

The **WALT DISNEY** Company
INVESTOR DAY
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Disney Speakers:

Bob Iger

Chairman and Chief Executive Officer

Kevin Mayer

Chairman, Direct-to-Consumer & International

Michael Paull

President, Disney Streaming Services

Randy Freer

Chief Executive Officer, Hulu

James Pitaro

Co-Chairman, Disney Media Networks Group and President, ESPN

Russell Wolff

Executive Vice President & General Manager, ESPN+

Uday Shankar

President, The Walt Disney Company Asia Pacific and Chairman, Star & Disney India

Ricky Strauss

President, Content & Marketing, Disney+

Jennifer Lee

Chief Creative Officer, Walt Disney Animation Studios



Disney Speakers (continued):

Pete Docter

Chief Creative Officer, Pixar

Kevin Feige

President, Marvel Studios

Kathleen Kennedy

President, Lucasfilm

Sean Bailey

President, Walt Disney Studios Motion Picture Productions

Courtney Monroe

President, National Geographic Global Television Networks

Gary Marsh

President & Chief Creative Officer, Disney Channel

Agnes Chu

Senior Vice President of Content, Disney+

Christine McCarthy

Senior Executive Vice President and Chief Financial Officer

Lowell Singer

Senior Vice President, Investor Relations



PRESENTATION

Lowell Singer – *Senior Vice President, Investor Relations, The Walt Disney Company*

Good afternoon. I'm Lowell Singer, Senior Vice President of Investor Relations at The Walt Disney Company, and it's my pleasure to welcome you to the webcast of our Disney Investor Day 2019.

Over the past 1.5 years, you've had many questions about our direct-to-consumer strategy and services. And our goal today is to answer as many of them as possible. So let me provide some details for the day. Disney's Chairman and Chief Executive Officer, Bob Iger, will start us off. Next, Kevin Mayer, will discuss our direct-to-consumer strategy.

We're going to follow that with presentations about all of our direct-to-consumer businesses. First Hulu, then ESPN+ and then Hotstar. We will then take a 15-minute break. Following the break, we will focus on Disney+. Our team will talk a bit about the Disney+ opportunity and some specifics around the launch as well as walk through a demo of the Disney+ app.

You'll also hear from some of our company's amazing, creative executives who are making content for this service.

Disney Chief Financial Officer, Christine McCarthy, will then wrap up the day by discussing some of the key financial implications of our business plans, and we will follow that with a question-and-answer session.

Due to some rights issues, we won't be able to webcast many of the videos that we're showing in the room. But we have worked hard to clear the rights on the most important ones that we think people should see during the day. In particular, during our Disney+ content section, some portions of the webcast will be audio only and some portions will be blacked out. We apologize



for this necessity. We will be posting the slides to our website shortly after the conclusion of the event.

Let me note that statements made in today's presentation may contain forward-looking information. Actual results may differ materially from what we are presenting today. The slide you now see gives you information about some of the risks regarding those forward-looking statements as well as where to go to get more information about our risk factors.

Finally, and most importantly, on behalf of all of us, we want to welcome you and thank you for taking the time to learn more about The Walt Disney Company. Our presentation will begin shortly.

[VIDEO]

Bob Iger – *Chairman and Chief Executive Officer, The Walt Disney Company*

Thank you very much. Good afternoon to all of you. This is the first time that we've met with all of you since the Fox deal closed, and so we thought that we would open with a visual portrait of our newly combined company. Did we miss anything, by the way?

The video that you just watched told a powerful tale about where we have been and what we've accomplished. It should also give you a strong sense of what we can do and what we're building from. For two decades, these companies have been entertaining the world at the highest levels, creating an indelible connection with billions of people and a treasure trove of long-lasting valuable content.

The Disney+ platform is being built on that foundation, one that no other content or technology company can rival. This is an exciting time, but it's also a challenging time. The pace of change is extraordinary, and the dynamism of the marketplace is both powerful and permanent. Deciding how to navigate this was not difficult for us. We knew the best approach was to focus on



exactly what was evident in that opening video, and that's to create great content and to distribute it in innovative ways. It is that simple. And the combination of Fox and Disney unites businesses with the same mission and creates a team of talented, experienced and visionary leaders that will execute our vision and enable our 96-year-old company to thrive and to grow, to be more relevant than ever as we enter our second century.

Now one of the many unique qualities of Disney films is their evergreen appeal. Starting with *Snow White* in 1937, our films were designed to entertain people of all ages. And they're still entertaining people today, passed on from generation to generation to generation, because they hold their relevance, having touched audiences in profound, heartfelt and deeply entertaining ways.

My grandparents took me to see *Cinderella* when I was a young boy, and just this last Christmas, I watched it with my grandchildren. That's five generations of my family all entertained by the same film. And a perfect illustration of what evergreen means to us and just how much value it generates.

Pixar, Marvel and Star Wars films share that same powerful characteristic, and they're all going to populate Disney+. Now we will of course augment those treasures with an array of quality storytelling from our strong, successful, creative engines and an unprecedented collection of talent, many of whom you'll hear from today.

Today's presentation is aimed at showing you where we're going. But it was also important for us to remind you that we're starting from a position of strength, confidence and unbridled optimism. A core tenet of ours since Walt founded the company is to create change and not just to sit back and watch it happen. Now that's not easy. It takes commitment, it takes perseverance, it takes patience, and a lot of talent. And borrowing from one of Walt's greatest strengths, it takes courage.



And as you'll see today, we have plenty of it. I hope you enjoy the presentation, which will also include a look at Hulu, ESPN+ and Hotstar. Then I'll be back at the end to take your questions.

To get us started, I'm going to turn the stage over to Kevin Mayer, who'll give you an overview of our direct-to-consumer strategy. As many of you know, Kevin led strategic planning for the company, playing a major role in acquisitions, including Pixar, Marvel, Lucasfilm, Twenty-First Century Fox as well as BAMTech.

As part of our Corporate reorganization last year, I named Kevin Chairman of our newly created Direct-to-Consumer and International segment. He has a deep understanding of the changing landscape, and has been my partner in developing our ambitious DTC strategy. So please welcome Kevin Mayer.

Kevin Mayer — *Chairman, Direct-to-Consumer & International, The Walt Disney Company*

Thanks, Bob. And good afternoon, everyone. Thank you all for coming to learn more about our growing direct-to-consumer business.

This is an exciting day for the entire Disney family. As Bob mentioned, our aggressive move into this space reflects a fundamental shift in the marketplace and growing consumer demand for streaming services, which is a tremendous opportunity for us given the unparalleled strength of our brands and the quality of our intellectual property. And we're confident in our unique ability to leverage all of our assets to drive long-term growth. Our confidence is bolstered by a number of favorable industry trends, including the explosive growth in the number of households with broadband connectivity sufficient to deliver high-quality video streaming. And the rise of 5G in the future will only accelerate this trend going forward.

We're further encouraged by the sizable increase in the number of direct-to-consumer subscriptions globally, which is growing by 37% annually to top 800 million by the end of next year. We're also seeing a significant rise in content consumption on these services. From a total



of 20 million hours a day in 2010 to an expected 1.2 billion hours a day in 2020, that implies an annual growth rate of 50% per year over this 10-year period.

Given these consumer trends, it's easy to understand why we're so excited about our unique opportunities in direct-to-consumer, and also so confident in our strategy. And while the direct-to-consumer space is growing, it is also becoming a crowded marketplace in which brands matter more than ever. And with Disney, ABC, ESPN, Pixar, Marvel and Star Wars, we have the brands that matter most to consumers when it comes to great entertainment. We continue to strengthen those great brands with fantastic franchises and compelling new intellectual property that we leverage across our entire company. All of the content we produce under these brands becomes part of our library. And as Bob said, it's an evergreen library, and it holds its value to consumers better than any other in the industry.

The acquisition of 21st Century Fox last month further strengthened our hand, adding more powerful brands, world-class content, creative engines, a wealth of stellar management talent around the world as well as Star India's television and over-the-top properties and a controlling interest in Hulu. We'll fully leverage all of these assets to generate maximum value as we've done exceedingly well with our previous strategic acquisitions.

When it comes to delivering a world-class direct-to-consumer experience, phenomenal content is only part of the equation. It also requires cutting edge technology and design capabilities, which is why we moved quickly, in 2017, to acquire a controlling interest in BAMTech, a company at the forefront of providing live and on-demand video streaming with incredible quality and great reliability. It was a significant investment in our future because it gave us the ability to move into the direct-to-consumer space quickly and effectively as evidenced by the tremendous success of ESPN+. We've renamed BAMTech Disney Streaming Services to reflect our growing DTC presence.



Armed with exceptional content and innovative technology, we're offering 3 direct-to-consumer services in the U.S.: Disney+, ESPN+ and Hulu, each built for a specific target audience, each offered as a standalone service, which we will likely bundle at a discounted price to create even more value for consumers.

Our family friendly Disney+ service will feature a robust and ever-growing slate of original content from Disney, Pixar, Marvel, Star Wars and National Geographic as well as recently released films and iconic content from our extensive libraries. As you'll see later in the presentation, we'll continually create new original content and expand access to recent releases to make the experience even more valuable and compelling for consumers.

Switching gears a bit. ESPN+ has been super serving sports fans since its launch a year ago. The service has more than 2 million paid subscribers and continues to grow at an impressive pace as we enhance the experience and the content mix. We've carefully assembled sports rights in verticals where having a sufficient amount of quality programming makes ESPN+ truly a must-have subscription for fans. And we'll continue to aggressively grow these offerings.

Finally, we're thrilled to now have a majority stake in Hulu, which is our most established DTC service with more than 25 million current paid U.S. subscribers. Those of you using Hulu, already know it offers access to the best of television, including current and past seasons of hit shows, as well as high-quality movies and original series.

So those are our domestic DTC offerings. But we're also expanding our global footprint over time. Given its content and brand mix, Disney+ is obviously a global product with universal appeal - one that we will launch in just about every major market over time. We also see potential for a Latin America launch of ESPN+. And with our newly acquired majority stake of Hulu, we're actively evaluating international rollout strategies for that service.



One of the main drivers behind our acquisition of 21st Century Fox was to accelerate and enhance our DTC businesses overseas. So we are very excited to gain access to Star and Hotstar in India - that excels at delivering high-quality video streaming in low bandwidth environments. Hotstar had more than 300 million monthly active users in March. And the service also set a world record by serving almost 13 million concurrent viewers for Indian Premier League matches - that's really incredible.

As you can see, there's tremendous potential for continued expansion across our global direct-to-consumer businesses. And our strategy for maximizing the value of each opportunity includes using a variety of business models. For example, Disney+ will be a wholly subscription-supported service. On the other hand, ESPN+ does have limited advertising; there are no pre-roll or banner ads, but there are natural ad breaks during live events. Hulu offers consumers a choice. They can buy a service with or without ads. They can also subscribe to Hulu Live, a digital MVPD service that includes expanded basic channels. Hotstar has a free ad-supported business model with an optional upgrade for premium content.

So our DTC mission is to provide consumers the content they want, on the devices they use, at the time and place of their choosing, all at a reasonable price. Throughout today's presentation, you'll hear from key leaders who are charged with delivering on that promise. I mentioned the importance of our great technology to deliver our services. So without further ado, please welcome from the Direct-to-Consumer & International team, Michael Paull, President of Disney Streaming Services. Michael?

Michael Paull – *President, Disney Streaming Services*

Thanks, Kevin. Shortly after I joined BAMTech back in 2017, Disney began the process of purchasing a majority stake in the company, which brought hundreds of technologists to The Walt Disney Company along with world-class expertise in both live and on-demand video streaming. Our product and technology team has been a pioneer in the video streaming space. In fact, our team with Major League Baseball, had the first sports app to be offered in the



iTunes store back in 2008. Since then each product launch has helped us advance our features and expand our capabilities, which positioned our team for rapid build and deployment of ESPN+ last year, seven months post acquisition, and now, Disney+ later this year.

To give you a few examples of innovative services that we've launched, we partnered with Discovery and completely rebuilt and expanded its Eurosport Player service into 45 markets across Europe, ahead of the 2018 Winter Olympics. The event marked the first fully digital Olympics for Europe with all events streamed live and on-demand. The launch expanded our international capability significantly, adding new languages, currencies and payment mechanisms.

With the launch of PlayStation Vue, our team developed expertise to support linear channels and was the first to market with a cable bundle that included local channel feeds. We also launched HBO NOW and demonstrated our ability to support a high volume of concurrent viewership during the Game of Thrones season 7 finale.

Over the course of rolling out all these services, our underlying platform has continued to evolve. We optimized video for quality to the consumer, while minimizing latency. Our video can be streamed at 60 frames per second, which is critical for viewing quick action sequences associated with sports content. In addition, our innovative platform has been designed to scale to over 10 million concurrent viewers at HD quality at any given moment. With live sports, we understand that most people subscribe right before the event happens and designed our platform to support high transactional velocity, which was demonstrated during ESPN+'s UFC Fight Night on January 19. We anticipate that this will be critical to managing not only the surges around large sporting events but also the unveiling of Disney+. We have a legacy of best-in-class product development with elegant and functional user interfaces across a wide device footprint.



Lastly, our advanced data analytic tools and deep machine learning allows us to better serve consumers by delivering a highly personalized experience. This is the platform which drives ESPN+ and will drive Disney+. A bit later in today's presentation, you'll get to see some of these capabilities in action. Thank you.

