Hi. Good morning everyone. Welcome to our investor relations event here in Hong Kong. If we didn't meet yesterday, I'm Wendy Webb, Senior Vice President, Investor Relations, for Disney. Please note this requisite forward looking language that we are showing on this screen here. We also have it posted on our investor relations Web site. We hope you enjoyed our tour of Hong Kong Disneyland yesterday. We saw a lot of our guests having such a good time in the park.

Our program today begins with a series of presentations. We'll hear first about the business of Hong Kong Disneyland from Jim Hunt who is Executive Vice President and Chief Financial Officer of the Walt Disney Parks and Resorts division. He'll be followed by Carl Williams, who is Senior Vice President and CFO of Hong Kong Disneyland. Then we'll take a bigger snapshot of Disney's overall strategy in China, with an introduction by Andy Bird. Andy is President, Walt Disney International. And -- followed by a presentation by Stanley Chung who is Managing Director for us, for China. We'll wrap the morning program with an open Q&A so you can pose your questions to these executives. These
executives will join for us a lunch that we'll have following our morning presentations. We'll also be joined there by the Walt Disney Company's Chief Financial Officer, Tom Staggs. So, now without further ado, let me turn over the podium to Jim Hunt.

Jim Hunt - Walt Disney Park and Resorts - Executive VP and CFO

Thanks, Wendy. Good morning everybody. Let me add my welcome to Hong Kong. It's good to see so many familiar faces here as we look forward to sharing with you our excitement and our plans for the great opening and then the subsequent operation of Hong Kong Disneyland. Today, Carl Williams and I are going to share the podium and we'll talk a little bit about the background and structure of Hong Kong Disneyland. We'll talk about the marketing and selling strategy not only to get us up to this grand opening moment, but also as we go forward into the operations. And then a little bit more about Hong Kong Disneyland itself and its operations.

To get started though maybe it's best to get us a little bit situated as to where we are today. We're currently in the central district of Hong Kong. And yesterday your site visit of Hong Kong Disneyland, you were on Lantau Island. The airport is also located on Lantau Island. So, we feel like we're pretty well situated geographically. Further though, as I overlay the combination of transportation systems throughout Hong Kong and Southern China, you can have an even better appreciation for where we are and how accessible we are geographically. To say nothing at all of the absolute beauty of this site as it sits between several mountains overlooking the South China Sea.

You know, we've come a pretty long way since 1999, when our company and the Hong Kong Special Administrative Region Government signed an agreement to build Hong Kong Disneyland. The Phase I site reclamation began in May of 2000 and what you're seeing in this first picture is what our site looked like before any of that began. It took two years to complete and it covered about 311 acres or 126 hectares. They tell me that 30 million cubic meters or 1.1 trillion cubic feet of mud was removed from the sea base, and was replaced by 67 million cubic meters or 2.4 trillion cubic feet of sand to create the land that you stood on during your visit yesterday.

To give you just a little bit of perspective on that little bit of dirt, if you put that total sand into a standard American football field, the sand pile would stand 7 miles high. And so now in just few days we will begin the operation of Hong Kong Disneyland -- a place that we are very, very proud of.

As I said, in less than 72 hours we'll bring the immersive Disney experience to a whole new market of families throughout Asia and the world. Hong Kong Disneyland is going to bring together the best rides and shows and attractions from our timeless stories to create what we believe is a new mix of entertainment experience here in Hong Kong. Hong Kong Disneyland, as Carl will tell you a little more about it later, will include Main Street USA, Fantasy Land, Adventure Land and Tomorrow Land, in addition to a number of exciting shows and different ways to meet and be interacting with our characters that we've actually never done before, as well as the great options for dining and shopping. Hong Kong Disneyland is also going to be a spectacular atmosphere during the evening as you can see from these two photos of both Space Mountain and Sleeping Beauty Castle. And of course, it wouldn't be Disney if we didn't cap the night with a beautifully choreographed fireworks display.

Before we look at the theme park itself, we thought it would be good to take you through some of the considerations that we used to evaluate international markets for our theme park and resort assets. As you might expect, we look at a number of different criteria for the potential for our physical assets in their new homes. First of all, critical mass or population. Besides having enough local people, we look at the ideal market as having a very strong existing tourism base and prospects for robust tourism going forward.

As you'd expect we look at economic qualifications. How many qualified individuals from an economic perspective actually live in the region? How do they spend money on their leisure activities? How much did tourists spend when they visit? And what are the prospects for these going forward? Now, Hong Kong is strategically located as the gateway to China, and as we've all been talking about, reading and discussing, China is on track to become the world's second largest economy some timeover the next 25 years. In China, rising disposable income and rapidly evolving infrastructures are driving a growing middle class which we believe should bode well for all of us and for this project.

Let me provide a more specific look at critical mass and economic qualification in this particular case. More than 140 million people live within a 300-mile radius of Hong Kong. And interestingly, about half the world's population lives within a five-hour plane flight. Hong Kong has a well-established infrastructure including, as you saw, the new state of the art airport, which makes it very attractive as a destination for both regional and world travelers. Further, in this part of the world, rising disposable income and rapidly evolving infrastructures are driving a growth in the middle class which, in turn, is driving travel and tourism to new levels.
Hong Kong Disneyland Opening Event

Since 2003, we've all been reading about the Chinese government which has allowed more individual permits than ever before as part of its free individual travel or F.I.T. program. More than 30 cities and provinces are currently included in this program, resulting in over 150 million mainland Chinese with visa-free access to Hong Kong. So besides looking at critical mass and economic qualifications, some of the many other criteria we look at include market stability. We, of course, want to present our assets in an economically and politically stable arena.

As you would expect, brand affinity is very, very important to us and something that we look at very seriously. We look at the synergistic relationships with other parts of our Disney businesses, as well as the ability to create and capture consumer interest in the theme parks. And what we find is that as we introduce a new park into a particular area, it has the opportunity for creating other opportunities in the other segments of the Walt Disney Company. One other item that we consider is the potential for investment partners, as we have found in this particular case with the Hong Kong government's special administrative region government.

So, if you think about it, with positive responses to each of those areas of our research and others, I will add, we were able to put together a deal to bring a Disney resort to Hong Kong. I think many of you might have seen this slide before, but it demonstrates in Hong Kong Disneyland how the Walt Disney Company not only leverages our brand and our creative content, but also our expertise along with capital to develop new businesses and expand internationally. The Walt Disney Company contributed just over $300 million for a 43% equity interest and management of the project pursuant to a management contract.

