Okay. Good morning, everybody. I am very pleased to welcome back Jay Rasulo, Senior Executive Vice President and CFO of The Walt Disney Company. I think everybody knows, but if not, Jay has been CFO for almost four years now and over that period has overseen significant capital investment across the Disney platform, and for fiscal 2014 has increased the buyback by potentially a few billion dollars.

So a very busy four years for you, Jay. Thank you again for coming back this year.
John Janedis – Analyst, UBS

So, why don't I start at a high level? Over the past three years, Disney has invested in the business. You've made a number of strategic acquisitions which have helped drive high teens compounded annual EPS growth. From where you stand today, what do you see as the biggest growth drivers over the next couple of years?

Jay Rasulo – Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

Well, first of all I guess, John, thanks for having me. It's a pleasure to be here.

I would say that you shouldn't -- investors should not expect a big departure from a strategy that has worked extremely well for the company. And it really can be boiled down to three basic premises that I believe Bob Iger might have said in his first week as CEO of the company almost eight years ago, and continues to manage the company by.

And that is, that first and foremost we are a creative content company. Creative excellence is key to our success, and we continue to invest both organically and in acquisition in that aspect of the strategy. Secondly, to embrace technology and really to use technology to increase the distribution of that content digitally and on other platforms, and also to do so internationally and to expand the reach of the company internationally.

So if I follow that up with what I am most excited about and think will be the biggest growth drivers for the company, if we go through each of the business units, starting with the Parks and Resorts business. Obviously you know that we have put a lot of investment in place over the last few years in that business and a driver for the next three to five years will be harvesting the returns from those investments: whether that's the cruise ships we've put on the water; whether that's Disney California Adventure; and more recently the installation of MyMagic+ at Walt Disney World, which is a technology system that starts with guest interface, planning, and ultimately improves the experience along the way. We can talk more about that later; I don’t want to dwell on it.

And of course, Shanghai Disneyland, which is well underway. In fact, we are vertical in construction there. If you saw a picture of it today you would clearly see the outline of what will be a theme park -- six months ago you wouldn't have been able to see that -- and look forward to its opening at the end of 2015 and as a real growth driver in the years that follow, and for the long future in that business.

On the Studio side, of course with the acquisition first of Marvel and then of Lucas, we expect with the release of the [Star Wars: Episode VIII] in the end of calendar 2015, that that is going to be a driver for the Studio. You have seen our strategy with Marvel, using The Avengers, now having sequel films for the individual characters from The Avengers, with huge box office lift, whether you are talking about Iron Man 3, whether you are talking about Thor 2, I believe the
upcoming [Captain America: The Winter Soldier] will really see lift, and that is going to provide a lot of growth to the Studio up until our first Star Wars movie in 2015 and then what we do beyond.

Disney Consumer Products -- really taking advantage of, I would say, three things. Marvel now fully integrated and the success of those movies. Soon-to-be Star Wars; although the acquisition of Lucasfilm has already had a big impact on Disney Consumer Products, you will see much more of that after the release of the Star Wars movie. As well as Disney Junior, where we have invested organically in a lot of great content and it is really driving -- whether it is Doc McStuffins, Sofia the First, and of course now Frozen, one of our animated releases -- you will really see that taking off.

So I could go on and on about the different aspects, but I think those are probably the single biggest drivers. The Infinity game at Disney Interactive, definitely doing well, great Black Friday and into the Christmas season. But I would say every division is going to contribute in some way to what I hope to continue in terms of growth, as you have mentioned, historically.

John Janedis – Analyst, UBS

Okay. Maybe we could start there. You mentioned Shanghai. We know about the investments you are making there, Fantasyland, AVATAR land. Is there anything else in terms of investments in progress, or even future investments, worth highlighting?

Jay Rasulo – Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

You know, AVATAR land will -- and I guess we are talking about theme parks in general -- but I would say that AVATAR land, MyMagic+: two real drivers for Walt Disney World, a little bit playing on different aspects of the business.

In AVATAR land and taking the Animal Kingdom to a full-day experience into the evening -- you know, Animal Kingdom now closes at dusk, the only park that does so -- and with the advent of AVATAR land we will use it kind of like we use Cars Land at Disney California Adventure, to reposition that entire park towards an evening experience. There will be a lot of peripheral investment at Animal Kingdom that will not be specifically related to AVATAR land, but related to making that an evening experience and into the night.