Lowell Singer – *Senior Vice President, Investor Relations, The Walt Disney Company*

Thanks, Michael. Okay. We're now going to switch gears and we're going turn to our services. We're going to start with Hulu. Hulu launched in 2008 as a free ad-supported VOD service for next-day access to recent episodes of current season broadcast TV shows. Hulu has since evolved into a comprehensive SVOD service and also launched its digital MVPD service in May of 2017. We are thrilled that with the closing of the Fox acquisition, we now own 60% of Hulu. Here to discuss Hulu in greater detail is its Chief Executive Officer, Randy Freer, please join me in welcoming Randy.

Randy Freer – *Chief Executive Officer, Hulu*

Good afternoon. Thank you, Lowell. Hulu entered the direct-to-consumer video market 10 years ago, giving consumers a new and different television experience. It was TV delivered directly to the viewer. Television has seen more change and innovation in the last 10 years than it did in the previous 50 years. Technology has transformed the way media companies create and distribute TV programming and streaming media has changed what consumers expect from TV.

As you saw in Kevin's presentation, streaming is TV. It's simply better TV. It's on-demand, it's live, it's direct to the consumer, it's past and current, it's in your living room, on your phone, your tablet, on your time, with and without ads, and untethered from the confines of homes and wires. It's the stories you love delivered to you whenever you want in a curated, personalized user experience. Its foundation is based on consumers having choice and being in control. That's Hulu's foundation as well. Hulu has always been right at the center of media and technology. And the consumer is always at the center of Hulu.



In 2018, Hulu experienced tremendous growth and was the fastest growing video service in the U.S. Hulu's customer base grew by 50%, adding nearly 8 million subscribers. And those customers are spending more time with Hulu, making Hulu a part of their daily routine. They are more engaged and watching more of everything Hulu has to offer: licensed shows, movies, news and sports and Hulu originals. With our subscriber growth last year, total hours viewed on Hulu rose by 75%. Equally important is the average time spent on Hulu per customer, which grew by more than 20% year-over-year, and there is still tremendous upside.

For many of our customers, the lines between live and on-demand are blurring. Hulu is the only TV provider that has a direct-to-consumer relationship with viewers across every way they watch: current season, past season, library and live. This allows us to operate diversified business models across Hulu's 3 product offerings, and Hulu can monetize all viewing behaviors and patterns in a way that no other video offer does. Consumers can choose Hulu at multiple price points with or without ads, with or without live TV, and with premium add-ons, like Showtime, HBO, Disney+ and ESPN+. Hulu makes these choices easy, in a matter of seconds, a subscriber can choose whatever plan is right for them at any point in time. Hulu is going to give its customers the choice of the right product for the right program, at the right time and at the right price. This unique ability differentiates us in the market and keeps Hulu subscribers happy. And we know they are happy.

Recent price changes have had a positive impact across all 3 of Hulu's products. In fact, a large percentage of those customers who did not want to pay more for Hulu + live TV, chose to stay with us, as Hulu ad-free or Hulu with-ads, customers. Just last month, our churn rates hit an all-time low. Hulu is the only ad-supported premium video service today with a fully addressable audience on all devices, including connected TVs. This uniquely positions Hulu to benefit from and lead brands into the digital video ad market, a market projected to be over \$50 billion within 3 years. Hulu does this with a viewer-first ad experience that has less commercial interruption, ad breaks that are shorter, and ads that are more relevant. And we are investing



heavily in even less intrusive ad formats, as well as sophisticated targeting and automation to provide an even more satisfying experience for viewers and for brands.

Hulu's first party data provides greater ability to reach the right customer at the right time in a fully viewable environment. That's right, advertisers only pay for completed ads. And we give them a world-class attribution capability to measure ROI as well. No other TV partner can deliver the same combination of viewability, brand safety, targeting and measurement, all inside the best storytelling and the largest selection of shows anywhere.

In 2018, our ad revenue grew by more than 45% and Hulu increased its advertiser base by 50% to nearly 2,500 clients. That will grow to more than 10,000 unique advertising partners while more than doubling ad revenue over the next few years. Our mission is simple. To captivate and connect people with the stories they love. This past year, more than 80% of Emmy-nominated shows were available through Hulu. With our award-winning originals, current and past seasons of hit shows, and classic TV series, we have more than 85,000 episodes of television, more than any other TV streaming service. Add to that documentaries, box office hit films, and live news and sports, Hulu gives viewers a complete TV choice.

And of course, there's original programming. Hulu originals are key to driving acquisition and engagement. Unique, distinctive programs and original series will play a bigger role in defining our brand and consumer choices. When it comes to originals, we look for great stories that are authentic, reflect culture and become part of the conversation. Hulu achieved that with *The Handmaid's Tale*, the first streaming show to win a series Emmy. We'll continue to connect with audiences through shows like *Catch-22*, *Little Fires Everywhere*, our Oscar-nominated documentary *Minding the Gap*, our newest comedies *Shrill* and *PEN15*, and our most recent original series, *The Act*, which has driven more new subscribers to series than any other Hulu original in the first month. We plan on increasing the number of originals and continuing to elevate our slate with prolific talent, like George Clooney, Kerry Washington, Reese



Witherspoon, Martin Scorsese, Kristen Bell, J.J. Abrams, the Wu-Tang Clan and so many more. When it comes to content, Hulu's future is bright.

With the support of ownership as well as continuing to work with partner studios, Hulu has access to an unending stream of iconic characters, recognizable IP and the most sought-after storytellers today. Hulu has the resources and creativity to go head to head with any TV product out there and win.

Wrapping up, Hulu is an incredible place to be, and an incredible choice for customers. Hulugans have never been more optimistic and more excited about the future, and are laser-focused on providing the best consumer experience and achieving the best results in 2019 and beyond. Thank you, and take a look.

[VIDEO]

Lowell Singer – *Senior Vice President, Investor Relations, The Walt Disney Company*

Thank you, Randy. Hulu is doing just great. We are very pleased.

As I mentioned earlier, we've been thrilled with the success and growing popularity of ESPN+ during its first year in the market, and we believe that bodes well for our global direct-to-consumer strategy. It's a prime example of the value created by combining a powerful brand and a traditional business with innovative technology.

And to give you a better idea of how that collaboration works, we're very happy to have Jimmy Pitaro and Russell Wolff with us today. As you know, Jimmy is President of ESPN and Co-Chairman of Disney Media Networks. Russell oversees ESPN+ as part of the Direct-to-Consumer & International Team.

First up, please welcome my colleague, Jimmy Pitaro.



James Pitaro - Co-Chairman, Disney Media Networks Group and President, ESPN

Good afternoon.

September marks ESPN's 40th anniversary. That's four decades of innovation and risk-taking. Four decades of industry leadership and growth. Four decades of unparalleled success.

In those 40 years, we built an unrivaled multi-platform brand that speaks directly to sports fans, anytime, anywhere.

How important is that brand?

ESPN is the most well-known and trusted brand in sports and that's across all age groups. And that trust has led to industry-leading reach across all of our platforms. In fact, we reach nearly 200 million people a month across TV and digital in the U.S. alone.

ESPN remains the top-rated cable network among men, a leader in this demographic for 13 straight years. And the ESPN app is the first sports app to reach 20 million users per month in the U.S.

Since the relaunch of the app last April, we've seen an average year-over-year growth of 18% for unique visitors and 29% for total minutes of usage. We also rank a clear #1 in the global digital sports category for unique users and minutes consumed, that's 44% higher than our closest competition.

We've earned this reach by offering the most compelling sports content in the industry across live events, studio programming and original series. ESPN offers the most comprehensive live event portfolio in the business. In fact, we'll do over 24,000 live events this year alone. And through smart scheduling and innovative production, we capture the most can't-miss moments in sports, all of which elevate our ratings and our brand.



And we combine our live event programming with industry-leading studio shows and original series. Immersing the fan in our brand with substance, heart and humor.

Continuing our legacy of innovation and risk-taking, ESPN+ is now the newest foundational pillar of our brand. The industry's leading multisport direct-to-consumer experience offers a fresh way to deliver all of this content to our fans and to serve our partners, like leagues and conferences, and content creators.

As you'll see, our traditional and modern businesses have truly come together to complement one another here. Through the power of the ESPN brand, we've created a rising tide, driving both viewership and subscriptions, while offering our sports fans multiple points of entry to engage with ESPN.

It demonstrates our commitment to expanding our audience and serving a wider array of sports fans. To tell you a bit more about ESPN+ and the incredible collaboration between ESPN and the Direct-to-Consumer & International segment, I would now like to turn it over to Russell Wolff, Executive VP and General Manager of ESPN+. Russell?

Russell Wolff - *Executive Vice-President & General Manager, ESPN+*

Thanks, Jimmy. Good afternoon.

ESPN at its core is a multi-faceted sports offering, which focuses on establishing leadership in live events, high-quality on-demand sports programming and exclusive editorial and interactive features.

The power of live sports is unquestioned, and it's at the heart of the ESPN+ value proposition to our fans. For live sports, we are a marketplace that offers what fans care about most: from the biggest events like blockbuster UFC and Top Rank Boxing fights, to Major League competitions, like Major League Baseball, NHL, MLS, Italian Serie A, the FA Cup, Wimbledon, the U.S. Open and much more.



And ESPN+ is also serving passionate fans of teams who've been underserved in the past. That includes hundreds of live college football and basketball games, including conference championships for more than a dozen college conferences. Plus, our college sports offering delivers baseball, softball, lacrosse, volleyball and much more, and brings hundreds of events to fans of popular global sports, like world-class Soccer, international cricket and rugby.

Similarly, for on-demand content, we have a few categories: first, original programming, which has already received critical acclaim like *Detail* with Kobe Bryant and Peyton Manning, and soon a UFC addition with Daniel Cormier, and series like *More Than An Athlete* with LeBron James and Maverick Carter.

We also offer regular studio shows that give fans insight, analysis and opinions, like *ESPN FC* for soccer, *In the Crease*, *The Fantasy Show* and more. And of course, we have the groundbreaking entirety of the 30 for 30 library, whose breadth and depth continues to grow with films focused on Dennis Rodman, Lance Armstrong and Michael Vick, all coming to ESPN and ESPN+ this year.

ESPN+ also gives subscribers premium editorial and interactive features that they won't get anywhere else. We've just come off a March Madness season where ESPN+ drove new subscribers by bringing fans deep analysis, a popular daily show with Dick Vitale and unique interactive tools, like the Bracket Analyzer that helped fans make better bracket picks. We're just getting started with this aspect of ESPN+ with more enhancements to come in the year ahead.

For only \$4.99 a month and \$49.99 a year, ESPN+ puts all of this content in the hands of our subscribers and allows them to choose how, when and where they want to consume it.

Our best-in-class product and technology teams are constantly improving our tech platform and innovating around the fan experience. Less than a year in, ESPN+ is virtually on every connected living room platform device. And the team has developed a dynamic and engaging user



interface, which maximizes the native capabilities of leading platforms, including, in some cases, letting voracious sports fans multicast up to four live events of their choosing simultaneously and never miss a moment. We want to give choice to fans to watch as much as they want in a user-friendly environment.

And since launch, we've given them a lot to choose from, delivering over 10,000 events and originals.

The appeal of ESPN+ was on full display for our fans as we launched the UFC on January 19 across all of ESPN's platforms. Our reach, engagement and promotional muscle resulted in success across every medium and created a major subscription catalyst for ESPN+, which we believe can be replicated across key sport categories. The fight drew approximately 600,000 ESPN+ subscriptions in a 48-hour period, 1.8 million unique visitors to our MMA-related content across our digital platforms, and over 2 million average viewers across ESPN and ESPN Deportes on our linear platforms.

ESPN has been a key driver of ESPN+'s early success and the UFC launch is a great example of the power and scale of those ESPN platforms. In fact, this is a big week for ESPN+. Headlined by the first in a long line of exclusive UFC pay-per-view events, a perfect example of the combination of product and content. ESPN+ will be the exclusive distributor of UFC pay-per-view events in the U.S. through 2025, making our service a must-have offering for fans of combat sports.

In addition, the electric boxer, Vasiliy Lomachenko will fight tomorrow night right here in L.A. exclusively on ESPN+. And the lineup this week is also packed with Major League Baseball, Major League Soccer, Italian Serie A, rugby and college sports. This incredible content lineup, integrated into the largest scale digital sports platform in the world, has powered our first year success, reaching 1 million paid subscribers in just over 5 months and topping 2 million paid subscribers in less than a year. We're especially pleased that ESPN+ has helped to expand the



overall audience for the ESPN brand, bringing in new, younger and more multicultural fans while helping drive new registered digital users.

In our first year, we've also learned that combining a great complementary offering for fans who want more with can't-miss events for fans across a range of sports, that's the recipe for success.

ESPN+ has already made itself a must-have subscription for any UFC fan. But it doesn't stop there. If you're a baseball fan, a hockey fan, a soccer fan or a boxing fan, ESPN+ is a great value way to get more of your sport. If you're a college sports fan devoted to any of a dozen conferences and you want to see your team play, ESPN+ is a must have. And if you want to see how Peyton Manning helped the Patriots win the Super Bowl by breaking down Jared Goff and the Rams' offense, that's only available on ESPN+.

So where does this all lead us? It takes us to the future. In just one year, ESPN+ has already developed a business with three distinct components: subscription, which we've already talked about and is at the core of ESPN+; pay-per-view, a new, exciting business for those blockbuster events and which will also help drive both trial and subscription; and advertising. Sports is a natural habitat for advertising, with regular and accepted breaks and invested, engaged viewers.

We'll continue to grow our subscriber base and leverage those multiple business streams - all against a fixed cost base - to reach break-even in the coming years and then accelerate into profitability.

Take a quick look at ESPN+, and thanks.