The Hong Kong government, our partner in this venture, contributed just over $400 million in equity, plus provided $800 million in loans, with an additional $300 million in loans coming from commercial banks for a total project investment of $1.8 billion. In addition, however, the special administrative region government invested and is investing about $1.7 billion on land reclamation and formation, to supporting infrastructure, to government landscaped areas, the Inspiration Lake and ferry piers, and the police and fire station, and drainage and transportation systems.

To tell you just a little bit more about the debt on this particular project as outlined in our annual report, there is approximately $1.1 billion in debt of which roughly one-third is senior debt held by a syndicate of 26 banks and the remainder by the Hong Kong government. We have repayment terms between the two tranches of debt that provides for complete repayment of the commercial debt before we start repaying the government debt. Our current interest rate on the commercial debt is below 5% and that on the government debt is in fact below 4%.

So, in a partnership, we look at the benefits to each of the partners. And our continued success depends on respectively managing that partnership between ourselves and the Hong Kong government. Statements by the most senior officials within Hong Kong all point to a common desire to firmly establish Hong Kong as a world class city. And they have told us and others that the completion of the Disneyland theme park was viewed as the first step toward achieving that vision, particularly for tourists.

The government expects the creation of about 18,000 new jobs in the first year of operation of Hong Kong Disneyland, and about 5,000 of those will be at Hong Kong Disneyland itself. But the government's economists also expect about a $19 billion net economic benefit over 40 years, along with the completion of new hotels and an increase in the fleets of Hong Kong-based airlines. As for our company we'll receive royalty payments of between 5% and 10% of revenues on admissions, merchandise, food and beverage, hotel and other revenues. We'll also earn a base management fee and provide for a variable management fee predicated on the resort's performance.

Finally, as we reflect on our partnership and our commitment to discipline management, Hong Kong Disneyland is governed by its own board of directors, with five representatives from the special administrative region government and four of us from the Disney side. Now it's interesting how optimistic the government is with regard to the bright future expectations for Hong Kong tourism, believing that Hong Kong Disneyland will be a key driver. We're also excited about that. The tourism board in fact, in 2005, has revised its visitor forecast from 22.9 million individuals to 23.4, expecting 27 million by the end of 2006 and fully, 35 million by 2010.

The tourism board reports that they also expect an increase in the number of Hong Kong hotel rooms by about 14,000, or almost 35%. Average occupancy in Hong Kong hotels rose to 84% in the first five months of 2005, and the industry expects occupancies to continue to improve. Hong Kong is going to host the WTO Ministerial Conference in December, and Asia's largest convention and exposition center will open at the airport in that same month. And so the experts believe that overall hotel occupancy could well reach 90% by the end of this year.

We also have long term expansion opportunities. As I said, our priority now is to have the first gate open successfully and operate. But when the appropriate time comes we will have available additional land for Phase II, as we determine how best to continue to grow and expand Hong Kong Disneyland.
Thanks, Jim. I think most of you have had at least a little bit of time in the park, but I'll do a quick rundown of what we've got in store for our guests as we open up on Monday. In black I've listed attractions, blue entertainment, red merchandise, and green food and beverage. Main Street, the very traditional Main Street USA, effectively a replica of the original Disneyland in Anaheim, will have the railroad of course, a classic Main Street attraction, it's the venue for the parade. Shopping of course, is a big part of Main Street, Emporium is our largest merchandise shop as it is in all of the Disneyland Magic Kingdom parks around the word. We also have food and beverage in the Main Street area. Plaza Inn is an interesting example. We're working with a local food and beverage operator, Maxine's, who has got a lot of expertise in local southern Chinese cuisine, which we think is important to accommodate our guests. And they're doing a fabulous job and have been a very good partner for us.

In Tomorrow Land we've got Evergreen, Space Mountain, which is also in all of the Disneylands and Magic Kingdoms. We've got the interactive Buzz Lightyear ride. Autopia is coming on line this coming summer. It's a kids driving experience which we think will be very popular in Hong Kong since lots of people don't drive routinely. There's a car already set up in Tomorrow Land for a photo spot, which is proving to be quite popular. And then we have our largest food and beverage venue, Starliner, also in Tomorrow Land.

Fantasy Land has several interesting attractions. Mickey's PhilHarmagic was co-developed with Walt Disney World, a very popular 3D core character show -- very, very popular with guests. The Winnie the Pooh Ride, of course, the merchandise that goes with it is always very popular with kids. An idea that we've talked about for a number of years and finally implemented here in Hong Kong and I think it's been a very, very good idea based on our rehearsal days, is the Fantasy Garden. It's a staged area where characters are in different pods and guests can cue up to get photos with the characters that they prefer. Again, photo taking is unbelievably popular in Asia and certainly in Hong Kong, so this has proven to be a very, very good idea.

Storybook Theater, also in Fantasy Land, is a flexible venue, 1,000 seats. It has a show called Golden Mickey's which is derived from a very successful show that we rolled out on the Disney Cruise line a couple of years ago. So we're hedging some of our creative content with proven winners in many of our lands.

Adventure Land is a little bit of a different story. The Jungle River Cruise -is of course a classic ride and we've done some new show enhancements that we've not done in any of the Jungle Cruises in the world before, making it a much more exciting ride. We have the Lion King Show which is a combination of Broadway's Lion King and the Festival Lion King at Animal Kingdom at Walt Disney World -- proven to be very, very popular. Lucky the Dinosaur is going to spend a few months with us, the first free ranging audio animatronic figure. It's always interesting to see a dinosaur come walking through the crowd, sowe're attracting a lot of attention with Lucky.

Our hotels are also a very important part of our opening day scope. On your left, the Disneyland Hotel featuring Victorian architecture along the lines of the Grand Floridian from Walt Disney World. It's a 5-star property, 400 rooms -- with beautiful grounds - very unusual for a hotel in Hong Kong, which tends to be much more vertical with no real outdoor space. On your right is the Hollywood Hotel, a bit of a whimsical art deco, very Mickey infused kind of a design. We think it's going to be a very, very popular product because it is a bit more whimsical and fun, it too has huge grounds. Another component of our hotel business is the meeting and convention space at the Disneyland Hotel. Ourspace all together is 15,000 square feet. We've got a 10,000 square foot ballroom, which makes it one of the biggest ballrooms in the Hong Kong market.