We are also making a pretty heavy investment at our shopping village, the biggest shopping village we have on property, called Disney Springs. And that will be -- really lift the retail availability of both square footage, more concepts, more exciting concepts in that area. We don’t talk about it directly very much, but it will be a big lift for Walt Disney World.

And in other parts of the business, whether we are talking about the Disney Channels, which continue to invest all over the world and really make distribution of our content much more

The Walt Disney Company
available, those are things that are not the headlines but they definitely contribute to our growth.

John Janedis — Analyst, UBS

You mentioned MyMagic+. Any early feedback you can share now that it is fully rolled out?

Jay Rasulo — Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

We have now had MyMagic+ rolled out to all of our resort guests on property, all of our 35,000* hotel and vacation club rooms. The experience has been extremely good for the people using the product.

And to break down the product, for me there are really two big aspects. First and foremost is the planning vehicle. So it encourages guests to plan from home, allows them to line up their agenda, most importantly allows them to line up their FASTPASSes and really arrive on property with a very strong sense of what that agenda is going to be. That is not only something that guests enjoy doing and want to do, but from our perspective we know that the earlier guests plan their trip to Walt Disney World, the more time they spend with us.

People have been coming to Central Florida for about an eight-day vacation for a very, very long time. And once they get into the market, for all of you who have been down there, you are just bombarded with all of the other things that you can do while in Orlando.

When people plan at home, they tend to plan a lot more of their time at Walt Disney World. They are also exposed in the planning process to a lot of products that they don't know exist and a lot of things that, when they see it, they say, “wow, I would really like to do that,” whether it is character meals, whether it is special parts of the resort that they are not even aware of before they start planning.

So this is the first and probably from an economic driver the most important part of MyMagic+. It links into technology that you experience when you are on property in the form of a wristband that has long-range and short-range RFID, that keeps that entire itinerary for you, that has all your FASTPASSes, that is your entry ticket to the park, that is your entry -- that is your key to your hotel room. And allows us to know where you are along your itinerary and potentially interact with you in terms of both enhancing the experience and, of course, economically in terms of upselling. And that is the second half of the product.

* MyMagic+ has been rolled out to all of our resort guests at Walt Disney World in our hotel and vacation club rooms, of which there are approximately 27,000.
So we have now got that rolled out to a very significant portion of our guests, and it is going well. It is very early days on the economics, the returns of it. But we are very happy with what we see in terms of behaviors and look forward to rolling it out to the entire guest population.

**John Janedis — Analyst, UBS**

Okay. You mentioned earlier Marvel, *Star Wars* or Lucasfilm. M&A has been a fairly big part of the Disney story over the past couple years.

You have committed to increase return of capital in fiscal 2014, as I mentioned. But based on our estimates, though, you also have a lot of cash on hand. How should we think about M&A opportunities going forward?

**Jay Rasulo — Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company**

Well, obviously, M&A has been a very big part of the Disney growth story, all the way back to the mid-1990s. But more recently, obviously, we have used content acquisition as a real growth vehicle for the company, and we have done quite well with that.

We don't have anything of the scale of Lucas and Marvel, quite frankly, that we are looking at right now. But even with our enhanced buyback I think we have the capacity to continue along the path of using acquisitions strategically and somewhat opportunistically as things come up.

I don't feel that there is anything that we need. I don't think we sit back and say “wow, we have really got to figure out how to get that.”

But I think it is safe to say that you will continue to see us doing acquisitions in the future. And I wouldn't read into our increased buybacks turning our back on M&A as a vehicle to grow the company.

**John Janedis — Analyst, UBS**

You talked about scale in film. You have also exited certain unprofitable international markets on the media or cable side.

What do you mean when you speak to getting bigger in distribution, as you spoke about maybe off the top here? Does that mean buying international networks and rebranding them, or what does it actually mean?
Jay Rasulo – Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

Well, we've very successfully moved our Disney Channel in many markets around the world. Let me step back. The Disney Channel, strategically very important for us. It is now the biggest distributor of the Disney brand. Used to be some time ago animation; it is now the Disney Channel. And that has to do with ubiquity, repetition in the home, family viewing, and the quality, of course, of the content that is on the Disney Channel.