[VIDEO]



Lowell Singer – *Senior Vice President, Investor Relations, The Walt Disney Company*

Thanks to Russell and to Jimmy. So we'll switch gears again. One of the compelling assets that we acquired with Fox is Star India along with its rapidly growing Hotstar direct-to-consumer business. And we thought it was important to include Hotstar in today's program. So we're delighted that our new colleague Uday Shankar, the President of Walt Disney Company Asia-Pacific and Chairman of Star & Disney India, has joined us in Burbank today. And with that, please join me in welcoming Uday to the stage.

Uday Shankar - *President, The Walt Disney Company Asia Pacific and Chairman, Star & Disney India*

Thanks, Lowell. And hello, everyone. Let me start with some background to the market that we operate in. India is the fastest-growing major economy in the world; currently the sixth largest, it has hit this milestone in less than 3 decades. GDP growth has averaged 8% over the last decade, and the trend is projected to continue. By the end of the next decade, it will be the third largest economy in the world. A key driver of this growth is favorable demographics.

We are talking about a market that has 600 million consumers below the age of 25. That, by the way, is the largest youth population in the world. Besides the general power of consumption of this demographic, this is also a population that is extremely comfortable with modern trends, including digital media consumption. Additionally, we are seeing growth in purchasing power.

India has a strong and rapidly growing middle-class. The number of households earning more than \$8,500 a year has grown by 10% annually. And this segment will constitute almost half of the population by 2028. If you consider purchasing power parity, discretionary consumer spending in this market is going to be extremely attractive and the media industry is set to be a key beneficiary.

And there is every indication that mobile is set to be the primary screen for the largest segment of Indian population. The ones who are affluent are opting for mobile as their personal screen,



and the not so affluent are having their first screen experience on mobile phones. The trend will continue to get stronger. And as a result, India is set to have more Internet users than the entire population of the G7 countries put together.

In the next 5 years, India will have over 1 billion video screens. However, what is most exciting is the rate at which wireless data is becoming available and affordable.

From one of the most expensive data markets in the world, data costs have crashed to as low as \$0.02 per GB today; all of this while access to data has dramatically exploded. In just over 3 years, per capita data usage has shot up 12x, and almost all of it is on account of video streaming. Today, an average Indian consumer already spends 2.5 hours on video every day. In the next 5 years, this is set to double to 5 hours a day, and smartphones are going to drive that surge.

That is why India has emerged as a thriving market for advertising as well as consumer payments. Together, advertising on TV and digital screens is projected to grow at about 20% annually to \$14 billion in the next 5 years. Hunger for content and ability-to-pay are also unlocking growth in consumer payments for video. That market is expected to be \$12 billion in the next 5 years. No wonder India has become a magnet for all global media and content companies.

Our business, Star India, has played a key role in shaping this market so far. Driven by our strength in content and our uniquely successful digital video delivery platform, Hotstar, we have a pole position in this incredible market. In the last 2 decades, Star has created an unparalleled capacity to produce market-leading entertainment and sports content in no less than 8 languages. For every 4 hours of TV watched in India, 1 hour is on Star. Star broadcasts 250 days of live sports every year and has a 65% share of the sports viewership in India. Hotstar has just broken the mark of 300 million monthly active users - that makes it one of the largest video platforms in the world.



So how did we achieve this? First and foremost, we were ahead of the curve. When everybody was dismissing India as a data-dark market, we anticipated the impending shifts and built Hotstar. We also kept mobile, and in particular, android at the center of our strategy and created an app that was high quality and feature-rich, but also extremely light and nimble. We also put all of our television content on Hotstar almost simultaneously with its linear airing. Given the large Indian population, we built Hotstar for scale, and focused on creating a scaled advertising platform too rather than focusing only on the nascent subscription market. Today, Hotstar accounts for 40% of all longform digital video consumed in India. Star has always been focused on creating and owning intellectual property. Today that rich library is serving us very well.

Hotstar is home to over 100,000 hours of drama, movies, sports and news on a single platform, and several times this volume is available in our library. We have also localized our sports offering. Cricket has always been an obsession in India, but for decades its reach was limited because it was served largely in English. We took cricket deeper and made it more accessible in Indian languages. The success of our strategy is reflected in the improved performance of the IPL last season.

Localization and creativity have also led us to develop uniquely Indian sports, like Kabaddi, which has already become the #2 sport in India. We have always been aware that our ability to invest in content and delivery is only as good as our ability to monetize it. Hence, we are focused on developing resources and tools for better monetization.

Today, Star captures almost 30% share of all TV advertising and almost 30% share of all digital video advertising as well. It also takes 40% share of all TV-affiliate revenues. Our goal is to improve these shares further with a cross-screen advertising engine. In this enterprise, a key goal has been to enhance viewer engagement. Hotstar is arguably more advanced in engagement initiatives than any other service in India. These include gamification of content, a social experience around video and even allowing in-app transactions now. As a result, an



active viewer spends 2.7x more time on video than a passive viewer. And we are pushing for even deeper engagement.

We believe that now the Indian market is ready for a subscription push, and that's why we are on the path to use Hotstar's massive scale as an AVOD platform to establish a compelling SVOD service for the top end of our consumers. This is driven by premium content and an easy transition experience.

It is satisfying to see what we have created so far. However, we realize the potential of this amazing market is infinitely more. Using our deep technology bench, our intellectual property and our understanding of the Indian consumer, we have created one of the most exciting video platforms in the world that will redefine the future of delivery and consumption.

Let me leave you with a snapshot of the scale and centrality of the business that we have built in India. Thank you very much.

[VIDEO]

Lowell Singer – *Senior Vice President, Investor Relations, The Walt Disney Company*

Thanks to Uday. Reaching 300 million active users in a month is truly astounding. What's also astounding is that we have a lot more ground to cover. But we are first going to take a short break. So we will reconvene here in 15 minutes when we will turn our attention to Disney+. Thanks.

Kevin Mayer – *Chairman, Direct-to-Consumer & International, The Walt Disney Company*

Thank you. Welcome back. Hope you enjoyed the break. We're excited to now focus the rest of our time with you on Disney+.

We talk a lot about our portfolio of great brands because we're extremely proud of them, and for good reason. These are brands that are recognized around the world, they are relevant



across generations and geographies. They resonate with consumers everywhere and they attract a 4-quadrant audience: adults and children, males and females. The sheer scope of these brands is truly unrivaled. As you can see on the screen, Disney, the largest and broadest of our brands, has tremendous depth with both families and individuals. Pixar resonates with millennials of both genders. Marvel is strong with young adults, especially its core male audience. Gen X males make up the core Star Wars audience, and National Geographic resonates with all 4 quadrants. Together, our brands serve a broad array of consumers across all demos. And as a result, almost all consumers in our major markets around the world are familiar with our brands, and more than 1 billion people identify themselves as true fans. And when I say true fans, I don't mean folks who casually click a like button every now and then, these are passionate consumers with a strong or very strong relationship with our brands. And they are spending real money on our products. This deep emotional connection creates opportunities for tremendous success. Just look at our movies. And by the way, hats off to my colleagues at the studio who are here today and have had an incredible run and huge success, thank you.

We're the only studio in history to ever top \$7 billion in total box office in a single year...and last year, we did it for the second time. Consumers around the world bought over 900 million tickets to our movies in 2018. They bought almost 300 million tickets to see *Avengers: Infinity War*. And we believe that demand will translate to Disney+, because the service will be fueled by the same brands and many of the same creative teams.

With that in mind, let's take a closer look at our theatrical success with a particular focus on our brands. Since acquiring Pixar, we've released 22 Walt Disney Animation Studio and Pixar Animation films with an average of almost \$700 million per movie. We have released, since our Marvel acquisition, 18 movies, and they average almost \$1 billion per film. And the average global box office for our Star Wars movies we've released since our 2012 Lucasfilm acquisition, is about \$1.2 billion. Overall, we've released 44 Disney Animation Studio, Pixar, Marvel and Star



Wars branded films since 2006, driving more than \$37 billion in box office, which averages out to about \$850 million per movie.

This tremendous success is a direct reflection of the unsurpassed quality of our content and the unrivaled strengths of our brands. And this year's slate may actually be our strongest yet. And all of these films will be available on Disney+ immediately after their theatrical and home entertainment windows, starting with the incredible *Captain Marvel*. Looking ahead through the end of the year, we've still got *Avengers: Endgame*; Disney's live-action *Aladdin*; Pixar's *Toy Story 4*; Disney's live-action version of *The Lion King*; Disney's *Artemis Fowl*; Disney's *Maleficent: Mistress of Evil*; Disney Animation's *Frozen 2*; and *Star Wars Episode IX*...that is truly astounding.

And while I'm on the subject of our unrivaled film slates, I should note that one of the many things that sets Disney+ apart from every other service in the market is that we are guaranteeing access to the content that millions of consumers want. Another distinction is that the same creative teams behind the phenomenal success of Disney, Pixar, Marvel, Lucasfilm and National Geographic, are creating content exclusive to Disney+ on an ongoing basis.

And this is something consumers will really love: we're allowing them to download all of our content and access it offline on an unlimited basis for as long as they're subscribers.

You will hear directly from the content creators a bit later. They'll talk you through their vision and development slates. But first, I thought it might be helpful for you to see the app itself.

Before we get started, I have to say how proud I am of the work that's been done and especially proud of the team that's done this - they've worked really hard for a long time, and some of them are here today. And once you see it in action, I think you'll agree that it is more than just a highly functional and intuitive interface. It is that, but it's also extremely beautiful and unique. So now I'd like to take you through a working prototype of Disney+, which will be available via connected TVs, tablets, smartphones and the web. The content we're showing here includes



originals and feature film releases that will be available on Disney+ within our first year. Most of them will be available at launch, and others will roll on to the service post launch. Since most viewers will use Disney+ on connected TVs, let's first take a look at that interface.

For the first time, our incredible brands: Disney, Pixar, Marvel, Star Wars and National Geographic are together in one deeply engaging experience. We've worked extremely hard to ensure that our content shines through with a simple, easy-to-use interface that is also visually stunning. The hero carousel at the top of the page enables us to feature what's new and noteworthy, while allowing easy access to the content consumers want to see, whether it's their favorite Disney princess movie like *Frozen*, a heartwarming animated hit like *Coco*, a recently added theatrical film like *Captain Marvel*; a Disney+ original, like *The Mandalorian* or an inspiring real-life story like *Free Solo*. As we've said, the fact that we have the brands that matter is the single biggest differentiator for our service. This is captured by the brand tiles at the center. These brand tiles animate as we move over them and lead to areas of the service that showcase the very best of that particular brand. Each brand area provides a unique opportunity for us to surprise and delight our consumers. So let's look at Disney first.

When you click on the Disney tile, you land in an area that's entirely Disney. You'll discover all of our Disney-branded content there such as our Disney+ original movie, *Lady and the Tramp*, or great animated Mickey Mouse shorts, or our feature film, *Moana*; or thousands of Disney Channel episodes, including fan favorites like *Lizzie McGuire* and much, much more.

Next, let's return to the homepage and move over to Pixar. As you can see, the Pixar tile features the clouds from the wallpaper in Andy's room in *Toy Story*. Click on the tile. And once inside Pixar, you might choose to watch the animated hit film, *Incredibles 2* for your family movie night... or you might scroll to find *Cars*. Disney+ will have all of the films that make up that popular franchise. And here, you'll also find the Disney+ original short series *Forky Asks A Question*, based on one of the newest characters who joined the Toy Story family in the upcoming *Toy Story 4*. So let's come out of the Pixar section, go back to the homepage and



hover over the Marvel tile. This is really cool. You'll see the iconic comic book flip playing in the background.

Clicking into Marvel, the brand page, you'll find your favorite superheroes from the Marvel Cinematic Universe in one epic collection that includes *Captain Marvel*, which is our first pay TV window film to be featured on the service, and it will be available at launch. When you click on a title like *Captain Marvel*, you're taken to a movie page, where you'll find further information including a film synopsis, cast, credits, trailers, extras and behind-the-scenes footage. From this page, you'll also be able to add it to your watchlist or simply play the movie - all the things you'd expect. These titles will be available for viewing in 4K HDR. Again, all movies will have a landing page just like this.

Now let's come out of Marvel and move on to Star Wars. You can see the star field animated in the background of the Star Wars tile. And when you click on it, you're immediately transported to a galaxy far, far away. And once there, you'll find our collection of theatrically released Star Wars titles along with fantastic new original series like *The Mandalorian* as well as animated series like *Clone Wars* and *Star Wars Rebels*.

Finally, let's go back to the homepage and take a look at National Geographic, which features truly stunning imagery when you hover over that brand tile. When you click on the tile and enter this section, you'll find incredible family-friendly documentaries like the award-winning *Free Solo*. Discover the extraordinary story of Earth in *One Strange Rock*. Learn how humans think and process information by watching *Brain Games* or find original content that is being created exclusively for Disney+ like *The World According to Jeff Goldblum*, which we'll be speaking about later.

As you navigate back to the homepage, let's explore some other ways that subscribers will be able to easily find and discover content they want to watch. As we move down the screen, you will find valuable categories that help discover content such as "Recommended For You,"



“Disney+ Originals,” and more. Our technology provides for a highly personalized experience; an individual's unique viewing history will drive what they see over time, not only in the hero carousel and the “Recommended For You” section, but also in terms of what content shows up in every specific row and even the specific sequencing of the rows. Additionally, subscribers will be able to move around Disney+ using a navigation bar that you see on the left-hand side of the screen. For example, you can access your own personalized watchlist. You can also scroll down to Movies, Series, Originals and more. Okay. So let's click on Movies first.