The government landscaped area is also a beautiful setting. The level of detail, the landscaping, the kind of "closed in" nature of the site with the mountains is just spectacular. And this is really part of the overall government investment to make a public park, an area that's accessible for Hong Kong people and visitors. It's largely non-commercial, it was designed by Disney, is owned by the government and now Hong Kong Disneyland manages it. We have a few concessions at the Inspiration Lake which is in the top right picture. You can rent some paddle some boats in a small shop there that's concessioned out. In the bottom right is a very interesting kind of a signature fountain that's out in front of the park entrance. And the other photos are the park promenade, which basically are the walkways to access the public transport -- the park and get to the hotels.

Pricing was something that I worked on very hard when I first got to Hong Kong which has been two years ago now. And we've done some things very purposefully. Our tickets for the theme parks for example are date specific, more like a concert or sporting venue. We also, have disparate prices for weekdays and weekends. We recognize that seasonality will be a big component. It always has been in the theme park.
business and we see that as being one of the realities here. So, we're working early to try to level the seasonality out some with incentives to visit during the week. Thirty-eight U.S. dollars for an adult ticket during the week and on peak days and weekends it's $45 U.S.

Our hotel price is also structured in a non-peak, regular season and peak sort of approach. The Disneyland Hotel starts at $205 U.S. and of course we have a variety of rooms, larger rooms and other views. The Hollywood Hotel starts at $128 U.S., also works up through a couple of room categories. We also looked closely at how the travel industry works in this region and tried to get to what guests really prefer. If you look at the orange, the top bars - or the tops of each of the three bars, this is how many guests told us that they wanted to use a travel agent. In Hong Kong fairly obscure, Shenzhen which obviously is just across the border in China more use a travel agent, and then Guangzhou further still even more rely on a travel agent.

The consumer direct channels are skewed dramatically more popular with locals. So, we've made consumer direct choice available for our guests. The way we've rolled this strategy out is we started taking hotel reservations the 15th of February, we're partnering with a local TCCW phone provider that does our call center for us. So we started selling booked consumer direct and travel agents in on rooms. July 1st we had a very successful launch of an online ticket store, which has been up non-stop since then. I'm happy to say. We're partnering with a local company City Line that does movie tickets and we were able to leverage some of their functionality for an online ticket store.

And then in the middle of July we rolled out our first batch of wholesalers. We're up to 52 wholesalers all throughout the region now that are representing our product through local travel agents. And then our rehearsal days started on August 16th. We opened a ticket store on the same day in the local train system, the MTR, as well as started selling tickets at our front gate. So we're working to sell tickets in advance to the extent guests want to buy them.

Our overall marketing strategy is a little bit textbook. We had to educate our audience first. We had to teach more about the core Disney stories because there just wasn't the depth of knowledge and understanding that is prevalent in Japan or in the U.S. or Western Europe. So our marketing campaigns really focused on teaching about the stories, building awareness and trying to create excitement and intent to visit. And I'll talk about some of our tactics here in a minute. Obviously, leading up to launch we started doing paid advertising and have done a lot more direct promotional work. And of course, this weekend we'll do a tremendous amount of promotion and publicity work through the grand opening process. Post-opening, our marketing initiatives are already coming together. We've got a Christmas season promotion for example, advertising planned and are already working on potential promotions with some of our travel industry partners, as well.

Back to educating guests in this region. We worked on a deal with TVB who, in the Hong Kong market, is a dominant television station. And up in the Guangdong region they have a very significant portion of the viewership. We set up the Magical World of Disneyland along the format of the Wonderful World of Disney -- many of us who grew up in the U.S. remember the old shows where Walt actually did the introduction. A local celebrity named Jackie Cheung who's our spokesman takes these 10 minute segments and talks about the building of the park or some of the stories, the storytelling aspects of the park, to really try to teach about the park and about the experience. And then it rolls into a classic Disney movie, Beauty and the Beast, Lion King, so on.

There've been 18 of these aired and we've been very pleased with the results. We've gotten I think, 10 million viewers per episode, on average over 2.5 million of these, kids, which of course, is our core audience. And we've gotten some top ratings for how popular these shows are in the market. I believe our other Disney business units have been quite pleased with the level of exposure that these programs have offered as well. We've got a lot of partners in the theme park business, several here in Hong Kong who've already started marketing initiatives, Visa certainly, Standard Chartered Bank has done some promotions locally already. Kodak is a big partner. Coke has taken on some interesting initiatives. They've put a tremendous amount of resources behind having 1.2 billion cans with the castle you can see in the art work -- with the castle on the side of the can and a promotion about coming to Hong Kong Disneyland. We've fulfilled 10,000 trips to Hong Kong Disneyland through this promotion during our rehearsal days. 1.2 billion cans in over 600,000 distribution outlets. Coke has been very pleased with the lift in their business and certainly the exposure to Hong Kong Disneyland has been very positive for us.

So, for the 5,000 of us who are ready to go for Monday as we open for business as usual, we are very pleased to have you all visit Hong Kong Disneyland and share in our enthusiasm as we get ready to launch Disney's newest theme park. Next, is Andy Bird, who's the President of the Disney International Group.
Thank you, Carl. Good Morning. No formal presentation from me today; I'm going to leave that to Stanley. But, what I did want to do whilst introducing Stanley to you is perhaps put what we are doing here in Hong Kong into context with the greater China picture, and also the Company's efforts internationally. As you know, international is one of the three pillars for growth that the company has identified, creativity and technology being the other two. And within the international expansion efforts, we look at the world in two ways. There is the growth that we need to maintain in the more developed markets, Western Europe, Japan where we already have significant amounts of business in terms of revenue and operating income coming to the company and see enormous amounts of potential still to come from those markets.

And whilst we're coordinating strategies in those developed markets, we are simultaneously seeding our presence and growing our presence in emerging markets, particularly in China, India and Russia. We believe that today’s efforts and the investments we make over the next five years - are going to reap enormous rewards to us in the 5 to 10 year time horizon. Nothing is better illustrated as you're going to see in Stanley's presentation than the opening on Hong Kong Disneyland here within China. In fact, the halo affect that having a theme park in a region or in a country is just absolutely enormous on all the other lines of business. And as you're going to see, very shortly, the opening on Monday of Hong Kong Disneyland will complete the presence by every single line of business in China since we first entered the market in the 1930s.