So we look to that as a vehicle, particularly in the international markets, of getting reach for our franchises. So we have -- whether flipping from smaller cable networks to free-to-air to get bigger distribution, or purchasing free-to-air access.

We purchased free-to-air access in Russia, buying a significant portion of 7TV and flipping that over to a Disney Channel. We probably moved from three households on Moscow cable TV to 40 million households getting the Disney Channel in Russia.

In Germany we acquired a station called Das Vierte and are converting that at year-end to Disney Channel; probably in 85% of German households by early next year. In Spain, we flipped our cable strategy to a free-to-air strategy. So it really is a way for us to distribute more strongly something that is quite important to us.

John Janedis – Analyst, UBS

You haven't been shy, as I mentioned, in terms of selling certain assets. Are there any other parts of Disney that you would consider non-core or look to sell at this point? Or are you pretty much done?

Jay Rasulo – Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

We look at the portfolio at all times and evaluate its long-term fit and potential with the company. And as of right now we're pretty happy with the assets that we have, so nothing to add there.

John Janedis – Analyst, UBS

Okay. Since you were here last year there has been increased talk about audience fragmentation, technology disrupting the traditional media business model. As you look out in two years, do you see any noteworthy changes in the way consumers access content outside of either more time-shifted or VOD viewing?
Jay Rasu – Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

I would say that -- obviously technology continues to allow people to view television product in a variety of ways, both in terms of convenience and time-shifting. But if I had to pick out the single most important aspect, I would say mobile and the access to content on a mobile basis is the single largest technology in terms of impact on our industry, consumer benefit, and, frankly, for us opportunity.

John Janedis – Analyst, UBS

Okay. Maybe on a related question, there is ongoing talk about unbundling and a la carte, virtual MVPDs, regulation. From a virtual MVPD perspective, is the difficulty in securing rights in coming to market with a product a fairly simple example of why the current model is unlikely to change meaningfully? And do you think this year is the year of the virtual MVPD?

Jay Rasulo – Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

Well, there is a lot in that question. First, let me start by saying that I think a virtual MVPD is coming -- I don't know if it is this year, it is certainly coming -- and we would certainly be happy to license our content to a virtual MVPD.

I think that they would, from our perspective, have to buy the package of services that we sell. They would have to go out and do that with other media companies and put together something that looks very much like the existing MVPD offers. And at that time I think we would be very happy to have another entrant into the distribution side.

But stepping back, like every product in the world, it is only successful when consumers see value in it. And today we believe that the MVPD system and the way that product is offered is still the most valuable way a product can be offered to the consumer.

The number of quality channels, the quality programming they get, the investment they get to take advantage of as a consumer really is best -- they are really best served by the bundling that is taking place in terms of what you get for an extended basic -- virtually for $75 a month, 100 channels of high quality.

And we believe that when you think about alternative structures, they simply are not consumer friendly. Which is why you see the ongoing success of this infrastructure, notwithstanding the fact that there are more and more alternatives that are available.

Look, I think the MVPD providers have to continue, as you see them doing, offering more services. We continue to enhance the infrastructure, like with the WATCH apps and other services that we have licensed to the MVPDs to keep up with the consumer demand. But I think
they have done a pretty good job of keeping a very valuable product valuable, and we continue to see a lot of strength in that infrastructure.

John Janedis – Analyst, UBS

Maybe let's shift to the Media business then in a little bit more detail. You hit on this a little bit, but over the past decade you have been at the forefront with your technology in the media world. Technologically speaking, what do you see as some of the biggest risks for Disney going forward, and maybe some of the opportunities? You mentioned the WATCH apps, but can you dig a little bit deeper for us?

Jay Rasulo – Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

Yes. I think the WATCH apps are really the front end. If you think about mobile and the power of mobile, we like to think about every place in the world not being in sync in terms of the benefits of mobile. So here in the US and developed markets, mobile has become an added service to the fundamental MVPD infrastructure.