Here, you can find every movie available on the service. You can browse by brand, by genre or in any other curated collection. If we go back to the navigation bar on the left, let's take a look at the Original section. As you can see, we built a dedicated home for all of the Disney+ originals, featuring all the new content and development for the service, including Star Wars originals, *Lady and the Tramp*, *High School Musical: The Series* - you'll love that, you'll see that later, *Marvel's Hero Project*, *Encore!* and National Geographic. And all this content will be available at launch.

Then, “Coming Soon” features content that will be available within our first year, including a great movie called *Noelle*, a series called *Falcon and Winter Soldier*, Pixar originals, the *Clone War* series, *Phineas and Ferb the Movie*, *The Imagineering Story* and more.

Here, you'll be able to access official details about the titles prior to their premieres. You'll hear more about these titles in just a bit.

Now if we go back to the navigation bar, you may have noticed the profile names and avatars. Disney+ subscribers will be able to customize their profiles with characters from our vast library of intellectual property. As you can see, I chose Buzz Lightyear. And for every subscription, consumers will also be able to set up multiple profiles to distinguish family members using the service. We also offer the option of parental controls. On the screen, you see Charlotte's



profile. And since Charlotte is a young child, she'll only see content curated and recommended for the youngest members of the household.

Now I'd like to quickly show you what the service will look like on a tablet with another working prototype. As you can see, the immersive brand experience is still front and center with a couple of differences from the connected TV experience. Here, we've used blue brand tiles to ensure that they stand out in a mobile interface. In addition, along the bottom navigation bar, you'll see one of the key features of the mobile experience that I spoke about earlier - the ability to download any content on Disney+ and view it offline and on the go with no restrictions on an unlimited basis for as long as you're a subscriber. That's a very key consumer benefit.

And finally, here's what the mobile phone prototype looks like. Again, we offer the same simple, easy-to-use interface that allows our brands and content to shine. As you can see, we've worked hard to build a unique experience that takes full advantage of our rich design heritage and the beloved content of our unparalleled brands.

Never before has our content been as broadly, conveniently or permanently available as it will be on Disney+. We are confident consumers will love the service.

Now please welcome back to the stage, Michael Paull.

Michael Paull – *President, Disney Streaming Services*

Thanks, Kevin. As we mentioned earlier, Disney+ will have a wide device footprint. We focused on making our services available not just in all households but across every connected screen within each household. Right now, we were securing distribution for Disney+ across mobile devices and connected TV devices, including game consoles, streaming media players and smart TVs. With these device partnerships, not only do we optimize our product for consumer experience, we ensure that our service will be prominently featured and merchandised on our



partner platforms. We have already secured such deals with Roku TV and PlayStation 4, and we are confident by the time we launch, we will have a full array of device platform partnerships in place.

Disney+ will be a global product, and I would like to walk you through our logic for the international launch plans.

First, some of our content is currently exclusively licensed to third parties in certain countries. These licenses expire largely over the next four years, and we prioritize markets for which key product is available. Next, we prioritize markets for consumers who have already demonstrated high willingness to pay for SVOD services and content more generally. Third, our road map takes into consideration the time required to ready our technology platform for local payment methods, customer service, rights management and content delivery. Finally, in those places where we believe we will most likely need to launch with distribution partners, we've allotted additional time to allow for integration with their platforms. By considering all these factors together, we created our global Disney+ launch road map.

Over the next 2 years, we will launch in each major region of the world. Beginning with the U.S. in the first quarter of fiscal year '20, Disney+ will launch in Western Europe in Q1 and Q2 of fiscal year '20, and in Asia Pacific will similarly have launches beginning on those quarters. We will then begin rolling out to Eastern Europe and Latin America a year later, starting in Q1 of fiscal year '21.

And now to talk to you about our marketing strategy, please welcome Ricky Strauss, President of Disney+, Content and Marketing.

Ricky Strauss – *President, Content & Marketing, Disney+*

Thanks, Michael, and thank you all for joining us today. It's so cool to see the Disney+ app up on the big screen. Every one of our brands around the world has fans who are eagerly awaiting this



product. They are the most dedicated loyal fans, and we know how to speak to them in unique ways. As you would expect, we've developed a strategic campaign that will drive awareness and intent to subscribe. And over the next few months, we will feature the Disney+ service at big fan events like Star Wars celebration this week in Chicago, San Diego Comic-Con in July and our own D23 Expo in August.

One of the clear advantages we have in marketing Disney+ is our access to an incredible number of touch points across The Walt Disney Company. And as you would expect, we plan to leverage this unparalleled reach, engaging our millions of fans and influencers across our brands and around the world.

Our campaign is designed to build awareness of our brands, our franchises and the Disney+ service. To build awareness, we'll be marketing specific content titles. For example, within theater content for our live-action feature *Lady and the Tramp* and a tailored social media campaign for *High School Musical*. And as we launched, performance marketing will kick in, and we'll utilize data-driven analytics to identify, segment and acquire additional subscribers. And we'll layer all of this with an aggressive paid media campaign.

We believe these complementary efforts will enable us to reach 95% of our target audience, and we say that with confidence because of the power of our brands and our consumer touch points. It's a significant push, and our entire company is actively supporting it. There truly is no bigger priority for The Walt Disney Company going forward.

From a synergy standpoint, we're working closely with the Parks and Resorts teams from Disneyland and Walt Disney World to Disney Cruise Lines and Adventures by Disney as well as Consumer Products and our Disney retail stores.

We'll also be speaking to a group we call our best guest like our D23 fan club members, Disney Vacation Club and Disney Visa card members. And when you layer on our media businesses, our partners at ESPN, ABC, Freeform, FX, Disney Channel as well as Hulu will, altogether, were able



to reach over 100 million households. We will be executing a synergy campaign of the magnitude that is unprecedented in the history of The Walt Disney Company. And we have these relationships with our fans because of the incredible product that Disney offers. As a creative company where storytelling is a cornerstone of our business, we're fortunate to work with the very best of the content creators in entertainment today both within and outside The Walt Disney Company. We have movies, episodic series, shorts, both catalog and originals, from our partners at the Walt Disney Studios, Walt Disney Animation, Pixar, Marvel, Lucasfilm, National Geographic and our suite of amazing TV studios, including the Disney Channel and Disney television studios, just to name a few. We've asked the leaders of these studios to join us today to discuss the rich library of titles that will be available at launch and within the first year as well as exciting details about some of the original programming they will be making exclusively for us at Disney+. So let's get started.

First up is the incredibly talented writer and Director of *Frozen* and Chief Creative Officer of Walt Disney Animation Studios, my friend, Jennifer Lee.

Jennifer Lee - *Chief Creative Officer, Walt Disney Animation Studios*

It's such a pleasure to be here with you this afternoon.

Walt Disney once famously said, "I only hope that we never lose sight of one thing --that it was all started by a mouse." And Disney has never lost sight that this incredible company started with animation. Walt Disney Animation Studios has created some of the most timeless entertainment in the world for nearly a century. And it's our mission each and every day to create animated films that build upon our storied legacy. This is why we are so excited to have Disney+ as the permanent home for our animated films, a place where audiences of all ages will find the films they love from our past and those we are dreaming up right now.

Classics like *Snow White and the Seven Dwarfs*, *Pinocchio*, *Cinderella*, *The Jungle Book*, *The Little Mermaid* and *The Lion King* - the entire 13 film signature collection - will all be available on Day



1 of the U.S. launch of Disney+. Previously kept in the vault, they will now be available to everyone to watch anytime you want as a part of your permanent Disney+ subscription.

And the vast majority of our recent hit films will be available on Day 1 also, with many more to come throughout the first year. Beloved films including *Moana* and our Oscar-winning films *Zootopia*, *Big Hero 6* and *Frozen* will all be available on Day 1.

And speaking of *Frozen*, Disney+ will also be the exclusive home of *Frozen 2* by the summer of 2020, following its theatrical and traditional home entertainment releases.

Just across the street from this soundstage right now, over 500 people at Disney Animation are hard at work bringing *Frozen 2* to life, and we can't wait to share it with the world. Here's a quick look of where *Frozen* has been and where it's going.

[VIDEO]

Jennifer Lee - Chief Creative Officer, Walt Disney Animation Studios

When we think of Disney+, it's not just a home for our films; it's a way to bring you exclusive content you can't see anywhere else. I'm proud to announce a multi-episode documentary series that we're calling "Into the Unknown: Making Frozen 2" and yes, "Into the Unknown" might just be the title of one of our new songs.

We've opened our doors and allowed the documentary team into our building to follow the cast, the music team, the artists, all of us, as we're creating the film. And since nothing is off-limits, the documentary is real, it's raw, and it showcases our collaborative environment in a way we have never shared before.

And of course, I'm so excited about all of the animated content we're creating for Disney+, content which I can't wait to share with you in the months to come.



One of the things I'm most excited about is that we have the unique opportunity to extend our stories with characters our audiences know and love, as well as explore new types of storytelling and animation with emerging filmmakers, and show it all exclusively on Disney+.

It is now my privilege to bring to the stage my colleague at our fellow animation studio, please welcome, Pixar's Chief Creative Officer, Pete Docter.

Pete Docter - *Chief Creative Officer, Pixar*

Thank you, Jennifer, and hello, investors!

I am new to this CCO thing and it's a bit daunting. We did not have classes at this in cartoon school, but I have been lucky enough to have -- I had a front-row seat all along the way.

I started at Pixar in 1990 when Steve Jobs owned the place and I got to help write and create characters for *Toy Story*, which came out all the way back in 1995. And it's amazing to think that now, all these years later, we have *Toy Story 4* coming out this summer. So we're really proud of the way that's turned out.

Along the way, of course, we've made 21 feature-length films and over 30 shorts. Pixar's movies have made over \$13 billion worldwide, and we're proud of that. But I have got to admit, the reason we all work there is simply because we love making movies.

And I can't really fully explain to you the joy in watching someone in the audience make a connection with the film you made. There's a real feeling of contact as a filmmaker when I -- we're able to say something about our lives, and we realize that our audiences feel that same thing, so whether that be about parenting or loss or friendship, I think this is what people have come to expect from Pixar, that feeling of connection. And even though our movies are about monsters or fish or cars, they're really about us. So making personal films that appeal to



everyone, that's what we love doing and that's what we hope to continue to do with everything that we're working on right now.

We're thrilled right now that our films are all going to have a home on Disney+. So 18 of the Pixar movies will be available on Day 1 with the other 3 films coming in the first year, that's 18, 19, 20, 21 films, yes, they didn't have math class in cartoon school, either. The full Pixar collection will be available on Disney+.

Likewise, our theatrical shorts will be available on Day 1, including this year's Academy award-winning short film, *Bao*.

As I mentioned, we're gearing up for the theatrical release of *Toy Story 4* this summer. We're proud of all of our films, but I have to say there is something extra special about the *Toy Story* movie because that's where it all started for us. So in this film, Woody, Buzz, Jessie and the gang go on an all-new adventure that takes the *Toy Story* world into an exciting new direction. And along the way, we get to meet a few fun new characters. We'd like to introduce you to a few of them right now with a short clip from the film.

[VIDEO]

Pete Docter - Chief Creative Officer, Pixar

So *Toy Story 4* opens in theaters around the world this summer.

And as you've seen here, Forky was just made by Bonnie minutes ago. So naturally, he has a lot of questions about the way the world works. Questions that he'll explore in a series that we call *Forky Asks A Question*, exclusive for Disney+ and premiering the day the service launches. This is a series of 10 shorts that will premiere on Day 1. And it's here that Forky asks his friends in Bonnie's room to help him answer life's most imponderable questions such as What is love?



What is Time? And of course, the most difficult question of all, What is Cheese? Now I'm sure many of you have wondered the same things, so tune in to Disney+ to find the answers.

Forky is not the only one getting the Disney+ treatment. We are pleased that Bo Peep is also going to be making a film. She makes a big comeback in *Toy Story 4*, and she will be leading the way in an all-new short film called *Lamp Life*. Now we last saw Bo Peep in *Toy Story 2* if you remember, and we're going to meet up again with her this summer in *Toy Story 4*. So what happened in between? Well, *Lamp Life* is going to answer those questions as Bo Peep recounts to Woody the thrilling adventure she has had over the last few years and a few trials and tribulations as well because she's a toy attached to a lamp. So it is an illuminating journey, full of fun and humor only on Disney+.

I'm also excited to say there is one more Pixar film that will continue on with an all-new series, and that is the characters and world of *Monsters Inc.* Exclusive to Disney+, this is *Monsters at Work*. It's a new series being made under the creative leadership of executive producer, Bobs Ganaway and producer Ferrell Barron. What you're seeing here is a short early test - a sneak peek at what they've been exploring. Monsters is a big world with a lot of fun to be had around every corner with characters old and new.

We're also excited to be working with the Disney+ unscripted team on a variety of projects that will introduce viewers to the artistry, the craftsmanship and the storytelling of Pixar. We will bring you behind the scenes to meet the many, many amazing artists and technicians that I get to work with at Pixar. These personal and cinematic episodes will only be on Disney+ and will release throughout the first year and beyond.

So as you can tell, we've been busy up there in Emeryville, and we are not slowing down. We have never had a more exciting bunch of projects, and we're thrilled to show you more both on the big screen and on Disney+.



At Pixar, we created a family of superheroes in *The Incredibles*, but I'm excited to introduce someone who has brought to life an entire universe of superheroes. Please welcome to the stage, the President of Marvel Studios, Kevin Feige.

Kevin Feige – *President, Marvel Studios*

Thank you, Pete. Thanks very much. I thought jackets were required today but it's okay. It's all right.

I'm unbelievably excited to be here. Good afternoon.

We are very excited to be part of Disney+ and to finally bring together the MCU into one place. Kicking it all off on Day 1 of the service, Disney+ will host a streaming debut of *Captain Marvel*. The movie and its hero Carol Danvers played by Oscar-winner, Brie Larson, has become a fan favorite around the globe since its debut in March and has now earned over \$1 billion at the box office.