So, to give you a little more color and to explain a little about exactly what we're doing in China and what our plans for the future are, I'd like to introduce Managing Director for China, Stanley Cheung. What we've done in emerging markets with Stanley (and we have a gentleman who fills a similar role in India named Rajat Jain) is bring all the different lines of business under Stanley's leadership, so he can create a coherent strategy to become much more nimble, move a lot quicker so that we can work very, very effectively in growing our businesses there. It took a long time to find Stanley and we're very pleased, he joined in December of this year. He's done an enormous amount of work. So Stanley, are we going to show a video first or you going to do an intro? Okay, to explain a little of what we're doing here's a video of what we're up to in China.

[Playing Video]

Stanley Cheung - Walt Disney China - Managing Director

Good morning. I hope you enjoyed the video. I'm very glad to have this opportunity to spend the next 30 minutes to explain to you what we're doing in China, which obviously is a key component of our future in the company. What you have seen in the video is our presence in various lines of business in China. And I'm going to sneak a little bit more detail in some of my slides later.

I intend to talk about three topics today. I'll start it off with a quick look at the market in relation to China, and in relation to our business units. And then what we are preparing to change as a company, structurally, our operating principle in order to really capture what we see as the enormous potential in this market. And then I'll talk about, lastly, the strategic building block as it we see in the next five years. How do we get from here to where we want to be? So this is going to be the framework.

First of all, it is a very familiar story that I don't really need to explain too much. China is an exciting market. Economists basically forecast strong and continually stable growth for the next five years which obviously will provide a very stable framework for us to run our business. We are an entertainment company. And the delivery -- the ability to deliver our entertainment is important. So this is when we talk about infrastructure we usually talk about a few things, including a mobile subscriber, internet access, DVD availability, DVD machine availability as well as a multi channel TV available at home. So it is interesting actually, we see that in China in 2003, when all this is added up, it's very close to the U.S. level and we forecast by 2008 it's going to exceed the U.S. level. Now, what it tells us here is that, at the consumer end, it is ready. Now, there is no doubt that we know there are other challenges in China, but it's important that the pipe is there. The consumer end has the equipment to receive the entertainment.

Now, let me go back to our presence in China -- follow-up to the video -- and give you a little bit more detail about our presence which is very diversified and very broad-based.

First of all, consumer products. We have the widest and the most successful retail presence in China among all foreign entertainment companies. We have over 1,800 retail corners and it is growing rapidly in China. And we have already in place over 100 licensees. Our publishing business. We have the most diversified portfolio of publishing amongst children's books. In every year we sold 12 million copies -- we distributed and sold 12 million copies of magazines and 2.7 million books. And Mickey Mouse Magazine has been consistently ranked as the number one children's magazine in China.
Our internet and mobile business is a little bit younger division that we have. We have a strong relationships with China Mobile, China Unicom as well as Sohu, to develop our various other services. Our Disney.com.cn is a very popular site and is being visited by millions of Disney fans every week. Our TV business –despite the difficulty in TV and regulations, we actually have a very long and strong presence relative to other companies in China. We have presence in the CCTV, CCTV-1, Debate Windmill, time block that reach over, like, 200, 300 million viewers. We have a blotted TV programming called Dragon TV -- Dragon Club -- that we actually syndicate to 44 stations covering over 250 million viewers. And we are on the animation side one of the largest foreign program suppliers to the CCTV-6, the movie channel.

Starting a few years ago – we had our live entertainment group begin our exciting tour in China and today we have Disney on Ice, last year and this year, touring the major cities delivering high quality entertainment to our Disney fans. Home entertainment, we have the top selling video titles in China. We have over 8,500 retail corners and to date we have over 330 VCD and 120 DVD distributors in China.

Movies. We have a lot of memorable movies distributed in China including Pearl Harbor, Lion King, Toy Story, Finding Nemo and The Incredibles.

ESPN. We have a reach of over 150 million households through our joint venture with Star Sports, as well as syndication of programs in China. ESPN Magazine was launched late last year, and is growing in its circulation.

Last, but of course, not least, is our final line of business; it's going to be a presence in China where characters live and our stories come to life.

Let me explain to you how I look at the market. China is an interesting market -- when we talk about markets in general we talk about growth rate; we talk about size of the market. But I think in China it's a little bit more complex than that, and I think to really properly understand the market we need to add two factors which a lot of people actually also talk about, which is the regulations as well as piracy. What I want to show you is actually with such a diverse portfolio that the Disney Company has, we actually have a lot of growth areas despite the current regulatory and piracy situation.

First of all, and obviously, on the right hand corner a good space with minimum regulatory issues and minimum piracy issues. And look at the bubbles. We have consumer products, English language learning opportunities, live entertainment shows and all the new media opportunities. All of this, all of these situations are a very friendly space for us to grow as a business. The other businesses also have big opportunities but at the moment, we all admit it's a little bit of a tight spot; we need to continue to work through innovative methods to grow this business. This is why we classify what I call the traditional media and the new media. As you can see with the broad and the diversified businesses that we have, we actually cover and can provide strong growth in areas that have high growth. And we'll continue to work in areas where we work closely with the government and the regulatory body to advance our businesses.

I talked about the need to change or need to improve ourselves in order to really truly capitalize on the market. And there are four paradigms that I said the Disney Company is embarking on so that we can fully take the opportunity in China. The first one being: transform from a U.S. content export basis to a company that gives attention not only to importer content but also on local content. And when I say local content, how will we build a franchise? How do we build our stories based on local insights? Because, through that, I believe that we can broaden our appeal and also make ourselves more consistent with the culture. I think Mulan is a great example of where we have been successful. And I think we need to do more of this.

We need to transform from driving revenue by the traditional media group to driving our revenue in China by the new media group and consumer products while still emphasizing building franchises and the equity of the company through the traditional media. We will look at licensing and we'll look at the operating model that we believe makes sense and that will allow us to grow in China. And, last but not least, we will embark on a different strategy -- what I call the integrated strategy -- so that we can enhance all the business units’ synergy so that we march forward in China as one company.

Let me move on to the strategic building block that I see for the China market. The objective is very simple. It's to build the Chinese Walt Disney Company into the number one entertainment company in China. In each of the five blocks that I have up there represents a priority in the next five years. First and foremost, there is nothing more important than to continue to push and build our Disney brand. We are already a leading entertainment company. Our characters are loved by the Chinese population, but I think there's more we can do.

