



The WALT DISNEY Company

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2011 Annual Meeting of Shareholders

MARCH 23, 2011

Disney Speakers:

John Pepper

Chairman of the Board

Bob Iger

President and Chief Executive Officer

PRESENTATION

John Pepper, Jr. — *Chairman of the Board, The Walt Disney Company*

Thank you. Thank you all very much, and good morning. On behalf of the management and the entire Board of The Walt Disney Company, I've got the great pleasure of welcoming you all here to our 2011 annual meeting.

We're delighted to be with you here in Salt Lake City. I know a number of you have come from different parts of Utah and surrounding areas, and we're grateful that you took the time to travel here and hope very much that you enjoy the proceedings of the meeting.



I'm very happy to begin by reporting to you that 2010 was a very good year for your company. Really, it was way above the average. Excellence in creativity, financially, as you'll hear from Bob, and strategically. I think you can be very proud of what your company has achieved. Under the leadership of our CEO, Bob Iger, Disney's management has successfully navigated, I think, the fastest changing media landscape any of us have ever seen, and, as we all know, a difficult global economy, all at the same time delivering very strong shareholder value and, very importantly, a platform for building growth in the future.

Part of that process includes senior management changes in several key businesses of the company. They included our movie studio, ABC Entertainment and the Interactive Media Group. I can tell you, that's a lot of change in a single year. And the fact that Disney was able to move through it while delivering record performance is testimony to the leadership that was involved and to a very good platform of succession planning.

One of my favorite parts of being your chairman is that I get, more than most, the opportunity to go around the world and visit our employees and our cast members. Last year I had the pleasure of visiting with Disney teams in London, in Moscow, in Hong Kong, Anaheim in California and in China. In Beijing, I was able to watch a class being taught in one of our big Disney English language learning schools. That's one of our newest businesses in China.

What makes this special is that Disney characters and the latest technology are being brought together to create a really engaging learning environment for kids. I was impressed by a lot of things; the content, technology that is being used, and certainly the quality of the teachers. But what stood out the most for me were the children and how engaged they were, how much fun they were having in their learning.

I've also visited our park in Hong Kong. There are exciting new attractions there, it's being expanded significantly, and that was second only to the level of service and commitment that I saw from the guest - to our guests from our cast. One of the most encouraging things during the year that I saw was something that you wouldn't or our guests wouldn't really notice, and it's not important they do, but it's something very important to our business, and that's our new business structure in Europe.

The company has brought together all the leaders in Europe, our geographic leaders, our product line leaders, and they are now operating in tandem far better than ever before. As the former CEO of a global company, Procter & Gamble, I know how important that is and how difficult it is to achieve. I can tell you that it's adding significant value to your company.

Here in the States, I got to experience World of Color at Disney's California Adventure. It's really an amazing light and sound spectacle. It features our most beloved characters and stories. As I was watching this, and I can still remember it, what was going through my mind is, "only Disney could do this." And it's true. World of Color is absolutely spectacular, and I would encourage all of you who can, to experience it firsthand.



And no matter where I visit, wherever it is in the world, I've been continually impressed by the passion of Disney's people and their commitment to create an exceptional experience for every man, woman, or child who they meet. I can also tell you that the men and women on your Board of Directors share that passion and commitment, and it is a personal privilege for me to serve with them and an honor to introduce them now.

First, Susan Arnold retired from Procter & Gamble as the company's Vice Chairman as well as the President of all of global business units.

John Bryson is Senior Advisor to Kohlberg, Kravis, Robert & Co. He's also the retired Chairman, President and CEO of Edison International, one of the country's leading energy providers.

John Chen is Chairman and CEO of Sybase, a software development company and a wholly-owned subsidiary of SAP.

Judy Estrin is CEO of JLABS, a company focused on advancing innovation in business, government and non-profit organizations.

Bob Iger, who I'll introduce in a moment, is, of course, our President and our CEO.

Steve Jobs is the CEO of Apple and the former Chairman of Pixar, which now, blessedly, is part of this company.

Fred Langhammer is Chairman, Global Affairs of Estée Lauder.

Aylwin Lewis is President and CEO of Potbelly Sandwich Works.

Monica Lozano is Publisher and CEO of La Opinión, that's the largest Spanish-language daily newspaper in the United States.

Bob Matschullat is a private equity investor and former Vice Chairman and CFO of the Seagram Company.

Sheryl Sandberg is Chief Operating Officer of Facebook.

And, Orin Smith served as the President and CEO of Starbucks.

I'd like to now ask the directors who are here with us today to please stand and be recognized by the audience. Ladies and gentlemen, the Board of The Walt Disney Company. Thank you all very much. Thank you.



It's now my honor to welcome to the stage your CEO, Bob Iger. I've worked with Bob for over five years. Under his leadership, I've witnessed - we all have witnessed the flowering of creativity in every single part of this business. We've seen a stronger management team come into place, far greater use of technology, and we've seen significant growth of this company in every part of the world. This, and much more, has been reflected in the outstanding results that you're going to hear about in just a moment. Please welcome our CEO, Bob Iger.

