnawing at them for days: "What's the vote?"

Companies typically know the outcome of proxy voting days in advance. This particular vote has been interpreted by many analysts as a referendum on Eisner, who has headed Disney for nearly 20 years.

But in the spirit of saving the worst for last, Disney executives gave presentation after presentation of the company's operating units in an effort to impress shareholders.

A Comcast consultant, who had been rebuffed when he tried to enter the Disney meeting yesterday morning, huffed, "I'm actually glad I didn't get in."

The half-dozen people in the Comcast conference room whiled away the five-hour meeting by reading newspapers and news clippings about the takeover bid, or by answering the locustlike buzz of their BlackBerry pagers. When Eisner boasted that Disney's share price rose 60 percent in the last year, Cohen noted, "one third of which has been in the last three weeks," an allusion to Comcast's bid driving up Disney's share price.

He showed some sympathy for Eisner, though, when vocal shareholder Evelyn Y. Davis, who is known for needling corporate bosses, verbally tangled with Eisner.

Davis almost wrested control of Comcast's annual meeting last year from emcee Cohen; she mentioned the incident to Eisner when he tried to rush her, referring to Cohen as a Comcast "flunky."

"I thought Stanley was difficult," Eisner later quipped, in a reference to dissident shareholder Stanley P. Gold, whose campaign with Roy E. Disney helped erode support for Eisner.

Back in the Comcast conference room, people loved the spectacle. As Eisner prepared to adjourn the meeting, angered attendees began chanting, "Vote! Vote! Vote!"

Eisner joked about almost getting away with the oversight and let an assistant read out the results.

At Comcast, Cohen barked to coworker Tim Fitzpatrick, "Tim, write all these down."

As Fitzpatrick scribbled, Cohen and others in the room began pecking at calculators to make sense of the numbers: 43 percent of the voted shares expressed displeasure with Eisner - an unprecedented number. Disney presiding director George J. Mitchell fared better, but that was not saying much. Shareholders gave him a 24 percent withhold vote - 2 percentage points worse than Steve Case when he was booted from the former AOL Time Warner Inc.

Confident of their math, Cohen left the room to break the news to Roberts, who by 3:30 p.m. was winging back to Philadelphia aboard the company jet.

On Feb. 11, Comcast made an unsolicited bid to acquire Disney in a transaction based on swapping Disney shares for Comcast shares. How much the deal is worth varies based on the price of Comcast shares; yesterday, the offer valued Disney at \$48.5 billion.

Howard Alter, chairman of Alter Asset Management in Princeton, said Comcast's bid would have a greater chance of success with Eisner gone than with him at the helm.

Without Eisner, there would be a "vacuum of leadership at the top of the company," said Alter, whose firm holds more than 30,000 Disney shares. "That would make Disney more vulnerable to a takeover from Comcast."