We need to move beyond the key cities. We need move to the second tier cities which also have rising incomes and are longing for good entertainment. We need to create locally relevant content. We have good content we can import. We can enhance it by basing our content on local
Let me go into each one of these building blocks and explain to you how move forward for the company by applying them. First, the Disney brand. We must build the Disney brand on multiple platforms. In order to reach the millions and millions of children and families in China, we must have multiple platforms from which to deliver our message. And what we have here is a combination of our live entertainment programming, a revamp of our Internet site, and our ongoing TV initiatives. And, last, but not least, of course, is -- the presence of our Hong Kong Disneyland. We will leverage the business opportunity and the storytelling ability of such a fantastic park.

In live entertainment, we're looking at enriching the portfolio dramatically and then we're also pushing forward beyond the main cities. What we're looking to do is to cover the first and second tier cities with a lot more shows than exist today, and have a cumulative audience of a couple million people. And what portfolio do we have today? We have Disney on Ice. We have Disney Live, which is a highly successful show that we just started this year in the U.S. We have a Musical Broadway flagship show, as well as a very lovely tour show that we have implemented in a lot of countries. These shows will provide the consumer and the kids with this sort of very good entertainment, with character appearances and story telling.

Secondly, our internet. We all know that internet subscribers - especially the broadband subscribers - are increasing dramatically in China. We're looking to substantially enhance our Web site so that it attracts and also provides the stickiness that is necessary to make it a highly successful site. That's going to be on it? Obviously, things that our target is looking for: games, mobile downloads, shopping, character worlds that will tell the story of our characters and park and resort events and news. And also a site that actually allows licensees and business partners to communicate their messages. I think eventually that is what we're working towards and that will be a fantastic site for our target market.

Third is our TV reach. As I have highlighted, we have a three prong strategy to deal with TV. First is to grow our Dragon Club business. We already have, as I said, syndication on 44 stations covering 250 million people. And we have the intention, and we are working on continuing to refresh the content to make it more exciting and expand distribution. We look at CCTV as a very important strategic partner and we have been building a very strong relationship with them, and a relationship that is actually beyond now just one channel. We are expanding to a multi-channel cooperation that will help us in our animation series.

Last, but not least, we continue to work very closely with the Chinese government on the Disney Channel initiative. We look at it in different phases. Probably first in hotels and foreign compounds, the second phase is Guangdong landing rights and eventually on a national coverage basis. And last, of course, is Hong Kong Disneyland. We also need to start building on our ability to create localized content - what I call having content anchor on local insights. We're going to start with two things that have very important strategic implications, with the first one being TV animation. We are working on co-productions with a broadcaster so that we can actually develop content locally with the opportunity to develop it into local franchises and equities. And at the same time, because of government regulations, we have the ability to import because we co-produce. Current regulations dictate that if we produce one minute of local production we can import one minute of foreign content into China. So with this plan in effect, we can greatly enhance our TV properties. We already have the channels and we have the programming blocks. What we need now new content to provide these outlets and an ability to build our local franchises.

Publishing, we are working on greatly increasing our local creative and editing ability. We continue to pursue a talent model to make it a highly successful business based on the development of franchises, including local franchises based on local insights. The third point being very critical, mass, very quickly and here, I especially highlight two very high growth markets in the current China market. The first one being the consumer business, and the second one being the mobile business.

Let's look at the consumer business. We intend to grow revenues significantly in the next couple of years through product innovation and by continuing to fill the gaps that we have in our lineup to satisfy the needs of the consumer. We intend to grow our distribution both vertically in terms of covering the depth and different channels and as well as continue to push our business beyond the three large cities. Today, we already have a very significant number of corners and we intend to grow those Disney corners in the future. And last, but not least, we have fantastic relationships with a number of global chains around the world and we intend to start those relationships here in China as well. We're initially targeting Wal-Mart and Carrefour because we already have existing worldwide relationships that we can leverage and we are working on that. We started our Magical World or Wonderful World of Disney corners in Wal-Mart and we are seeing very good results in the last couple of months.
Secondly is our mobile business. We intend to really enrich our offerings in the mobile business with games, web services, graphics, ring tones, as well as multi-media messaging. These are all types of content that the mobile population in China desires. The value added service market had grown tremendously. It’s over a billion dollar business with over 25% growth and we see this as a key market where we can offer our enriched offerings, based on our experience in Japan. Furthermore, we want to actually combine different lines of business to create a Disney branded mobile handset that in the future could have embedded Disney content. It can have MMS, XMS, as well as an outer cast, outer shell that is really cute and attractive for the young population.

Lastly, to continue to expand into another new market that we are working on right now, gaming. We actually have a strong platform worldwide that we can leverage in China. Specifically, what we're looking at in the future the options we have are: probably getting into online games, mainly focusing on more fun and educational games. And then as the target, China's gaming population migrates from the hardcore male into the family and the female market, we will take on that trend and worldwide gaming entertainment for the population. We have two possible distribution types that we can use. We are working with potential operators that can help us deliver the games, as well as leveraging our own sites to deliver the games.

Lastly is the English language learning opportunity. This obviously only exists in markets outside of English speaking countries. But as you all know, it is actually a very, very big market and is growing over 25% right now in China. At the moment, the China market is predominantly still product-based and what we see in the future is a mixture of product and services. And most likely, the services part is going to be an important component of the whole picture. Currently, we actually have a variety of products that are working for us, or have just started working for us around the world that we use to capture this opportunity. We have English learning centers in some countries. We just started our English learning camp where we brought Asian students to our park to have an immersive experience for a few weeks to learn English. We have a very strong English franchise that is on-line, books, DVDs, and PC products. We're working on magazines, & electronics. All of these platforms are working to help develop the China market.

In summary, we believe that China is an exciting market and we have the opportunity to get into this market because we're a very broad and diversified company. We believe that we have a very strong presence. We have a very strong foundation that we can build on. And we believe a new approach can develop a promising outlook with double digit growth in the next few years. Thank you very much.

Wendy Webb - Walt Disney Company - Senior VP Investor Relations

Well, thank you, Stanley. And as I promised at the top of the program we’d have enough time for your questions. So I'm going to invite Andy and Jim and Carl back up here and we'll just informally take any questions you might have for these gentlemen.

Unidentified Audience Member

Thank you, a couple of questions. Could you talk a little bit about pro forma for the park opening? What percentage of revenues will China represent in '05? What do you expect that to look like by 2009? And a second question for Stanley. With respect to your plans to launch new channels, can you talk about where you are so far, especially in the context of the new regulations that came out in August about landing rights and no new foreign landing rights being given out? Thanks.