Bob Iger — *President and Chief Executive Officer, The Walt Disney Company*

Thank you. Good morning, ladies and gentlemen, and thank you for joining us here in Salt Lake City. We are certainly delighted to be with you.

First, I'd like to say something about John Pepper, and I know I speak for the entire Board and all of Disney's senior management team when I say it is truly an honor and a privilege to work with John. His expertise, his insight, his wisdom, his knowledge are very much appreciated and are very much a part of the value equation at The Walt Disney Company, and we love working with him and having him as our Chairman.

I'd also like to introduce a special person to the Company who is in the audience, and that is Roy P. Disney. Roy is the son of Roy E. Disney, a former member of our Board and an employee of the company for over 50 years, and the grandson of Roy O. Disney, who is Walt Disney's brother and a cofounder of the company. Roy P., if you'd stand up, please. Thank you. Great to have you, Roy.

Before we move on to our business today, I want to take a moment to express our concern and support for the people of Japan. We've all watched the tragic events unfold over the last two weeks, and it's still hard to fully grasp the devastation in that country. Japan is an important market and major base of operations for us. We were fortunate that all of our employees came through it, but there is no doubt it has affected them and their extended families profoundly. And our thoughts and prayers, as well as the support of The Walt Disney Company, remain with our employees and with the people of Japan.

And now I'd like to start this meeting with something that truly captures the essence of who we are and what we do.

[VIDEO]

Thank you. That really is Disney, isn't it?

Hundreds of millions of people around the world make us part of their daily lives, giving us the chance to touch their hearts and create memories that become part of their history, part of who they are.



That's really what makes The Walt Disney Company and our portfolio of brands different from everyone else. Disney, Pixar, ABC, ESPN and Marvel are some of the world's best-known and most-loved brands, and they represent a truly stunning collection of businesses dedicated to delivering wonderful experiences to people everywhere.

It all starts with our people, the remarkable men and women who work tirelessly to exceed the expectations of our guests and our viewers around the world. I am often awed by their passion, and inspired by their creativity, innovation, and commitment.

As you know, for the last five years, we've focused on three strategic priorities – using new technology to enhance the quality and the reach of our content, growing our business in promising international markets – and, of course, creating great entertainment.

We delivered on all of those priorities in fiscal 2010, but it was an especially strong year for us creatively. We became the first studio in history to release two films in one year that earned more than \$1 billion each in global box office.

Alice in Wonderland drew huge crowds into theaters around the world. And, *Toy Story 3* not only became the most successful animated film ever, but it earned two Oscars including one for best animated film, as well as a nomination for best picture of the year.

Achievements like these added up to a strong fiscal 2010 performance. For the year, net income increased 20% to \$3.96 billion dollars on a 5% rise in revenue to \$38 billion. Diluted earnings per share for the year increased 15% to \$2.03 from \$1.76. And the total return delivered by Disney to shareholders was up nearly 24% - substantially more than the 14% return delivered during the same period by the S&P 500.

The performance enabled us to continue to make substantial investment in new business opportunities and to raise our cash dividend for the year by 14% to 40 cents a share. It was the 55th consecutive year in which we paid a dividend.

We've gotten off to a strong start in fiscal 2011 with our animated feature, *Tangled*, an artistic and commercial success that also gave us a new princess for our royal court – Rapunzel.
[Applause] Let's hear it for princesses.

And we couldn't be more excited about what comes next. Johnny Depp returns as Captain Jack Sparrow in *Pirates of the Caribbean: On Stranger Tides*. This time he's in search of the fountain of youth in a funny, fast moving adventure that I believe captures the spirit of the original *Pirates* movie. It sails into movie theaters, no pun intended, on May 20th, but we're proud to show you a clip today. Enjoy it.

[VIDEO]



That looks pretty good. I think I'll go see it. Our *Cars* franchise races back into theaters when *Cars 2* opens this summer, taking the audience on another hilarious and touching ride with Lightning McQueen and Mater.

Cars remains one of our largest and most robust product lines, and we're thrilled by the growth of this franchise. In addition to *Cars 2* this year, we're really looking forward to the opening of Cars Land at Disney California Adventure in 2012. It's the largest new attraction we have ever created and it's like nothing you've ever seen before.

Here's the trailer for *Cars 2*.

[VIDEO]

While I'm on the subject of franchises – and movies – I want to tell you about what's coming up for some of the world's favorite Marvel superheroes. Last year, *Iron Man 2* was a hit with audiences around the world, and we're bringing two more Marvel icons to the screen this year.

First up is *Thor*. There are so many reasons to love this movie, it's got a great story, strong characters, thrilling action, compelling drama, amazing actors, including Academy Award winners Anthony Hopkins and Natalie Portman.

You really do have to see it to believe how good it is, which is why I brought you a sneak peek. So, here's a look at Marvel's *Thor*.

[VIDEO]

For those of you who may be slightly confused by the appearance of the Paramount logo on that trailer, when we bought Marvel, Paramount was the studio that distributed Marvel's films. Marvel owns and produces the films, but Paramount distributes them. That's a relationship that's ending this summer, and starting next summer, Disney becomes the exclusive global distributor of all of Marvel's films, and of course, the owner of them as well.