So if you look at the WATCH apps, it allows portability; it allows people to have a second screen while they are watching their first screen. It's really a service enhancement to a very mature and in-depth infrastructure that provides video content.

If you look at international markets, the story is a little bit different. We view in international markets in many cases this being the second screen for households. And if you look all the way out to BRIC and the next 10 beyond BRIC, mobile will be the primary means of access in those markets.

So we are all anxious as content providers for, for instance, India to get its 4G network up and running because it provides virtual access to the entire population for video content that simply does not have that today. And I think that varying countries around the world are at different points of that lifecycle, but if you look at it in the long run, I think it provides a huge opportunity for us to get our content out to consumers that heretofore we have not been able to reach. So enhancement in developed markets and primary distribution in less developed markets.

John Janedis – Analyst, UBS

Maybe on a related topic, what kind of opportunities do your apps represent for you over the long term?
Jay Rasulo — Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

Well, look, I think that when we entered the app business it was in response to what we saw as a clear consumer demand, consumer benefit. We felt strongly about being paid for that. We also saw it as -- as I mentioned earlier -- an enhancement of the fundamental MVPD ecosystem that is so beneficial to our company, and something that we could partner with the MVPDs to provide, on an authenticated basis, a service that would make their service that they're selling to their final consumer more valuable and enhanced.

And I don't -- today we are able to sell advertising on it even though there isn't third-party measurement of the use of the apps. Since we serve the apps and we serve the content, we can serve ads. We know exactly -- because it is addressable -- where those ads are going and how many people are viewing them.

So we are able to monetize it. I don't want to get into the specifics of the size of the opportunity, because we really have sold that service as part of a larger package with the MVPDs, but something that was a necessity and extraordinarily valuable to the consumer and therefore to us.

John Janedis — Analyst, UBS

Okay. Let's talk about Netflix for a little bit. Last month you announced you were going to provide them with four Marvel-inspired series starting, I think, in 2015. From the outside looking in, it seems that there is really almost no downside for you in doing this. So can you help us think about the decision-making process behind these deals for you?

Jay Rasulo — Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

Yes. Obviously when we bought Marvel -- and now I think everything I say about Marvel you can take a couple years down the road and substitute the word Marvel for Lucasfilm -- but we really wanted to take this treasure trove of content and deliver it throughout the Disney ecosystem. That was our strategy: buy this great content, use the existing ecosystem to deliver it all over the world in everything that we do.

So of course we started with films. Our strategy was crystal clear. We wanted to build up to Avengers, have a big hit with Avengers, and then draft off of that and then start the same thing with other groups of characters.

So that is what we were doing on the Studio side. You all know that strategy has been incredibly successful.
But then we started to look at television. And not shockingly, we started close to home with our own networks, Disney XD, with -- first we did a short *Avengers* series; then we did *Ultimate Spider-Man*; then we did *Avengers Assemble*; and now *Hulk* and the *Agents of S.M.A.S.H*.

Next we backed into -- we had a great idea for a show called *S.H.I.E.L.D*, which is on the ABC network, and it hit great numbers in terms of ratings, great interest. And we started to think more broadly: how can we continue to expand the value of this content in the ecosystem?

And an original content deal with Netflix seemed incredibly consistent with their own strategy and very consistent with our strategy. We were ready to look outside of our own networks into a different form of distribution.

So we did this deal with Netflix. I think it is going to lead to great results. It is a little bit like *The Avengers* strategy. It leads -- it does origin series on four different characters who ultimately may well assemble. And we feel very strongly that it is going to be both good for us and good for Netflix. But that is the thought process that we used behind it.

Now, we continue to look to the network. Are there other shows that could be on the ABC network? Are there other shows that could be on Disney XD as we continue to build it? And, by the way, are there other vehicles other than Netflix that we can continue to distribute this content?

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**John Janedis** – Analyst, UBS

With what you just said at the end of this, your statement here, so when you take a step back, last year at our conference you actually announced the Netflix film deal; now obviously the Marvel deal. What is it about Netflix?

Is it their willingness to take some more creative risks that has made them appear to be more of your kind of go-to SVOD partner at this point? Or what is it about them right now?