Carl Williams - Walt Disney Hong Kong - Senior VP and CFO

We expect about a third of our attendance in the first year to come out of mainland China. Revenues should follow that reasonably. We haven't done a lot of new recent projections. I think how the market reacts, where simple marketing initiatives are, will define what 2009 looks like in terms of overall composition. But we expect a third or thereabouts for our first year. Stanley?

Stanley Cheung - Walt Disney China - Managing Director
Okay, for the new channels, obviously, we all know that there are new regulations and a tightening of the regulations has taken place in the last couple of months. But we have been- and continue - working very actively and very closely with the Chinese government. And we believe that through this relationship, eventually our channels will be allowed in China.

Andy Bird - Walt Disney International - President

I think, also what's very important, and hopefully what you got from the presentation, is that we do have a very rich and deep TV presence here already. Dragon Club, which is a daily half-hour show, has been going now for over 10 years, combined with the presence we have on CCTV in terms of getting exposure of our characters and our franchises out into the marketplace, to then drive our other businesses. We think today we're actually very well positioned. There's obviously a lot more, as Stanley outlined, that we'd like to be able to do. But I think what's important is sometimes with other companies, television is their core and primary business and there's an enormous amount of focus just on the television business. But us, we believe we have such a diversified portfolio of assets in the country, that television is just one piece of the jigsaw in terms of how we fully exploit opportunities there.

Unidentified Audience Member

Okay, just wondering as you think about the size of the international business for Disney right now, could you just remind us of what that is as you mention revenue and profit. I think Tom had talked about that.

Andy Bird - Walt Disney International - President

The '04 numbers were roughly 20% (a little over) of revenue and 35% OI.

Unidentified Audience Member

And then what would China be currently as a percent of that? And what might over the 2009 period could it move up to? China as a percent of that…

Andy Bird - Walt Disney International - President

We've never broken that out, because we don't do any of the countries on an individual basis. But as Stanley said we're fully confident of double digit growth over the next five-year period.

Unidentified Audience Member

And then just one final question, if you think out over the next three to five years, to 2009, excluding, obviously, Hong Kong Disneyland would be the biggest contributor. Could you sort of rank the top two or three revenue contributors in terms of importance -- the TV, the retail business?

Andy Bird - Walt Disney International - President

Yes. Number one is the consumer products business. And in terms of, again, when you size our company versus some of the other companies, the ability for us to transfer the brand awareness, character awareness into retail sales, and it is something that is very important to us today. And as Stanley outlined it is an area that we see growing at quite impressive rates. Aside from that we have a very good business in publishing and as you saw, our DVD and film business is good.

Television, if you rank it, it would come in third or fourth, dependent upon the regulatory environment. But what a lot of the television is doing is providing the shop window and exposure to drive revenue through to the other businesses. And in terms of future growth, we very much see digital businesses such as the internet and mobile as coming on, the valued added services piece to the mobile business, marry the great and
desired love of our brands and of our characters with the rise in new technology, and that creates a very interesting mix. It happened to us five years ago in Japan, where DoCoMo launched I-mode and we were able to get in and launch a series. We now have over 6,000 products in Japan for mobile. And as the I-mode service in Japan grew, the brand affinity and the love of the characters and the Disney brand coupled with the rise in technology has provided us with a very, very significant business in that market. And we see that the conditions are aligning themselves in China to have a similar type of experience.

Unidentified Audience Member

For Jim and Carl, with respect to Hong Kong Disneyland, does the financing that you laid out cover both Phase I and subsequent phases or just Phase I? And how much capital would Phase II cost, and what are the criteria to get to that phase?

Jim Hunt - Walt Disney Park and Resorts - Executive VP and CFO

What we laid out in terms of the project development the $1.8 billion is for Phase I. Some of the government's infrastructure spending the $1.7 goes into Phase II land reclamation. I wouldn't really want to guess since we really haven't decided what we are going to do in the second phase or the timing with which we'll do it as to what the capital requirements would be.

Unidentified Audience Member

Yes, a couple of questions. One, could you walk through the cash situation here? Where the money flows vis-a-vis the period and whether or not there are any expatriation of cash problems here?

Jim Hunt - Walt Disney Park and Resorts - Executive VP and CFO

It is a straightforward royalty stream and it's actually paid to a U.S. entity at the end of the day. And so that's not a big deal. As we look at ourselves as a 43% equity partner and look down the road, I'm not predicting dividends from that anytime. I wouldn't want to predict when that might being the case -- but given our desire to invest in the area I'm not worried about bigger issues.

Unidentified Audience Member

And then the second thing I happen to be aware I'm probably not the only here of the massive amount of shall we say entertainment capital that's planned to be deployed over in Macau and then infrastructure improvement vis-a-vis bridge - you know should be coming down in the 2009, 2010 arena and given the lead time in development I would think unless what's being planned in Macau is fiction that you guys would be moving very quickly towards Phase II because it looks like that asset there is very undersized relative to what is going on here. Or to put it simply the folks here in the neighborhood here seem to have big plans here to make this thing grow.

Carl Williams - Walt Disney Hong Kong - Senior VP and CFO

It's a fair statement and certainly our partners in the Hong Kong government and we are excited about the second phase of development. As I said they're out there turning up that mud and turning it into land as we speak. But what we really want to do is get this park open, and get the operations under our belts, and at the same time be thinking about how we might approach and what the timing might we use to approach the second phase. What type of assets, be it theme park or other, that we might put on the second phase and then meet with - obviously internally - and meet with our partners to discuss and determine the actual approach as to the take down of that land.

The interesting thing about Macau, and I think you're right about it, is that from what we're hearing in the market from the people that we're talking to is that Macau will still be very much a sort of gambling focused market. They will do some other entertainment things but the proximity between Macau and Hong Kong suggests at least to some - I haven't studied enough to know if its suggested to us yet -- but suggest at least to some that families may come down from southern China where maybe part of the family would spend some time at Macau - the way they've said it to us is the dads frankly. And then the other members of the family would come over and spend some time at Hong Kong
Disneyland. So we don't -- we see it as an interesting sort of combination between the two centers of entertainment that are growing. We don't know yet if the bridge is going to be built. I guess there's going to be some discussion that, by the end of this year or certainly by 2006, that that will be affirmed or determined one way or the other.