Thor, by the way, will be in theaters on May 6thand you can see why we're really excited about it. Really big film.

In July, one of Marvel's most beloved characters, *Captain America*, comes to life in a live action feature.

It's a great year for Marvel fans, but next year it gets even better, when we bring Iron Man, Thor, Captain America, The Hulk and The Black Widow together in *The Avengers*. The combination of iconic characters, incredible star power, and an action-packed story makes this one of the most anticipated films of 2012.



In the last few years, we've been investing in our parks and resorts, and we're starting to see some amazing results. John earlier mentioned World of Color, and he's right, it really is something only Disney could do.

And as I said we're looking forward to adding Cars Land to California Adventure next summer.

But, we're also immensely proud of our latest cruise ship, the Disney Dream. Just a small little ship there on our island in the Bahamas. It's absolutely gorgeous, it's quite amazing, and its use of technology and attention to detail are really something to behold. Everything about the ship is designed to deliver the unparalleled guest experience that only Disney is known for.

Looking ahead, we're also doubling the size of Fantasyland at Walt Disney World's Magic Kingdom, adding some new attractions and experiences for the whole family.

And then in August, we will welcome our first guests to Aulani, our new resort and vacation club in Hawaii.

And next year, the Disney Dream's sister ship, the Fantasy, will set sail offering our guests more destinations than ever before.

We're expanding Hong Kong Disneyland and we're close to final approval for Shanghai Disneyland, to bring Disney's magic and creativity to the heart of China. With 1.3 billion people, and a growing middle class, China is definitely an important part of our global strategy and we're very excited about these developments.

Our television businesses have evolved into creative engines as well driving opportunity, franchises and revenue across our company. Our ABC Entertainment Group has delivered some of the most watched and the most recorded shows on television here in the U.S. – TV shows that are also sold into more than 200 markets worldwide.

ABC Family has emerged as *the* TV brand for millennials, delivering record ratings in this country and selling original series into markets around the world as well.

And of course, Disney Channel also delivered record domestic ratings last year – but we're particularly excited about Disney Channel's expansion into new markets such as Russia and South Korea, and in fact the Disney Channel is now in 168 countries worldwide.

Last month's introduction of Disney Junior, our new multiplatform brand for preschoolers, gives us another way to extend our reach and connect with our youngest fans and their families.

We're starting Disney Junior as a programming block replacing the Playhouse Disney brand, rolling out to other markets around the world in the coming months and ultimately evolving it into a stand-alone 24-hour channel starting in 2012.



And then there's ESPN – the worldwide leader in sports. No part of our company has taken greater advantage of new technology to give consumers an incredible experience than ESPN. Marrying cutting-edge technology with unparalleled content has always been a hallmark of ESPN's success. They bring a keen focus to integrating their expert coverage of the NFL, the NBA, Major League Baseball, college football, college basketball, golf, tennis, the World Cup, cricket – you name it, they cover it.

As a result, ESPN is stronger than ever, delivering record consumption across platforms while setting many viewership marks across its U.S. television networks. ESPN continues to expand its digital reach into the lives of sports fans everywhere.

This is ESPN.

[VIDEO]

I think I saw some Utah sports teams in that video. That is an *amazing* coincidence. No one does sports like ESPN, and no one does anything quite like Disney.

So on behalf of everyone across The Walt Disney Company, I invite you to join the more than 215 million fans who stay connected with us via Disney Facebook pages. Whether you're a fan of our movies, our theme parks, TV shows, ESPN, or all of the above, odds are there is a Facebook page just for you.

I'm proud of our performance and what we've achieved. I'm committed to delivering for our shareholders. And I'm grateful to the thousands of people across our entire company who share that commitment.

I'm aware that our tremendous responsibilities to our guests and our shareholders are accompanied by our responsibility as a corporate citizen. We strongly believe that effective corporate citizenship fundamentally adds to shareholder value, and is worth every bit of the time and resources that we put into it.

We're guided by three primary principles. First, act in an ethical manner and consider the consequences of our actions. Second, champion the happiness and well being of kids and their families. (I think I hear one of those in the audience today.) Inspire kids and parents, employees and communities to make a positive change in the world.

You'll see these principles at work in a variety of initiatives, from our campaign to connect our characters with healthy food and lifestyle choices to public service initiatives, like Disney Channel's "Friends for Change" campaign.



And you can learn more about what we're doing to build on Disney's long tradition of good corporate citizenship by reading our Corporate Citizenship report – which is now available online.

It really is an honor to lead this organization. I'm grateful for the opportunity, thankful for your support and committed to doing our best to exceed your expectations.

John Pepper is ready to take the stage to conduct the business portion of this meeting. But before he goes, sorry, before he comes back up here, I have one more surprise for you. I have brought you something special from our friends at Pixar, the people who are defining what's possible and raising the standard and potential of animation across our company, and in fact to infinity and beyond. This is something that no one else is going to see until *Cars 2* opens this summer. So, I am very proud to present the world's first "Toy Story Toon," *Hawaiian Vacation*. Enjoy.

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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 October 2, 2010 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.