Now of course, we'll have other catalog titles available on Day 1, including the film that started it all, Marvel Studios' very first release, *Iron Man*.

Another one of our other titles to make a streaming debut in Year One will be the highly anticipated *Avengers: Endgame*. Now there's nothing more that I would love to do than show you the entire movie right now. But it doesn't come out for a few weeks. So I brought a clip to share with you a little taste of how the Avengers are dealing with the fallout from Infinity War.

[VIDEO]



Kevin Feige – *President, Marvel Studios*

It's exciting. By the way, that's the biggest screen I've seen this clip on so far. We haven't done a premiere yet. We're very much looking forward to sharing this in two short weeks with the entire world.

Of course, those aren't the only movies you'll be able to watch in Year One. Many other films are available at launch and throughout the year, including our Oscar-winning *Black Panther*, *Thor: Ragnarok* and *Ant-Man and the Wasp*.

Marvel Comics has been creating stories for over 80 years. In addition, Marvel Studios has over 10 years of behind-the-scenes footage, so there's a tremendous amount of history there.

We'll be showcasing *all of this material in several unscripted series, including Marvel's 616 and the Marvel's Hero Project*. The most exciting to us is that in addition to the films available on the platform, Marvel Studios will be creating original series just for Disney+.

Over the course of 23 films, we've pulled together a roster of amazing actors and talented filmmakers, and we're excited to continue to work with these individuals to tell new long-form stories in ways that we've never done before.

These shows will be on the same level of quality that you've come to expect from Marvel Studios, and we'll be taking advantage of that creative freedom that Disney+ offers, exploring the MCU, the Marvel Cinematic Universe, with our favorite characters over multiple episodes. These will be both new and continuing stories. And one of the things we're most excited about is that there will be major storylines set in the MCU with ramifications that will be felt both through the other Disney+ series we're producing and our features on the big screen.

One of our new series will be called *WandaVision*. Elizabeth Olsen will return as Wanda Maximoff and Paul Bettany will reprise his role as the Vision. We like to take big swings at



Marvel Studios. As you can see from this concept art, this story is definitely something unexpected and surprising, as well as something we could only do in a long-form series. I'll just leave that up there for another second so you can try to figure out what the heck is going on.

In *Falcon and the Winter Soldier*, we'll bringing together two characters who've been enemies, they've been friends, and once again they will be forced to team up, Sam Wilson and Bucky Barnes. Played by Anthony Mackie and Sebastian Stan, these characters have appeared in 6 MCU films apiece. While audiences have seen them as part of the Avengers, with Disney+, we'll now get a chance to take a deeper dive and learn much more about each of these heroes.

Another dream project for us is *What If?*, Marvel Studios first animated series. Taking inspiration from a comic book of the same name, each episode will take a pivotal moment from the MCU and turn it on its head, leading the audience into uncharted territory. For instance, our first episode will ask the questions: What if Peggy Carter was the one who became a super soldier? What if Steve Rogers had stayed a scrawny young kid but joined the fight with an armored suit built by Howard Stark? This gives you the sense of how we plan to explore the MCU in fresh and exciting ways in the series. In addition, new and returning cast members will be lending their voice to their animated counterparts.

As we previously announced, one of the upcoming series will center on Loki, who has long been one of the MCU's most popular villains, most popular characters, some might say most popular heroes. As an Asgardian who has lived for thousands of years, he has quite a lot of history and stories to tell, and this is another example of something we could only do in a long-form series on Disney+.

We don't want to give too much away, but we will say that the incredibly talented Tom Hiddleston will be returning to the screen to star as Loki, and we can't wait to share what new adventures the God of Mischief will get into.



As you can see, we are extremely enthusiastic about the opportunities that Disney+ provides. This is just a taste of what we've dreamed of for the service. This is a great opportunity for us at Marvel Studios to tell stories in a new way, and the entire creative team at the studio is excited to dig into and expand upon the previous 23 films we've made.

I can promise you that each of the series will be equal to the movies in quality and storytelling. These shows are immensely important. They will change and evolve our existing characters, while also introducing new ones in ways that deepen the mythology and significantly impact the future of the MCU. A post-Endgame MCU will be extremely different and focused on Disney+ tying into our future movies. This is only something that Marvel Studios can do and it can only be done on Disney+.

Now it is my great pleasure to introduce our next speaker, I've been a Star Wars fan my entire life. It led me to pursue a career in filmmaking. It's a great honor to introduce the President of Lucasfilm, Kathy Kennedy.

Kathleen Kennedy – *President, Lucasfilm*

"Always in motion is the future", as Yoda would say. Sharing Star Wars with the world is a true honor, and I'm excited that Disney+ will hold the entire collection of Star Wars films. Beginning on Day 1, the first two trilogies plus *The Force Awakens* and *Rogue One* will be available. During the first year of service launch, the remaining titles will become available, including the final installment of the Skywalker Saga, *Episode IX*.

It's remarkable to think that *Episode IX* will represent the culmination of what George Lucas began 40 years ago with the Skywalker Saga. Legacy characters along with new characters such as Kylo Ren, Rey, BB-8 and Finn, all of them populate a mythology that has impacted audiences throughout multiple generations with the values and the themes that still resonate today. Right after this, I'm actually going to a Star Wars celebration in Chicago, which is the ultimate event for Star Wars fans, where we have many, many more surprises in store.



The launch of Disney+ offers an unbelievably exciting opportunity for Star Wars. Our first-ever live-action series, *The Mandalorian*, has completed shooting, and it looks amazing. Following *The Mandalorian*, our next series for Disney+ began production earlier this year with Diego Luna serving as executive producer as well as starring, Alan Tudyk reprises his role as K-2SO and Stephen Schiff from the multiple award-winning series, *The Americans*, is serving as the show runner. This new show is based on the character Cassian Andor from *Rogue One*, and it will be a thrilling spy series set inside the Star Wars universe.

In addition to several more live-action series in development, we will have a new season of the fan favorite *Star Wars: The Clone Wars* and many more stories to come.

We are also in development on nonfiction programs that bring the audience inside Lucasfilm and Star Wars. Our first series will focus on legendary master craftspeople who have brought this galaxy to life over the past decades.

As I mentioned earlier, our first Star Wars live-action series is *The Mandalorian*. Jon Favreau, the director of *Iron Man*, *The Jungle Book* and now *The Lion King*, has created the series and partnered with our very own Dave Filoni. Dave was the director of our animated Star Wars series *Clone Wars* and *Rebels*. The combined talents of Jon and Dave have given us something truly special. I'm excited to announce that *The Mandalorian* will be available on Disney+ at launch.

And now, it's my great pleasure to welcome Jon Favreau to the stage.

So as I said, we've finished principal photography. Where are you in the process?



Jon Favreau

Well, we're trying it to make it look like Star Wars. A lot of visual effects, a lot of editing, but it's been a pleasure and we're pretty deep into the heavy lifting of turning all that wonderful photography and other stories into one continuous season of eight episodes.

Kathleen Kennedy – *President, Lucasfilm*

And I know this has been a somewhat different experience for you. What it's been like?

Jon Favreau

It's been great. I mean I've been a Star Wars fan like Kevin all my life. I was an usher in the movie theater in high school when *Return of the Jedi* was out. And to -- even just to walk on the stage hearing Star Wars music is still a little surreal. Now we're here, I remember first pitching you the show and what this could be, and now the marriage between us and Disney+ has been great. It's been great to be able to tell a story on a scale and in chapters in the only way that you could do in this format.

Kathleen Kennedy – *President, Lucasfilm*

And you're going to head to Chicago with me.

Jon Favreau

Yes.

Kathleen Kennedy – *President, Lucasfilm*

So what do you think the fans are going to take away from this?

Jon Favreau

Well, everybody working on the show is a fan. That's kind of the prerequisite, all the directors, Dave Filoni, as you mentioned. And so we're putting together something we want to see. And



because we're starting with new characters in a new time period, it's a great way to bring new fans in because these aren't characters that you have to know. It's not -- there's no history that's demanded for you to be able to step in and see what *The Mandalorian* is all about. However, as fans like we do with the Marvel stuff, you want to reward the fans who have been lifelong fans and have lots of stuff in there just for them. So hopefully, it works on both levels for people who are new and people who are returning after being a fan for 40 years.

Kathleen Kennedy – *President, Lucasfilm*

And also, I mean it's hard to explain all the technological advances, and I don't want you to lift the curtain of the magic, but could you explain a little bit about what you're doing with the new technology and techniques?

Jon Favreau

Well, George Lucas, kind of following in the steps of Walt Disney, always combined really wonderful old mythic stories with cutting-edge technology. And I learned a lot from working on the Marvel films all the way through *The Jungle Book* and *The Lion King*. And there's a lot to offer now with virtual reality and game engine technology to help with rendering the stuff. We're working, of course, with ILM. They're great. But also Star Wars demands a certain of a nod and look back to history with audio animatronics, puppetry, in-camera effects, and so we're mixing those 2 things. So hopefully, all of this feels very familiar but very cutting edge. It's hard to explain it, but we do have a behind-the-scenes sizzle reel here that we could show a little bit of -- we can lift the curtain a little bit and show you what we've been up to.

Kathleen Kennedy – *President, Lucasfilm*

Let's do that. Great.

[VIDEO]



Kathleen Kennedy – *President, Lucasfilm*

So as you can see, this has been every bit as exciting as anything I've done in the movies space. So I think Jon would agree we've just had an absolute blast doing this. So really looking forward to doing a lot more.

At Lucasfilm, we tell stories about a galaxy far, far away. But our next presenter both creates new worlds and brings to life beloved stories. Ladies and gentlemen, please welcome to the stage, the President of Production for Walt Disney Studios, Sean Bailey.

Sean Bailey – *President, Walt Disney Studios Motion Picture Productions*

Thank you, Kathy.

In addition to the great brands we've discussed already, Disney is also known for iconic live-action films. From musical fantasies like *Mary Poppins* to family adventures like *Pirates of the Caribbean* and *National Treasure* and of course, magical re-imaginings of our classic characters like *Alice in Wonderland*, all of which, by the way, will be available on Disney+ at Day 1. And even more titles will be available in Year One.

As you've heard, starting with the 2019 slate, all of our theatrical films will have their exclusive streaming home on Disney+, including this summer's upcoming film, *The Lion King*, helmed by the one and only Jon Favreau. Please help me welcome Jon back to the stage.

Jon, thank you for doing double duty. To say fans are excited for this film doesn't really begin to cover it. You've approached this task of making a film based on such a beloved property like *The Lion King*. You've done that before, but this one is particularly special to a number of people. How do you think about that?



Jon Favreau

Well, this one was the first one that people grew up watching in the minivan. So they know every line of it and they know every song, and so it is a beloved property, and it's a film that still holds up, to be honest with you, the 2D version of it. So we set out to make a version that would complement that. And looking at the original film and the Broadway, the hit Broadway musical, it seemed that the audiences like to see it, as long as it felt like it was a new medium. And so trying to bring the photo-real look to an animated feature and give it a live-action feel was the task that we set out before ourselves.

Sean Bailey – *President, Walt Disney Studios Motion Picture Productions*

I think you've done a remarkable job with that. As you discussed with Kathy earlier, you've got quite a reputation for films that leverage cutting-edge technology but all have tremendous heart, character, drama, emotion. Can you tell us a little bit about the techniques you used to bring this out?

Jon Favreau

Well, we collaborated, of course, before on *The Jungle Book*, and that was a big learning curve for me. And by the end of *The Jungle Book*, by using -- in that case, it was motion capture, in this case, we're using virtual reality, and a lot of actually consumer-facing VR products, we were able to create a virtual studio where we photographed the whole movie in virtual reality, and then rendered it out so that it appears to have been shot in live action. So that's -- that was the trick, and I don't think I would have been able to do this had we not gone through what we went through on the first one.

Sean Bailey – *President, Walt Disney Studios Motion Picture Productions*

It's amazing what you pulled off. Now I want to talk for a moment about this cast you've assembled. Folks like Donald Glover, James Earl Jones, Seth Rogen, Billy Eichner, Alfre Woodard, and of course, Beyoncé. What's it like working with a cast like that?



Jon Favreau

Well, in this movie, you're not just telling a story but you're also presenting this wonderful playlist of great hit musical numbers. And so we were collaborating not just in performance in trying to bring that naturalism and comedy and update the material for today's audience, but we were also trying to bring new life into those classic musical numbers. And I'm actually -- we're actually scoring right now. We're finishing this up. Going to head over tomorrow with Hans Zimmer. We've got Lebo. We have a lot of people collaborating again on this. A lot of people returning from the original to help make it feel connected to the old one but also bring some new updates and new flavor to it.

Sean Bailey – *President, Walt Disney Studios Motion Picture Productions*

Well, thank you, Jon. We really appreciate you being here with us today. Since I know you're hard at work finishing not only this film but also *The Mandalorian*. But before you leave, let's show everyone the brand-new trailer that just released yesterday for *The Lion King*, and it has already amassed 174 million global views in the first 24 hours. Second-most trailer -- second-most watched trailer for Disney behind only the first trailer for your *The Lion King*. So thank you very much, and let's take a look.

Jon Favreau

Thank you.

[VIDEO]

Sean Bailey – *President, Walt Disney Studios Motion Picture Productions*

Thank you. Thank you, Jon. And now I'm excited to talk with all of you about our slate of Disney live-action features coming exclusively to Disney+.