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**Jay Rasulo** – Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

Well, I don't know if I would call them our go-to SVOD partner, since we have distributed product through Amazon, Hulu, as well as Netflix. And by the way, even in the case of the Marvel deal, we spoke to many, many other potential distributors other than Netflix, and arrived at Netflix, but did span the horizon in terms of the MVPDs doing that as direct -- as original content, as well as the other providers that I mentioned and a few more.

We have done with Netflix a combination of an output deal on the film side and this original content deal on the television side. Look, I think that as a content provider the fact that there are more fundamental economics, say, the fact that there are more people demanding your product is a good thing.
I think that we try to be evenhanded and of course advantageous to Disney in how we look at using the different players in the market. But I think it is exactly the kind of response that you would expect from a content provider. Whether we go to iTunes, whether we go to our own network, whether we go to the MVPDs as an enhanced service, whether we go to so-called insurgents in the space like Netflix, Hulu, Amazon, we are out there playing the field.

John Janedis — Analyst, UBS

Okay. Maybe will shift over to sports.

Jay Rasulo — Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

Sure.

John Janedis — Analyst, UBS

You’re obviously the biggest player in the live sports arena. As you know there have been some new entrants into the market over the past several months. What changes, if any, have you seen in the sports marketplace in terms of programming costs, advertising rates, etc. Anything along those lines?

Jay Rasulo — Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

Look, I guess I’m going to start with a summary. I don't think we have seen huge change from what has existed in this space for a long time. We are very happy with our number one position in sports, and we are very happy with the rights we have acquired which allow us to bring to our sports fans their favorite sports of high quality with high-quality production.

There has always been a lot of competition in this space. These days I think as less and less television content is viewed live, others have seen the value of this live content, that it is the only remaining bastion of fundamentally live content viewing. It is still in the high 90s in terms of the percent that is viewed live.

So others have seen that and they are trying their hand at it. I don't think it has fundamentally changed the business for us. There hasn't been huge impact on our advertising. I think we said in the fourth quarter we grew advertising very nicely at ESPN; 9% I think was the number we gave out. And we feel like, hey, that is a pretty strong number. There has been a lot of noise out there in the fray; but it fundamentally hasn't changed the demand for advertising at ESPN.

And frankly, we follow the same strategy we follow in all our businesses: have great content, produce it in a quality way, and deliver it to consumers in the most appealing way that it can be
delivered. And sometimes that means mobile, sometimes that means on a big screen at home, and everything in between.

So I think that we do a great job of covering all platforms with ESPN, it gives us a huge advantage over others in the space. And I don't feel like there is a real story to tell you about how we either had to change our strategy or how the world has changed in sports because of more entrants.

John Janedis – Analyst, UBS

You are right. There is a lot of noise in there, of course. So just to put a fine point on it, you're not seeing any kind of ratings pressures or whatsoever in terms of increased competition at this point?

Jay Rasulo – Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

No, the ratings haven't changed a lot. If you look at the most recent entrant into this space, FOX Sports 1, we grew substantially more in terms of viewers at ESPN than they have grown since their entrance. In terms of viewership we're an order of magnitude larger.

So not a lot of difference for us. But, by the way, don't take that to mean there is complacency at ESPN. ESPN covers a competitive world and they are very competitive guys and women. And we don't -- we're not going to cede our position in this business.

John Janedis – Analyst, UBS

Okay. Let's talk a bit more about currency here. You don't expect C7 to be the currency in the upcoming upfront; some of your peers do think that will be the case. What are some of the hurdles that are still outstanding from your perspective?

Jay Rasulo – Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

Well, look, I think the interesting thing is -- first of all, we do sell some C7 ratings. But you are right, the majority we don't.

There has been a lot of conversation out there in the marketplace about when C7 is going to be the standard that is sold to advertisers. We tend to think it will take a little longer than some others in the space, but it doesn't mean we are any less anxious.

We do know when we look at C7 ratings that there are quite a few consumers -- that you see an incredible lift over the course of that week from the original airing. So we think that there is
something to be sold there; we think that there is value. And I think that the hesitation has to do -- more on the advertisers' side than on the content providers' side.

John Janedis – Analyst, UBS

Maybe I will ask one or two more then I will open it up to the audience.

Jay Rasulo – Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

Sure.