Unidentified Audience Member

It would seem to me given the income growth that's forecast in China and one child policy that the government has there that there could be extraordinarily high spending per capita per child which would suggest much, much higher than normal demand for these types of products that you offer.

Andy Bird - Walt Disney International - President

Yes. From a theme park perspective and from a general company perspective that is very true, yes.

Carl Williams - Walt Disney Hong Kong - Senior VP and CFO

The estimates that we're looking at now suggest that between now and 2011 the middle class in China will grow to about 540 or 550 million or somewhere in that neighborhood and that coupled with what we're doing and that coupled with what we talked about in terms of free individual travel, 150 million people available right now we think all bodes well for our project here.

Unidentified Audience Member

A few questions. Can you talk to the issues involved and the timing of the entry into the market in Shanghai? And secondly, the Chinese government seems yet to achieve lots of things and I wondered what you think they're going to do about DVD piracy? Is it on the radar at all?

Andy Bird - Walt Disney International - President

The Shanghai question of position remains the same as it has done for the past few months in terms of our focus is solely on opening Hong Kong Disneyland and making sure that that is a success - be another part of it. I mean nothing is happening prior to the end of this decade. And the DVD?

Stanley Cheung - Walt Disney China - Managing Director

Yes, the piracy issue. I'm sure you're aware in the last month or so the MTA has a memorandum agreement with the Chinese government, and to us it's a very good sign because the government is now really moving ahead with a way of dealing with the piracy issue because frankly it's really not an individual company that can resolve the issue. It has to have the government come in. And we see a renewed - a very, very strong commitment coming from the government that they are really serious about tackling this issue because as far as we know there's really not only the four IP holders that it's affecting. Now a lot of domestic IP holders are having problems with the issue as well and you see it daily on the newspaper. The other day I saw a map of China cities being pirated and it's a big problem because China cities are changing so fast that these pirated maps are very old and people couldn't find the place where they want to go. It's just so pervasive that the government now is really taking a very serious step against it.

Unidentified Audience Member

Just following up on Larry's question. You gave population figures and then territories surrounding the park, and I was just wondering if you can drill down a little bit about the discretionary income - maybe give a little bit of dynamics of the marketplace in terms of your profile demographic and what the targeted audience might be in terms of the population. And then secondly I was just wondering in terms of the attendance at the parks -- you're anticipating that a third coming from Hong Kong - maybe a third coming from Mainland China and then a third, I think, from
Taiwan, I believe. I was just wondering if you can drill that down a little bit and then also discuss where you plan to spend your marketing dollars?

Carl Williams  - Walt Disney Hong Kong - Senior VP and CFO

The demographics the way I've been thinking about it is the simple obvious approach. The closer people are - ground transportation like in the Guangdong region can necessarily be left to affluent people and still be able to afford a trip to the park. Because I think the ground travel guests from the Guangdong region are a great target. The middle class - the people who have discretionary income and can choose luxury goods like taking leisure travel is growing quite quickly.

Shenzhen, Guangzhou, Dongguan, Zhuhai - all the area around Guangdong are all quite affluent compared to other parts of China. So there is a very good - pretty close market there. Taiwan obviously is a strong market. You mentioned a third of our attendance - that's not correct. We expect Taiwan to be a good market but the other third will be Taiwan, all of Southeast Asia and we expect a fairly eclectic mix of -- a little bit of Australia, a little bit of India, a little bit of all over the region. Taiwan has a tremendous amount of lift -- airlift into Hong Kong so very, very accessible market. Our marketing expenditures we're focusing on Hong Kong early, migrating probably more and more in Guangdong and Taiwan because they're both very accessible - very good markets for us. And we're going to look.

I was in Singapore a couple of months ago talking to some of the locals. The school schedules are totally different. And since you can do pretty clean hit promotions - go to Singapore have some kind of promotion when kids are out of school on a completely different schedule than when kids of out of school then, say, Taiwan I think there's a lot of clever regional kinds of marketing and promotion initiatives and even working through the travel trade that will make sense. So I think it's a learning process - an experimenting process to find where the really good markets to cultivate our - obviously the population is enormous in this region so there's lots of different directions to go and lots of tactics that are pretty untried in this region.

Unidentified Audience Member

What is the average household income where you're targeted audience might be and what you're anticipating in terms of the population -- what that potential is for that in the territories that you're talking about?

Carl Williams  - Walt Disney Hong Kong - Senior VP and CFO

The most interesting is probably the Guangdong region. And I think when you start with the average in the Guangdong region you've completely lost it. You have to look at the best 10 or 15 million out of 85 or so million. The visitors from the Guangdong region that come to Hong Kong already tend to have 10, 12, 15,000 U.S. kinds of household incomes - the purchasing power parity for 4.5x so that would be comparable 40 or 50,000 U.S. -- compared to the U.S. The markets where flying is required I think it's reasonable to expect more affluent travelers, although the emergence of low-cost carriers in this market is going along pretty quickly and I think that bodes well for even more access from the region around southeast Asia.

Unidentified Audience Member

One of the things in this region that I've noticed is that construction costs are much lower than they are in the United States. And if you look at the parts - the pricing structure looks fairly reasonable, maybe a little lower than the United States. So what I'm thinking is, you have a billion eight of capital in the park and if this park were put in the United States, that number might be higher like, say, 3 billion to replicate. If you have lower construction cost and a more or less benign pricing structure it augers for a possibly higher level of margin than you might be accustomed to. And I was wondering if somebody could comment on that -- whether it is cheaper in fact to construct here and whether that has any ramification for margins?

Jim Hunt  - Walt Disney Park and Resorts - Executive VP and CFO
There are certain aspects that were probably less costly. But during the construction of this project don't forget you did have the China affect with a lot of product in the steel and the concrete being impacted and we saw continual price increases. I think what we said about margins we'll continue to hold to and that is that in the next several years we expect the parks and resorts business to be a 20% plus operating margins but for the financial consolidation now required for Hong Kong Disneyland and Paris. And then we'll give Hong Kong a chance to get through its stabilization period and its ramp up period and then we expect it to be good for us. We've also said that from the perspective of cash on cash return that this business can quickly get to the double digit cash on cash return.

Unidentified Audience Member

Two questions. One is on Phase II if you decided to do it, what's the time period to complete it? Two years, five years, et cetera? The second question is, how is China structured? Is there a revenue and margin for China or does all this activity that you talk about for China going to flow through consumer products, through theme parks. I mean, who's making decisions -- a Chinese structural organization or all these individual parts of Disney?