Disney+ affords us the opportunity to tell more stories from a variety of genres. We will always remain true to the values of what a Disney live-action film offers, but we're able to take some risks, which is really exciting. While theatrical box office right now is being driven by giant blockbuster events, there are amazing stories and characters that are yearning to be enjoyed by the whole family. We believe there remains a meaningful global audience who is entertained by films such as holiday comedies, kid-centered capers and true-life adventures. And Disney+ makes that possible. These films will be treated with the same love and care as our theatrical titles. We've been able to attract best-in-class talent, both in front of and behind the camera, and I'm delighted to share what we've been up to.

The first film I'd like to tell you about is *Noelle*, a new holiday comedy, which is expected to be available on Disney+ soon after launch. *Noelle* tells the story of Santa's daughter played by Anna Kendrick, whose brother Nick is next in line to take on the family trade. When Nick goes missing, it's up to Noelle to leave the North Pole and head to the real world to track him down. So let's take a look at how this film is coming together.

[VIDEO]

Sean Bailey – *President, Walt Disney Studios Motion Picture Productions*

Thank you. Thank you. Also coming soon is *Timmy Failure* based on the beloved illustrated book series of the same name. This film is helmed by Academy Award-winning director Tom McCarthy, and tells the story of Timmy, our quirky, deadpan hero who along with his 1,500-pound polar bear partner, Total, operates Total Failure Inc., a world-class detective agency, at least in Timmy's minds anyway. So let's take a look at the sizzle.

[VIDEO]



Sean Bailey – *President, Walt Disney Studios Motion Picture Productions*

Thank you. Next up is *Stargirl*, based on the critically acclaimed New York Times best-selling Young Adult novel of the same name. This teen coming of age story is about Leo Borlock, an average 16-year-old, who's content to fly under the radar until an offbeat and unconventional new student named Stargirl shows up at his high school turning his and everyone else's world upside down, forever changing the way they see themselves and each other. Grace Vanderwaal, winner of *America's Got Talent*, will make her on-screen debut in *Stargirl*. Grace is not only an amazing singer but an incredibly talented actress as well. Let's take a quick peek at *Stargirl*.

[VIDEO]

Sean Bailey – *President, Walt Disney Studios Motion Picture Productions*

Thank you. Switching gears. Coming to Disney+ a little after launch is *Togo*, based on a true life adventure in the Alaskan tundra. Our story takes place in 1925, when an epidemic of diphtheria breaks out in a remote Alaskan town, causing countless children to fall gravely ill. The necessary antitoxin is hundreds of miles away, across treacherous terrain with a massive storm on the horizon. As the crisis grows more desperate, the village leaders realize their only hope lies with one man, Leonhard Seppala, played by the incomparable Willem Dafoe, and his lead sled dog, Togo.

Lastly for our original features is our live-action retelling of *Lady and the Tramp*. We are beyond thrilled with how this film is coming together and I'm excited to announce that *Lady and the Tramp* will be available on Disney+ at launch.

We believe this film will stand toe-to-toe with our live-action retellings. It features world-class talent like Tessa Thompson and Justin Theroux, who voice our two titular characters. Joining them are Academy Award nominee, Sam Elliott as Trusty the bloodhound and acclaimed multi-



hyphenate, actress, singer, songwriter, producer, Janelle Monáe as Peg. Now before I leave you, let's take a quick look behind the scenes.

[VIDEO]

Sean Bailey – *President, Walt Disney Studios Motion Picture Productions*

Thank you very much. I have been a long-time fan of National Geographic and the stories they tell and I am honored to welcome to the stage my new colleague, Courteney Monroe, President, National Geographic Global Television Networks.

Courteney Monroe – *President, National Geographic Global Television Networks*

Thank you, Sean. I am so delighted to be here today to talk about National Geographic and the tremendous opportunity before us.

National Geographic has a powerful 131-year legacy as one of the most trusted, authentic brands in the world.

In fact, the top two brands for quality and trust among global consumers are Disney and National Geographic.

At National Geographic, we have earned that trust by entertaining audiences with groundbreaking, visually spectacular programming from the best explorers, photographers and filmmakers in the world. Storytelling that sparks curiosity and wonder. From our iconic award-winning journalism to being the Number One brand on Instagram with over 100 million followers, to our Academy award-winning documentary *Free Solo*.

Today, as we join the amazing brands on Disney+, we are excited to transport new audiences to places they have never been. And that journey begins with the award-winning content from our vast National Geographic library.



We are incredibly proud that the very best of our premium factual programming will be available on Disney+. Indeed, over 250 hours of National Geographic series and documentaries will be available on the series on Day 1. Breathtaking programming that led National Geographic to win more Emmys for cinematography in a single year than any other network in history. Films like *Jane*, which won two Emmy awards and among many other honors. And *Free Solo*, which, as I mentioned, just won the Oscar for best documentary and inspired audiences around the world to dream the impossible.

Series, including the Emmy nominated, and my kid's personal favorite, *Brain Games*. *One Strange Rock*, the epic science documentary series hosted by Will Smith and produced by visionary filmmaker, Darren Aronofsky; the Emmy and Peabody award-winning *Cosmos*; our upcoming new series, *Gordon Ramsay: Uncharted*; and of course, awe-inspiring natural history programming that is a hallmark of the National Geographic brand, including *Wild Yellowstone*, *Photo Ark* and *Rise of the Black Panther*.

Today, we are excited to announce two original series that we are producing exclusively for Disney+ subscribers. The first, as you heard, is *The World According to Jeff Goldblum*. Jeff Goldblum is one of the MOST curious people you could ever meet. So, we decided to tap into Jeff's curiosity and his passion for exploring just about everything in this new documentary series, which will be available to Disney+ subscribers on Day 1.

Through the prism of Jeff's always inquisitive and highly entertaining mind, nothing is as it seems. In each episode, Jeff pulls back the curtain on a seemingly familiar object like sneakers or ice cream to reveal a wonderful world of astonishing connections, fascinating science, little-known history, amazing people and a whole lot of big ideas.

We have literally just started shooting so we don't have much to show yet, but here is a very brief look at *The World according to Jeff Goldblum*.



[VIDEO]

Courteney Monroe – *President, National Geographic Global Television Networks*

Next, we are thrilled to announce our second original series for Disney+, *Magic of the Animal Kingdom*.

In the heart of Central Florida, a team of more than 1,000 highly respected animal care experts, veterinarians and biologists perform groundbreaking work at one of the most advanced veterinary facilities in existence. The setting for this pivotal work is Disney's Animal Kingdom and Epcot Seabase Aquarium. Now, for the first time ever and only on Disney+, National Geographic will offer viewers an all-access pass into this extraordinary world. From the miracle of birth to the heroic efforts to rehabilitate injured species, to the work being done around the world to protect wildlife, *Magic of the Animal Kingdom* will bring to life the wonders of this wild and often exotic world and shine a spotlight on the unsung Disney cast member heroes who dedicate their lives to these animals.

Not to mention, you will get to see so many cute animals. This new series exemplifies our long-standing commitment to conservation as well as our legacy of unprecedented access. We can't wait to reveal the true magic of Disney's Animal Kingdom for fans of both Disney and National Geographic alike.

As you heard in the opening video, Walt Disney himself once said, "We keep moving forward, opening new doors and doing new things because we're curious, and curiosity keeps leading us down new paths." Disney and National Geographic are linked by this shared passion for curiosity and we can't wait to ignite it together. Thank you all very much.

Now before I hand it over to our next speaker, I have a confession to make, which is that as the mother of a pre-teenage High School Musical obsessed daughter, the fact that I now get to



introduce the longtime creative genius behind the Disney Channel has seriously upped my mom game today. So with that, it is my pleasure to introduce the President and Chief Executive Officer for Disney Channels worldwide, Gary Marsh.

Gary Marsh – *President & Chief Creative Officer, Disney Channel*

Thank you, Courteney. By the way, if you haven't seen *Free Solo*, I urge you to go home and watch it tonight. It will take your breath away.

Normally, batting seventh in the lineup isn't considered necessarily a vote of confidence. But in this case, getting asked to close out the original content portion of the presentation is really a great honor, and I'm really proud and happy to be here.

One week from today, we'll mark the 36th anniversary of Disney Channel. And what began basically as a repository for classic Disney fare has grown into something so much bigger, largely on the strength of the thousands of hours of entertainment content that we've created.

And on Day One, Disney+ will be the destination for a massive amount of that storytelling, over 5,000 episodes of Disney Channel content and Disney Junior content, and over 100 original movies or as your kids may know them as DCOMs, all of which have been used around the world to help extend and define the Disney brand.

You know a lot of the names, from *Ducktales* to *Descendants*, *Handy Manny* to *Hannah Montana*, *Mickey Mouse Clubhouse*, *High School Musical*, *Lizzie McGuire*. Basically, Disney Channel has created the playlist, the social currency through which kids transact their lives, for generations, spanning now close to four decades.

And we are especially excited for the opportunity to reimagine some of our most beloved characters and stories, exclusively for the Disney+ audience, starting with an all-new *Phineas and Ferb* original movie - *Phineas and Ferb: Candace Against the Universe*. If you know the



series and I know some of you do because you watch it with your kids, Phineas and Ferb's long-suffering sister Candace has spent every waking moment trying to bust her overly industrious brothers, who are completely oblivious to her efforts to rat them out. But when Candace is abducted by space aliens, Phineas and Ferb must prove their love and admiration for their sister and they set in motion a giant plan to rescue her.

I don't have any finished animation, I really wish I did because you will see that this movie delivers the same, incredibly clever song lyrics, the same really brilliant sophisticated humor that has made *Phineas and Ferb* an absolute fan favorite for kids and parents, for now over a decade around the world. All 127 episodes will be available on Disney+ at launch.

What I do have to share with you is a trailer from our reinvention of the most successful Disney Channel original movie franchise of all time, *High School Musical*. I spent 10 years, 10 years trying to develop a new take on *High School Musical* that was worthy of remaking this classic, something that fans, new fans and our original fans, would really feel like they could watch and appreciate together. Turns out it's really harder than it seems to get that community together. But we finally cracked it. With *High School Musical: The Musical: The Series*, which is a story about the kids at East High School, the school, where the *High School Musical* movies were actually shot, who end up as stars of that school's production of *High School Musical: The Musical*.

You get it? You will in a second, I promise. With a genuine reverence for the original movie, our music producers and writers have really woven together those classic songs from *High School Musical*, reinterpreting them and then blending it seamlessly with brand-new songs, which gives the whole tone of the series a kind of a comic tone and texture that is simultaneously familiar to fans and yet, as you will see in a moment, quite a departure, probably from what those fans are expecting, with an absolutely adorable new cast that I guarantee the audience will fall in love with, as soon as they see them.



So if you'll permit me, get your head in the game, take a look at *High School Musical: The Musical: The Series*.

[VIDEO]

Gary Marsh – *President & Chief Creative Officer, Disney Channel*

Now you get it, right? To help frame up everything you've seen this afternoon and share some additional insights and maybe a few special highlights, please welcome the Senior Vice President of Content for Disney+, Agnes Chu.

Agnes Chu – *Senior Vice President of Content, Disney+*

Thank you, Gary. Good afternoon, everyone.

You just heard from the content creators of the Walt Disney Company, the visionaries bringing our unique brands to life, and representing nearly a century of entertainment defined by quality and timeless stories.

As you have seen, Disney+ is the *only* streaming service that, at its foundation, has this breadth of branded storytelling for global audiences. Whether you are nostalgic for your childhood favorites like *Cinderella* or *The Little Mermaid*, or you want to host a Star Wars Marathon in your living room, or if you just need more Baby Groot in your life, Disney+ provides viewers of all ages, an unrivaled living, breathing ecosystem of content.

Through Disney+, subscribers will deepen their relationships with our beloved characters and worlds, while forging new connections to new worlds brought to life on the service.

And, one of the reasons we're able to able to cultivate this ecosystem of storytelling is because we have such amazing talent, both in front of and behind the camera, *wanting* to be part of Disney+, *wanting* to tell their stories using our IP, characters and brands.



The same people who helped to create many of our legendary characters are continuing their legacy on Disney+, from Billy Crystal and John Goodman in *Monsters at Work* to Diego Luna and Alan Tudyk in our *Rogue One* series, to the absolutely phenomenal casts in the Marvel Cinematic Universe. Disney+ has also provided an opportunity for talent to flex their creative muscles across our brands.

As we saw earlier, Jon Favreau, who made his mark on Marvel and Disney Films, has brought his groundbreaking vision to the Star Wars Universe through *The Mandalorian*.

Kristen Bell, who plays Anna in *Frozen*, will executive produce an unscripted musical series for Disney+ called *Encore*, where she helps to reunite old classmates back on their high school stage. It's a real-life *High School Musical* starring people like you and me, adults who are young at heart. By the way, did you see Lowell earlier? He has great stage presence. We've already called his high school to see if he can star in season 2.

We are also excited to have Supper Club, the creative team behind the Emmy-nominated culinary series, *Chef's Table*, join the Disney family. David Gelb, Jason Sterman and Brian McGinn will create a slate of premium, non-fiction content for Disney+, including documentary storytelling tailored to fans of our brands.

These and many, many more talented creators are working with us, developing exceptional original content for Disney+ because it is the *only* platform with access to the best and most respected brands the world has to offer.

On Day 1, we will have at least 9 exclusive episodic series, movies and documentaries, including the first episodes of *The Mandalorian*, and *High School Musical: The Musical: The Series*, and the live-action feature, *Lady and the Tramp*. We will also be premiering a documentary series that traces the history of Walt Disney Imagineering from Emmy and Academy Award-



nominated filmmaker, Leslie Iwerks. This series will feature exclusive interviews and never-before-seen footage of Disney's parks around the world.

And, we will be adding to this content with each passing week. We've got a lot of exciting projects currently in development.