John Janedis – Analyst, UBS

Maybe outside of C7, mobile may be somewhat more relevant given the sports aspect to your business. So knowing that, how far away are we from monetizing mobile viewing?

Jay Rasulo – Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

Well, as I mentioned earlier, we do monetize mobile viewing now. Because we serve the content, we serve the advertising, we know what people are viewing, and we sell it.

I think that we have tried a couple of pilot programs with the third-party rating agencies. We as of yet have not arrived at a vehicle for them to cover this.

But I think it is just a matter of time, because I think that more and more viewing is going to move to mobile platform. And of course there is going to be demand from advertisers and distributors to have that accurately and -- well, objectively measured, I don't know about accurately -- but objectively measured.

John Janedis – Analyst, UBS

I will ask one advertising question then I will open it up. There has been some talk of a mixed ad marketplace, if you will, for cable and network television. Are you seeing anything different from what you told us last month? And is the sports market demand different from the rest of the industry at this point?

Jay Rasulo – Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

Not a lot of differences from when we last spoke about this in November. We are still seeing about plus 20% on scatter pricing above the upfront on the network side.
We said in the fourth quarter that our first quarter cash ad sales at ESPN were increasing nicely, and they continue to do so. So we haven't seen a huge divergence between the two. Just not a lot to report on.

**John Janedis – Analyst, UBS**

Okay. Any questions from the audience? No. Okay. I will keep asking then.

So let's move on to the Parks. You have said that you are ready for rapid expansion of Shanghai if the market turns out the way you expect. Can you help us understand the metrics you will use to benchmark yourself against?

**Jay Rasulo – Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company**

Yes. I don't want to get into specific metrics that will follow our opening. But if you step back and you look at the Shanghai marketplace -- so first of all, somewhat entertainment-deprived country. They have focused on many aspects of development in China and, not surprisingly, entertainment and leisure has lagged. Lagged the growth of the middle class, lagged the economic capability of the country. Shanghai Disneyland is positioned within three hours of 330 million people, many of those young families.

We wanted, in striking that deal, to provide ourselves with the space and capacity to grow rapidly. On opening day the landmass of Shanghai Disney Resort will be almost 1,000 acres, which makes it the third largest -- after Walt Disney World and Disneyland Paris -- the third-largest property we have in the world in terms of the landmass for expansion.

We are opening the park for a pretty healthy number of attendees. But more importantly, both we and our partners in the Shanghai government are eager and willing to expand rapidly after that.

We believe -- and Bob Iger has said this many times -- that Shanghai Disneyland could be the second largest Disney destination in the world, behind Walt Disney World. And that would put it ahead of Tokyo Disney Resort, which does about 28 million of annual attendance.

So we have big expectations for this destination. The fundamental economics support that. The demographics of China support that. And we believe we are developing a park that will absolutely blow people away, and so we think the product will support that as well. And we look for big things there.
Let's talk a little bit more about parks investments. Last year you had the $0.5 billion of revenue and expense related to growth initiatives. A lot of that, as you have spoken to, was MyMagic+ and Shanghai.

You are planning, I think, $300 million or so for this year. So given the size of that investment, is that now mostly technology and then the $100 million from Shanghai? Or what is the composition here?

Well, we have got -- I think your numbers are accurate. We look for about $300 million growth in revenue from the continuation of new initiatives.

In fact, we were looking for a certain growth trajectory in terms of OI from those initiatives, and what has happened is that the growth trajectory in 2014 will not be as high as we had hoped, because 2013 numbers were much higher than we assumed in our trajectory.

So we actually saw returns from the new initiatives a lot sooner than we thought -- in 2013. So we had very good contribution to OI in 2013 and will continue to see that in 2014, but not a great growth trajectory in that year.

But what you have basically got here is, number one, you're right about the composition of spending. Although there is less spending, per se, on MyMagic+; it is really, now that it is in service, it's depreciation -- because a lot of the investment in MyMagic+ was systems investment and that depreciates quite rapidly compared to our normal path of depreciation -- so what you are seeing is a lot of costs associated with depreciation, not continued investment, in MyMagic+, which is really tailing off. The increase of investment really has more to do with Shanghai, and that is not so much on the expense side; it is more on the capital side.