Jim Hunt - Walt Disney Park and Resorts - Executive VP and CFO

Under the current scheme with the government the Phase II land reclamation I don't think would even be competed until the 2009 timeframe. We have a period that we have options on that second phase of land so we'd have to let them get the land reclaimed and finished and then during that period certainly we will be discussing how we might go about what we might do on the second phase.

Andy Bird - Walt Disney International - President

In terms of the structure, one of the differences that we're doing in this market and, say, in India, is Stanley is the managing director of the Walt Disney Company China and as such, every line of business employing cast members that works in our offices in Beijing and Shanghai report in to Stanley as well as report in to their individual lines of business that they have expertise in the insurance products business or in the mobile business or anything like that. And we are able then to view strategic moves such as you saw - some of the strategy outlined before and take a much more overall view strategically as a company rather than an individual view as a line of business.

What we try to do is marry the expertise that lies within the individual lines of business with an overall structured strategy that encompasses what we want to do as an entire company. And that is a different structure than, say, operates in Western Europe or more developed markets. And the idea is that so we can act quicker and more nimbly and actually rely a lot more on the great knowledge that we have placed here and allow us to build the Chinese Walt Disney Company, not the Walt Disney Company China. And there's a subtle sort of change in the intimation between those two things.

Unidentified Audience Member

So I think what you said was that Stanley has a revenue and a budget and it covers all of China and your decisions on which consumer products were going to be sold to the various outlets is Stanley's team decision and mobile activity is Stanley's team decision. They can consult with the various parts of Disney, but the end of the day they make the final decision?

Andy Bird - Walt Disney International - President

Yes. What you can't do is work in isolation. So yesterday you had an all day meeting on a consumer product with various parties. So it's taking an expertise that we as a company have on a global basis and allowing the local team and the local expertise to mold that to make us more relevant in the marketplace and quicker to market.

Unidentified Audience Member
Can you talk a little bit about what your occupancy targets are for next year? And how does that compare to the hotel sales in Anaheim as well as Orlando?

Carl Williams  - Walt Disney Hong Kong - Senior VP and CFO

We're pretty optimistic about the hotel business. Jim on one of this slides talked about the Hong Kong market growing by some 14,000 rooms in these couple of years. There's a couple of high profile hotels - Four Seasons, Boutique Mandarin - that are opening now really but most of those rooms are very moderately priced, opening up access to rooms for a bigger audience so I see it as an enabler of the theme park business. So I don't see the room market in Hong Kong growing as anything of a detriment to our hotel business.  Hong Kong Disneyland will be at a bit higher price point and offer a different experience. We don't get into a lot of specific projections but we certainly have planned our hotels based on what we've learned from Florida and California and Tokyo and how the hotel market works. We do expect shorter lengths of stay which is pretty obvious so that means there's more room turnover, a bit more dynamic audience similar to Tokyo.  Walt Disney World is at the other extreme obviously.   So we think the hotel business will be a good stable part of Hong Kong Disneyland overall.

Unidentified Audience Member

Just a question on potential listing.  I just wondered whether it has been discussed with a local partner here in Hong Kong whether maybe by the time the second phase is complete whether that's actually on the agenda?  If so, how? And perhaps would you actually include in future or maybe the Shanghai Disneyland, under the same listed vehicle.

I asked this as with a very interesting fact – that is very local specific. Hong Kong's MTRC the local rail company - when it listed it had about 600,000 shareholders because these are the same people who ride a train everyday. They being the shareholders of the same company, they feel a lot more loyal to it. Therefore the fare rise opposition over the past few years downturn trend has been almost non-existent. And even now, they still have 400,000 - 460,000 shareholders that's more than double HSBC's global shareholder base combined. So is that something that you guys have been considering or is that too early to ascertain? And what kind of criteria might you have thinking about a possible future fiscally?

Carl Williams  - Walt Disney Hong Kong - Senior VP and CFO

You know we spent the last five or six years really getting to this stage in terms of getting the park and the two hotels developed and we are satisfied with the capital structure as it stands right now. And I'll be frank with you. While it is something we will give consideration to in the future - the entire capital structure -- we really haven't focused on it now as a result of really having all of our focus on the construction and development and opening of the property.

Jim Hunt  - Walt Disney Park and Resorts - Executive VP and CFO

Any other questions?

Unidentified Audience Member

Another follow-on question. Perhaps it's just not being so familiar with the other product. I saw that in this little Dragon Club thing, there's no allusion to the Mao's icon and a number of other products particularly on the film side where there's no way people can point and say, ah that's a Disney product. Is that a deliberate thing or is there some other things that's working the background - that could change?

Andy Bird  - Walt Disney International - President

The Dragon Club just recently celebrated its 10-year anniversary, and the architecture actually goes back to the back of the room. And the reason it's branded Dragon Club rather than Disney Club or something like that is simply down to regulation. You're not allowed to put Disney branding or anything else onto national television but the content that goes within that daily half hour is all Disney - it's a combination of animation and live action.
Unidentified Audience Member

The Dragon Club is actually widely recognized…

Andy Bird - Walt Disney International - President

Exactly it's not going to come on in China. So what has happened is our company is much larger than just Mickey and the classic characters. The dragon has become associated as a Disney property and becomes an interesting franchise possibility - very, very well recognized as a character and that franchise works that way.

Stanley Cheung - Walt Disney China - Managing Director

And I think some of the movies you mentioned - actually those are all Disney titled movies - actually people when they go to many movies, they look at what company distributes, who produced this movie. And we actually found out that Disney titled movies are more attractive to the families.

Unidentified Audience Member

A lot of the films may be better marketed - for example you have toddlers or maybe six, seven year olds who may be Chinese and don't read “Walt Disney distributes” or whatever - a word. But if you have a little mouse icon in the posters, you can say well that's a Walt Disney movie. I want to watch it, mom. Then that actually expands your sort of viewer base that way.

Wendy Webb - Walt Disney Company - Senior VP Investor Relations

Looks like we've wrapped up these questions. These four gentlemen have been nice enough to say they'd join us for lunch. So please let's shift down the hallway we've been joined by Tom Staggs our chief financial officer. Some other folks from the China and theme park divisions and Christine McCarthy who is The Walt Disney Company's treasurer, is also with us. So we'll move down the hall and continue with our program.

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