In Year One, we will have more than 25 original episodic series and more than 10 original exclusive movies, documentaries and specials. And behind the originals, we have a phenomenal library. Over the past year, we reached deals to include titles on our service that were exclusively licensed to other platforms. Ultimately, Disney+ will become the exclusive streaming home for all family-friendly content from our brands.

Let's look at a holistic recap of Year One because when you see it altogether, it is spectacular.

We have the animated Disney classics from vault titles to new favorites, like *Moana* and *Frozen*, which will be available on Day 1.

We have fantastic live-action films, from *Bedknobs and Broomsticks* to *Pirates of the Caribbean* and everything in between.

There are the beloved Disney Channel series, like *Kim Possible*, and *That's So Raven*.

The entire Pixar library

Several epic titles from our Marvel Cinematic Universe with more to come

And our fans will go crazy for all things Star Wars.

Not to mention 250 hours of premium series and films from National Geographic.



And with the recent acquisition of Twenty-First Century Fox, we will have an impressive collection of series and films that have become mainstays of premium family entertainment, from *Malcolm in the Middle* to *The Sound of Music*, which my daughter will be thrilled about because she listens to the soundtrack every day, and she's only one years old.

All of this brings us to an unbelievable offering in Year One. We will have more than 7,500 episodes of television, over 400 library titles and over 100 recent theatrical film releases, such as *Captain Marvel* and *The Lion King*.

And by Year 5, we expect our annual production slate to include more than 50 original series including returning seasons every year, as well as more than 10 original movies, documentaries and specials each year. This means through our premium platform, subscribers can expect great breadth and depth spanning over 10,000 episodes and well over 120 recent films, all in addition to our 500 library titles.

So whether it's reliving our classic library, exploring new adventures in nature (or even the wilder habitat of) high school or escaping to worlds of fantasy, tomorrow and galaxies far far away, Disney+ is the only entertainment service that brings all of our brands together for global audiences of all ages, all in one place.

And we've got one more exciting announcement from some very special guests.

[VIDEO]

Doesn't that just make you smile? Maggie is the perfect Springfield Tinkerbell. For over 30 years, no other franchise on television has commanded laughs and touched our hearts like *The Simpsons*. I am thrilled to announce that Disney+ is going to be the exclusive SVOD home for this global hit with the first 30 seasons available on Day 1. *The Simpsons* join The Avengers, the Princesses, Buzz and Woody, the Jedi Order, the Animal Kingdom and, of course, Mickey Mouse to create the must-have collection of quality branded storytelling, a foundation of storytelling



from The Walt Disney Company that has made and continues to make for new generations an indelible mark on our culture. This is the promise of Disney+.

And with that, I'd like to welcome back to the stage, Kevin Mayer.

Kevin Mayer – *Chairman, Direct-to-Consumer & International, The Walt Disney Company*

Disney+ is clearly a phenomenal one-of-a-kind service with content only Disney can provide and an experience only Disney could create. We're confident it will resonate with consumers and stand out in the marketplace.

I'm excited to announce that Disney+ will be available to U.S. consumers on November 12, 2019. And we will be launching the service with the very attractive monthly price of \$6.99 as well as an annual option for \$69.99, which works out for those mathematically inclined to \$5.83 per month. We believe this creates an extremely compelling value proposition for consumers.

So let's add it all up. We have the brands that matter. We have the library content that has been loved for generations as well as new original content made by many of the same creators, all wrapped in a beautiful package and delivered to consumers at a very reasonable price. For these reasons, we feel very confident in the success of Disney+.

[VIDEO]

Lowell Singer – *Senior Vice President, Investor Relations, The Walt Disney Company*

Well, thanks, Kevin, and I think you can all now see why we have been so excited about Disney+, and finally, having the opportunity to share it with all of you. Now since we announced our DTC initiatives in August of 2017, my team and I have been inundated with questions about the financial implications of these initiatives. We've told everyone we provide a lot more information at the Investor Day. Well, that moment has finally arrived. Take out your pens, open your laptops, Christine McCarthy, Senior Executive Vice President and Chief Financial



Officer, is now going to walk you through those details. So without further ado, please welcome Christine to the stage.

Christine McCarthy - *Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company*

Thank you, Lowell. It's great to have all of you here with us today. The presentations you've seen this afternoon demonstrate a tremendous effort on the part of many people across the organization to deliver on our direct-to-consumer strategy. We hope you share our excitement about this opportunity and have a better understanding of the value we can create for shareholders.

The cornerstone of our strategy is Disney+, which, as Kevin discussed in detail, we'll launch this November. We plan to invest aggressively in Disney+, and we also plan to continue investing to support the growth of ESPN+, Hulu and Hotstar. The financial impact of these investments will be reflected in the results of our Direct-to-Consumer & International segment, which will include, among other things, the subscription and advertising revenue generated by these services as well as the cost of content licensing and operating expenses. Content licensing expenses include intra-segment content transactions between Direct-to-Consumer & International, and the Media Networks and Studio Entertainment segments. I'll provide additional color on a few of these drivers in a moment.

The new segment financial reporting structure we implemented beginning in fiscal Q1 2019, and the detail we now disclose on the performance of our Direct-to-Consumer & International segment, is a direct response to the visibility requested by our investors, including many of you in this room today. We believe the additional detail will allow you to better assess the operating performance and the value of both our traditional businesses and the direct-to-consumer initiatives we discussed today.

Now earlier, we presented elements of the Disney+ service, which will include original episodic and film content and an incredibly rich library of Disney, Pixar, Marvel, Star Wars and National



Geographic content. This offering will further be strengthened over time as our slate of future films becomes available exclusively to Disney+ subscribers when those films reach the pay one window. At an initial price point of \$6.99 per month in the U.S., Disney+ represents a compelling entertainment offering for consumers, and an attractive price-to-value proposition given the quality of content consumers will have access to on day one. And the value for consumers will increase over time as we add additional content to the service.

Based on current launch plans and the magnitude and cadence of content investment, we expect Disney+ to have between 60 million and 90 million subscribers around the world by the end of fiscal 2024. And we expect over time, about 1/3 of our subscriber base will come from the U.S. and 2/3 will come from outside the U.S.

We intend to invest aggressively in original content based on our compelling brands and iconic franchises developed by the talented, creative teams you have seen here today. While we are still fine-tuning the detailed content plan, we currently expect our cash investment in original content to be a little over \$1 billion for fiscal 2020, ramping up over time and reaching a level of cash investment in the mid-\$2 billion range for fiscal 2024. Again, these investment figures represent our cash investment.

We expect amortization expense, the number that will flow through the P&L, to be less than \$500 million in fiscal 2020, growing to about \$2 billion for fiscal 2024. We expect to amortize these investments on an accelerated basis with roughly 80% to 90% of the content investment amortized within the first 4 years.

In addition to investing in original content, Disney+ will also license content previously produced by our studio and Media Networks segments. For instance, Disney+ will license library content from the studio in addition to licensing films that have been theatrically released once those films enter the pay one window, beginning with Captain Marvel. Disney+ will also license library as well as current series content from Media Networks. The financial impact of these



intra-segment licensing transactions on segment results will reflect an appropriate fee for the content involved. For Disney+, we expect license content expense to be less than \$1.5 billion for fiscal 2020 and ramping up to the mid-\$2 billion range for fiscal 2024. I'll note, the trajectory of the ramp will largely be driven by the timing of the international launches.

We expect total operating expenses for Disney+, which include marketing, technology, customer service, billing, and G&A expenses, to be a little less than \$1 billion for fiscal 2020, and we'd expect these expenses to ramp as the subscriber base grows albeit at a rate that is lower than the rate of revenue growth.

So what does this all mean? Well, from a financial perspective, we expect Disney+'s operating results during the first couple of years post-launch to reflect the aggressive early investments we're making because we want to set the business up for long-term success. We expect operating losses to peak between fiscal 2020 and fiscal 2022, and we expect Disney+ to achieve profitability in fiscal 2024.

Now turning to ESPN+. As you heard earlier today, we're very pleased with the performance of this service, which launched a year ago and currently has more than 2 million subscribers. We expect ESPN+'s subscriber base to grow to between 8 million and 12 million by the end of 2024, driven by recent investments in key sports rights, including UFC and Serie A as well as in original content. While we expect ESPN+ to generate annual operating losses of about \$650 million in both fiscal 2019 and fiscal 2020, operating losses should begin to narrow after that and we expect ESPN+ to achieve profitability in fiscal 2023.

Now Hulu has been on an impressive growth trajectory the last couple of years, and we expect this growth to continue. Hulu currently has more than 25 million paid domestic subscribers, which we expect to grow to between 40 million and 60 million by the end of fiscal 2024. We expect Hulu's operating losses to peak at about \$1.5 billion for fiscal 2019 with a slightly



narrower loss for fiscal 2020. Thereafter, we expect Hulu's operating losses to continue to narrow with the domestic business reaching profitability in fiscal 2023 or fiscal 2024.

Now given that our acquisition of Twenty-First Century Fox closed just last month, we are still assessing the prospect and timing of international launches which would have an impact on our financial outlook for Hulu.

Now at The Walt Disney Company, one of our core competencies is creating high-quality content and experiences. And we're extraordinarily optimistic about the plans and expectations we have laid out for you today. Our direct-to-consumer strategy and the successful launch of Disney+ are top priorities for our company. We will be aggressive in our efforts, and we believe we can succeed. And as you have seen here today, we have the intellectual property, the brands, the technology and the people to deliver best-in-class, direct-to-consumer experiences and create meaningful long-term value for our shareholders.

Thank you for spending your afternoon with us. Before we move onto Q&A, I also want to extend a big thank you to my Disney colleagues for being here with us today. We thought it was important for you to hear directly from our content creators and some of our key business leaders involved in this very important initiative. I will now turn it back over to Lowell, and we look forward to answering your questions. Lowell?

Lowell Singer – *Senior Vice President, Investor Relations, The Walt Disney Company*

Thank you, Christine. Well, did we give you numbers? Okay, just want to be sure. So we are now going to transition to an investor Q&A session. As you can see, Bob and Kevin are coming back on the stage to join Christine and me. We're going to try to get through as many questions as possible in the next 20 minutes or so. If you have a question, please raise your hand. I will call on you and then we have people with microphones in the aisle. Please wait for them to come to you since this is being webcast. I'd love for you to begin your question with your name and your firm affiliation, and I do apologize in advance if we don't get to your question. So with



that, let's turn up the lights so I can see hands. I see a hand there, although I can't see who it is, but over to my left, here comes a microphone.

Michael Nathanson – *MoffettNathanson LLC*

Thanks, it's Michael Nathanson. I have a question for all 3 of you. One of the things, Christine, you said is that you're going to assess the international rollout of Hulu. Now you had time to think about it because Fox was acquired in principle about 1.5 years ago. So what are the types of assessments you're doing? And if you can give a sense of what is the lead time you would need to roll that out once you make the assessment?

Kevin Mayer – *Chairman, Direct-to-Consumer & International, The Walt Disney Company*

Well, as you know, Hulu is still minority owned by Comcast and AT&T. So we're not the unilateral decision-maker on this rollout. We are assessing, however, the different markets that it can roll out to, and the different dynamics that exist in each of those markets. There's regulatory issues. There's broadband infrastructure issues. There are consumer receptivity issues. It's pretty complicated actually. And we also want to make sure that we titrate the rollout in such a way that we are -- that our losses are manageable for the company. We want to be very responsible. So there's still some work to do. We've been looking at it pretty hard, and I think we'll make decisions in the near term on that.

Lowell Singer – *Senior Vice President, Investor Relations, The Walt Disney Company*

Okay. Back up here, maybe 4 rows from the top middle. Looks like Ben, although I can't tell. Hello, Ben.

Benjamin Swinburne – *Morgan Stanley*

Thank you, Ben Swinburne, Morgan Stanley. A couple of questions. First, it looks like you've bought back a lot of IP from some of your traditional distributors. Just want to confirm, Christine, all that cost is in the guidance you gave us? You were nodding for the webcast?



Christine McCarthy - *Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company*

I'm nodding. The answer is yes. So these costs that we showed you and the profitability, the years to profitability, incorporate all of the expenses that we discussed today.

Benjamin Swinburne - *Morgan Stanley*

Great. And then, Bob, I'm sure you're probably not surprised by the question, but you just laid out a very ambitious plan for the next, I guess, 4 or 5 years, and we're all expecting your contract is over at the end of 2021. I don't know if you have anything to tell us about the leadership of the company, your succession or whether you expect to stay through that period of time?

Bob Iger - *Chairman and Chief Executive Officer, The Walt Disney Company*

I'm expecting my contract to expire at the end of 2021. And I'm going to say it, this time I mean it - but I've said that before. I have been CEO since October of 2005 and as I've said many times, there's a time for everything and 2021 will be the time for me to finally step down. I have been engaged with the board for quite some time in discussion about succession. And they've been engaged in a succession process, and we continue to feel that they will be able to identify my successor on a timely enough basis so that this company has a smooth transition. I do want to say, by the way, there's a lot been said internally, and I think you have probably maybe felt now that we've shown this all to you, that what we're putting forward is an aggressive strategy that's very purposeful because we feel, obviously, the strategy is extremely important to us. And we feel that if we're going to implement it, we've got to be very, very serious and be all-in on it. And that's because we believe that that is the best way for this to succeed. And the aggressive numbers that Christine laid out, both in terms of profitability and in terms of global subscribers are a direct result of us being all-in from the beginning. We are really committed to this and I think the array of talent that was up here on stage and the product that they showed you is just one example of that. But we feel that's the best path to success in a direction that is vital to the future of this company and the value that we return to shareholders.