So it is really the continued ramp-up of products we have introduced, the additional operating costs for the Magic Kingdom expansion, as well as MyMagic+.

Okay. Maybe another question on Parks. With the Cars Land, Fantasyland and AVATAR investments, do you feel as though your parks in the US are where they need to be in terms of investment? There is talk about a potential Cars Land expansion in Florida. But what do you think -- or what are we going to see going forward here?
Jay Rasulo – Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

Well, look, I don't think this is a business -- whether you look at it broadly or you look at our own business historically -- it is not a business where you get to sit back and say you are done. It is a business that refreshes itself, that creates urgency to visit, that continues to grow through fundamental investment in entertainment content.

So there is -- I am absolutely certain that we will continue to invest in content. Now, will it be in the huge pieces like Disney California Adventure or AVATAR, plus turning the Animal Kingdom into a nighttime investment? I don't know. I don't think so.

But if we have got -- when you think about acquiring Marvel and you think about acquiring Star Wars, we know that is content that our guests want to experience in the theme parks. We actually hear it from them over and over again. Star Wars has been in our parks since the 1980s, and it is among the most popular content that we have. So I am sure we are going to find expressions of that in our theme park business down the road, the timing of which and the size of the bites I can't say right now -- actually hasn't been decided.

But we will continue to invest in that business, because the returns on that investment continue to be very strong.

John Janedis – Analyst, UBS

Okay. And looking -- is there a question?

Unidentified Audience Member

There is a -- the NFL rights are up soon. I was wondering if you might comment on how Disney might approach those rights, through ABC, or through ESPN? If there would be a strategic difference to you about where that might go?

Jay Rasulo – Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

I assume he was talking about the NBA? Because we have already redone our NFL deal. Our NFL deal has already been re-signed for ESPN.

Unidentified Audience Member

Oh, I'm sorry.
Jay Rasulo – Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

That’s okay.

Unidentified Audience Member

Then maybe you could talk about, with the consolidation in the broadcast space, what your view is of reverse comp and what your view is of the broadcast asset in general?

Jay Rasulo – Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

What was the first half of that, before broadcast in general? Sorry, I can't hear you very well.

Unidentified Audience Member

Oh, I'm sorry. Given the consolidation that is occurring in the broadcast space on TV, what is your view of reverse comp as we look out three to five years?

Jay Rasulo – Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

Oh, reverse comp. That is what I didn't hear. Okay.

So we have talked -- so obviously reverse comp and retransmission consent fees have been a huge boon to the broadcast industry and have allowed for others pretty significant investment, a lot of that winding up in the acquisition of sports rights, since they use sports rights on their networks.

For us, we buy all our sports rights through ESPN. So our retransmission consent fees have really mostly fallen to the bottom line. And I think we have said many, many times that we are looking at about $500 million of incremental revenue over where we were a few years ago in terms of retransmission consent fees in the fiscal 2014, 2015 years†.

So it has been a very strong aspect of broadcast and, by the way, television station economics over the last couple of years.

In terms of the broadcast business, I will only speak from our own. We have the network, of course. We have eight very strong stations that are either number one or number two in their markets. We are very happy with their performance.

† We have said that we expect annual revenue streams to total between $400 million and $500 million dollars by fiscal 2015.
They are evolving like every other aspect of media distribution, and I think that we have done a very good job in keeping up with that. And happy to have both the network and the stations as part of the portfolio.

**Unidentified Audience Member**

Thank you.

**Unidentified Audience Member**

Good morning, Jay. On the 4Q call you talked about the Parks business having reservations running relatively flat. I wonder if you could expand on that a bit. One would have thought that perhaps the bookings would be up rather than flat year-over-year.

Second, can you talk to us about the international attendance trends, both from Latin America as well as from Europe? Thank you.

**Jay Rasulo — Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company**

Yes. So look, we have had with the opening of California Adventure, with all the stuff that is going on in Florida -- some very, very rapid growth both from the attendance side and particularly on the pricing side. I wouldn't read too much into quarter-to-quarter bookings. We feel very bullish about this business. We feel -- we have seen incredible response to the investments we have made.

So I just would say that, look, we've gotten into the habit of giving that number out quarterly, but I wouldn't read too much into it. I feel fundamentally good about where the Parks business is headed.