Lowell Singer – *Senior Vice President, Investor Relations, The Walt Disney Company*

Okay. Looks like Jessica. Jessica, wait for the microphone. It's hard to see with the lights.

Jessica Reif Ehrlich – *Bank of America Merrill Lynch*

Hi, it is Jessica Reif Ehrlich from Bank of America Merrill Lynch. Like I guess, a series of small questions related on the international side...you didn't mention pricing outside the U.S. You were general in terms of rollouts. So could you just frame or give a range of TAM, the next 2 or 3 years - whatever you are comfortable with? And then the revenue - we don't know the timing of some of the deals that are coming up outside the U.S., like lost revenue. And then the last thing, bundle pricing in the U.S. You didn't really say what that would be?

Bob Iger – *Chairman and Chief Executive Officer, The Walt Disney Company*

I'll just take -- I'll take the first part, which is just in terms of timing. Christine mentioned that the 60 million to 90 million sub estimate by 2024 would roughly consist of 1/3 U.S. and 2/3 international. So that means, since 2024 isn't that far away, that there will be a number of international rollouts for Disney+ in the near term. But we don't want to be specific because there are a variety of things, as Kevin referenced earlier, as it related to Hulu, that we still have to address: technology, content, et cetera, and so on. But obviously, in order to achieve the numbers that Christine mentioned, we have to roll out aggressively internationally. But again, we just were not prepared. We gave you so much information today. And we're also very, very focused right now on launching this on November 12 in the United States. I don't want to say we're walking before we run because we feel like we're already running pretty hard. But that's - - we just don't want to get any more specific than that right now, on that side of it.

Kevin Mayer – *Chairman, Direct-to-Consumer & International, The Walt Disney Company*

I think you asked about pricing - also not more specific. I think you've seen how other SVOD services price outside the U.S., so you might expect some variation when we actually do decide those prices. Also on the TAM side, we did give you subscriber counts, so I think that should probably suffice, but I would just go back to what I said in the beginning of the presentation,



which is we're a four-quadrant service. Our brands, when you add them altogether, really do attract a four-quadrant audience. And there are over 1 billion broadband households around the world capable of high-quality video of the form that we're going to deliver in the service. So I think that could be our TAM, frankly.

Bob Iger – *Chairman and Chief Executive Officer, The Walt Disney Company*

At then, just on the pricing. On the U.S. pricing, we're designing a product that we wanted to be accessible to as many consumers as possible. And when we talk about accessibility, the components to achieve that are: one, quality of content and a variety of content; two, the user interface, the technology, the app itself; three, the brands obviously, which maybe is tied to the content; four, is price. We just feel that Disney is loved by so many millions and millions of people around the world. This is our first serious foray into this space and we wanted to reach as many people as possible with it.

Lowell Singer – *Senior Vice President, Investor Relations, The Walt Disney Company*

I see a hand right up here.

Alexia Quadrani – *JP Morgan Chase & Co.*

Alexia Quadrani from JPMorgan. Second-run content is being pulled away from Netflix by other TV studios that are looking to build their own streaming services. When you look at Hulu, I guess how secure are you in keeping the content you currently have from your current partners? And then maybe a second question for Bob. I guess any thoughts on shortening the home video window display?

Kevin Mayer – *Chairman, Direct-to-Consumer & International, The Walt Disney Company*

Those content licensing agreements from the current partners including Fox (now part of Disney obviously), the Fox Studios - that is, Fox Television Studios, our content and NBC Universal's - there is no plan to change the content license agreements among the partners. So we feel, we'll have full access to that content for the medium term.



Bob Iger – *Chairman and Chief Executive Officer, The Walt Disney Company*

One of the great aspects of the acquisition of Fox was the acquisition of their television studios and why we believe that's great is that as we look to the future of our company, we believe that not only will we have to continue to fuel some of the traditional platforms because we continue to monetize them, but we obviously needed the creative firepower to fuel our new initiatives, which is Hulu and Disney+. And so the talent that comes into the company, the experience that they had making television over a long period of time and the connections they have to the creative community are incredibly important. And if you look at the structure that we have created, aside from sports, we've turned the senior leadership of our entire television organization over to Fox executives, 3 of whom are in the room - notably Peter Rice and John Landgraf and Dana Walden. So I know the partnerships are important; creative partnerships will always be important. But we're looking to them to continue to not only maintain the partnerships that they've had, but to create new ones and to produce significantly for all of our services. And the second part of the question, did we answer that?

Lowell Singer – *Senior Vice President, Investor Relations, The Walt Disney Company*

Yes, Kevin got it.

Bob Iger – *Chairman and Chief Executive Officer, The Walt Disney Company*

Okay. So this is like an earnings call in person, it's very very -- it's very different.

Lowell Singer – *Senior Vice President, Investor Relations, The Walt Disney Company*

I know. Bob said we're giving out too much information, will they have questions? I said they'll find questions.

Bob Iger – *Chairman and Chief Executive Officer, The Walt Disney Company*

Maybe I feel a little less guilty when we're on the phone if I don't answer a question. Face-to-face, this -- it's, I don't know.



Lowell Singer — *Senior Vice President, Investor Relations, The Walt Disney Company*

We are going to do a lot.

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

I think I'm used to -- I have already done about 200 earnings calls and never in person.

Lowell Singer — *Senior Vice President, Investor Relations, The Walt Disney Company*

We could keep this room here into the May 8 earnings call in person, if you want -- yes. Top of the room, I see a hand up there.

Michael Morris — *Guggenheim Securities*

Mike Morris of Guggenheim. I have 2 questions. One, you didn't reference an ad-supported option for Disney+. And I'm curious about the strategic decision there and whether you would consider that over time? And then second, on video games, you've made a couple of different decisions over the past decade or so. What's your thinking right now and could video games be part of a platform like this?

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

I'll answer the second part. We're keeping this to a television and movie service. We learned a lot when we launched DisneyLife in Europe, which had a lot of content -- different kinds of content in it, including games and product from our publishing group and music. And we felt in terms of what we learned there that the consumer is mostly interested in movies and television shows. And we wanted this to be a pure movie and television play for the consumers. So we do not have any intention of adding more genres of -- I don't know if they are genres, whatever you call it, types of entertainment -- media to this right now. I'm not going to get into the history of video games at the company. Every time I mention it, I seem to get myself in trouble. So I'm not going to do that.



Kevin Mayer – *Chairman, Direct-to-Consumer & International, The Walt Disney Company*

On the ad side, we have made a judgment that the best way to serve our consumers right now is to charge the price that we have, \$6.99 a month, without ads; and I think consumers will love that service. We have the great content, we have the brands. We have everything that matters for consumers at this point and I don't think that we need ads in that service. Now on the other hand, Hulu does have ads or you can choose a non-ad supported model. So that works too, but we think for Disney, for these brands, at this time, no ads is the right call.

Lowell Singer – *Senior Vice President, Investor Relations, The Walt Disney Company*

Okay, I see a hand right next to -- right on the aisle there.

Steven Cahall – *RBC Capital Markets*

Steve Cahall from RBC. Maybe first on the Disney+ strategy. The subscriber expectations look pretty exciting but there's a lot of investment up-front. I was wondering how you're thinking about the return on that investment versus your previous way of licensing your content to your partners? And if there is a point in that subscriber growth, when the return on Disney+ is better than the way you used to do things? And then in markets where Hulu and Disney+ both exist, are there any plans for a common user interface with a common subscription package?

Bob Iger – *Chairman and Chief Executive Officer, The Walt Disney Company*

On the second, I'll mention -- I'll talk about the second part. Kevin or Christine can answer the first. We, as you saw in this presentation, we're going out with three different products because as we look at the marketplace, we feel that consumers just have -- should have more flexibility in terms of what they choose to subscribe to. And that giving them sort of I'll call it a fat bundle or something that looks a little bit more like traditional media would not be the right thing to do in this space. So if a consumer wants sports, they can have a pure sports buy. If they want more adult-related programming, they can buy Hulu. And if they want family, there's Disney. And then if they want to package them all, Kevin mentioned this, we're going to make it easy for them to do that. But we don't want to create a one big fat product. And then on the



technology side, obviously, Disney+ and ESPN+ are sharing the same platform out of what we used to call BAMTech. But we're not -- because we have 60% ownership of Hulu, we're not making any decisions now in terms of what platform Hulu will be on. That's something that the board of Hulu will have to take up at some point.

Kevin Mayer – *Chairman, Direct-to-Consumer & International, The Walt Disney Company*

On the ROIC question. Obviously, we examine that with quite -- with a lot of rigor, I would say, and although there is a near-term investment - that's obvious - we think in the long term that the return for our shareholders will be improved by us getting vertically integrated into that SVOD service. And we think that ultimately involves -- I'm not going to talk specific numbers here, that value is created over and above what we would have had through licensing by getting into the business itself.

Lowell Singer – *Senior Vice President, Investor Relations, The Walt Disney Company*

Okay, let's do two more. I see a hand down here. We'll go there and then we'll go back up top for our last question.

Alan Gould – *Loop Capital Markets*

Alan Gould from Loop Capital. So you are forecasting 20 million to 30 million Disney+ domestic subs by 2024. Just wondering what implications you think that has to the traditional bundle?

Bob Iger – *Chairman and Chief Executive Officer, The Walt Disney Company*

We don't have estimates on that, that we care to share. I'm actually not sure that this will have much of an effect on the trajectory of the current bundle. And since we're not talking about what we believe that is, and we're not going to talk about what we believe the impact of this would have. I'm sure we have run those numbers, but it's not something we'd care to share.



Lowell Singer — *Senior Vice President, Investor Relations, The Walt Disney Company*

I mean we obviously remain committed to the traditional bundle, Alan. We've remained committed all the way through and I think you've seen that in the distribution deals that we're currently in the middle of negotiating as well. One final question up top.

Todd Juenger — *Sanford C. Bernstein & Co.*

I think that's me. So Todd Juenger from Bernstein. I hate having the last question. But I'll do it with this one. Christine, would you mind -- or I guess, Christine, reminding us how much total content licensing Disney and Fox together sort of generate today from selling all this amazing content to all your global customers - How big that number is? And then if I took my notes right, I think you talked about \$2.5 billion or so of that becoming internal licensing for Disney+. I think based on your answer that's going to leave many billions of still third-party content licensing. So I guess my question is, assuming there's many billions of content, you're still going to license to other people. Is that reflective of a belief that that's the best way to monetize that? Is that dependent on your plans on Hulu over time? Should we expect that remaining billions of content licensing to continue to be generated by your company or should we expect that will go down over time?

Christine McCarthy - *Senior Executive Vice President and Chief Financial Officer, The Walt Disney Company*

Well, I think -- thanks, Todd. I think the first part of your question is really under the foregone licensing. And on our last earnings call, the number we gave for foregone licensing for this current fiscal year, fiscal '19, was \$150 million, and the split for that was \$100 million in the studio and \$50 million in Media Networks, in the television side. When -- the number that we gave you for the intracompany licenses -- you could look at that also as licensing that we would have paid to others. But we're keeping that content -- the vast majority of it, we're keeping it internal. So I think the numbers that we gave you, we gave you what it would be ramping up to over time, I think that's the best way to think about it. And the intercompany is, that's DTCI will be buying the content from the studio and from Media Networks. One thing that will be



different and unless you really looked hard at our 8-K when we put out our new reporting, we have always done a net -- we didn't report things on a gross basis, it was on a net basis. Now we will be reporting on a gross basis. So we will have an eliminations line that will ramp up over time as these intercompany transactions ramp up as well.

Lowell Singer – *Senior Vice President, Investor Relations, The Walt Disney Company*

Thank you, Todd. And thank you, everyone, for their questions. And thanks all of you for joining us today. So those of you listening on the webcast, this concludes our investor event. Now before we break, I just want to take a moment on behalf of Bob and Christine and Kevin and myself to thank everyone for their questions.

**Forward-Looking Statements:**

Information in this presentation, including financial estimates and statements such as those regarding expected results, profitability, losses and performance metrics; expectations about general markets, markets we may serve and our potential consumer or subscriber base, including size, growth, composition, geography, consumption and other information; statements regarding the future of our products including content, launch dates and timing, availability, investment, expense, pricing, technical performance and capabilities, advertising, marketing and other expectations and plans regarding our products; the expected benefits of recent transactions; and other statements that are not historical facts 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. We are not under any obligation, and we expressly disclaim any obligation, to update, alter, or otherwise revise any forward-looking statements, whether as a result of new information, future events, or otherwise. You are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof. These forward-looking statements are subject to risks and uncertainties, and actual results might differ materially from those discussed in, or implied by, the forward-looking statements.

Such differences may result from actions taken by the Company, including restructuring or strategic initiatives (including capital investments or asset acquisitions or dispositions), from execution risk in technology, service promotion, or creative development as well as from developments beyond the Company’s control, including:

- changes in competitive conditions;
- consumer preferences and willingness to pay for an expanding set of direct-to-consumer services;
- changes in domestic and global economic conditions;
- government regulation, including revised foreign content and ownership regulations;
- poor quality broadband infrastructure in certain markets;
- international, political, or military developments;
- technological developments;
- adverse weather conditions or natural disasters; and
- health concerns.

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

- demand for our products and services;
- performance of our direct-to-consumer technology platforms;
- performance of the Company’s theatrical and original direct-to-consumer releases;
- the advertising market for entertainment programming and services;
- expenses of providing medical and pension benefits;
- income tax expense;
- performance of some or all company businesses either directly or through their impact on those who distribute our products; and
- achievement of anticipated benefits of the recent transaction with 21st Century Fox.

Additional factors are set forth in the Company’s Annual Report on Form 10-K for the year ended September 29, 2018 under Item 1A, “Risk Factors” and subsequent reports.