Second half of your question had to do with international attendance. So let me start with international attendance here in the domestic parks. In the last quarter, very, very strong. Latin America, particularly Brazil.

There has been a lot of work around visas and access to visas, and we had something to do with that, along with the rest of the travel industry. But it has really had a remarkable impact and the demand from Brazil has been very strong.

But demand from the UK has also been pretty good in the last, I would say, two quarters. So we are pretty bullish about what is happening there.
In terms of international attendance -- I don't know if your question included this, but international attendance at our international parks. Tokyo came off their 30th anniversary, had an unbelievably great year.

Hong Kong Disneyland is growing by leaps and bounds. We took on an expansion there; added three lands over about the last four years and have had incredible response from the marketplace.

They are just growing in leaps and bounds; hotels are running at mid-90s in occupancy. So clearly on an expansion path there, frankly, as part of an overall China strategy, to increase our footprint there.

Paris has not surprisingly suffered from the basic headwinds that Europe represents today, particularly Continental Europe. The UK is doing a little better than the rest of Continental Europe; and we are starting to see some signs of improvement in Spain and Italy. But we have got some slogging to continue to do there. We are introducing an attraction, kind of a mini-Land around the Ratatouille film that was incredibly popular -- not shockingly -- in France and in much of Europe, and we think that is going to really help us. But make no mistake about it, economic fundamentals there are difficult.

John Janedis – Analyst, UBS

One more from Valerie.

Unidentified Audience Member

Yes, right here, coming back to the NBA rights, could you comment on that and your thoughts, given the increased competition for rights as well as the league's desire to maximize their profits by dividing up rights among multiple parties? How do you think about that strategically for your ESPN business?

Jay Rasulo – Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

Thanks. So, the NBA is the last major piece of sports content that ESPN has to acquire for the pretty long-term future. I mean 8 to 10 years. We have tied up everything else that we think is part of our fundamental portfolio.

And we think the NBA should be part of that fundamental portfolio and has done extremely well for us in the past. So we look forward to engaging in those negotiations to wrap that up.
You are right, there has been some talk of splitting it up. We like what it has done for us at its current level. But, and I don't want to presuppose what might happen in a negotiation as we enter it, so I won't say too much.

John Skipper, the President of ESPN, has been pretty vocal about our desire to have the NBA as part of our portfolio. I think we will wind up with it as part of our portfolio. The exact form, I can't predict.

Unidentified Audience Member

Hi, thanks. To what extent do services like Aereo impact whether you put that kind of NBA, NFL content out over ESPN or broadcast, if any?

Jay Rasulo — Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

Well, it sort of opens up a bigger question about Aereo, and what we think about its legality, and whether or not it will be around. But right now, not driving our strategy for where to place sports content.

John Janedis — Analyst, UBS

Great. I think we will have to leave it there. Thank you very much.

Jay Rasulo — Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company

Thank you, John.

###
**Forward-Looking Statements:**

Management believes certain statements in this call may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are made on the basis of management’s views and assumptions regarding future events and business performance as of the time the statements are made. Management does not undertake any obligation to update these statements. Actual results may differ materially from those expressed or implied. Such differences may result from actions taken by the Company, including restructuring or strategic initiatives (including capital investments or asset acquisitions or dispositions), as well as from developments beyond the Company’s control, including:

- adverse weather conditions or natural disasters;
- health concerns;
- international, political, or military developments;
- technological developments; and
- changes in domestic and global economic conditions, competitive conditions and consumer preferences.

Such developments may affect travel and leisure businesses generally and may, among other things, affect:

- the performance of the Company’s theatrical and home entertainment releases;
- the advertising market for broadcast and cable television programming;
- expenses of providing medical and pension benefits;
- demand for our products; and
- performance of some or all company businesses either directly or through their impact on those who distribute our products.

Additional factors are set forth in the Company’s Annual Report on Form 10-K for the year ended September 28, 2013 and in subsequent reports on Form 10-Q under Item 1A, “Risk Factors.”

Reconciliations of non-GAAP measures to closest equivalent GAAP measures can be found at [www.disney.com/investors](http://www.disney.com/investors).