



The **WALT DISNEY** Company

© Disney

# **Citigroup 22nd Annual Global Entertainment, Media and Telecommunications Conference**

**JANUARY 5, 2012**

**Disney Speaker:**

**Jay Rasulo**

*Senior Executive Vice President and  
Chief Financial Officer*

## **PRESENTATION**

---

**Jason Bazinet** – Analyst, Citigroup

Well we are very fortunate to have Jay Rasulo, CFO of Disney here today. So welcome, Jay.

---

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

Thank you, pleasure to be here.

---

**Jason Bazinet** – Analyst, Citigroup

As everyone is trickling in, I have to tell you a quick joke. We originally invited Disney to come to this conference I want to say, in July. And Lowell emailed me back and he sort of said, “we'll get back to you, we're sort of working on it.” Then maybe August rolled around and I emailed again and said, “you know, we'd love to have you guys.” He said, “well, we're still sort of thinking about it.” Then it got down to about December 10th, I may have got the dates a little wrong,



and I said, "I would really love to have you guys come to our conference, you guys haven't committed yet, I would sort of do anything." And I was about ready to hit send on the email and I thought that maybe I should just make it a little more forceful. I said, "look, I would actually get down on one knee, I would serenade your senior executive team, I would even write a love poem, just get back to me." And I sent the email and I thought for sure this was going to get Disney to come. And then Lowell sends back an email that says, "well, what would the love poem look like?" So I didn't ultimately have to write the love poem, we're very glad that you're here.

---

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

We're still waiting for it, Jason. After the fact would be ok. We're not going to stand on formality.

---

**Jason Bazinet** – *Analyst, Citigroup*

Very good. So let me just start off with a big picture question, because as you look at sort of the overall ecosystem in media, there's a lot of technical changes going on. Some of those changes are pressuring the business. And Disney's top line in a difficult economic environment has decelerated a bit. And if you go back 6 or 7 years ago, Disney was sort of perceived by the investment community as a growth company. And so I would like to just start off by sort of saying that when you sit around and talk with the other senior managers and discuss Disney with the board, is there an aspiration to make Disney a growth company again? Or should the street sort of look at the big dividend hike that you instituted and say, look, we're cognizant that we're sort of in a different environment and we're sort of transitioning to a lower growth profile where there is this sort of greater capital returns to investors?

---

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

I'm happy to answer that. I will take, respectfully, take a bit of exception to your characterization that our growth has substantially slowed. In fact, if you look at our most recent fiscal year, 2011, which ended at the end of September, we posted 7% revenue growth and 16% OI growth. If you look back a decade at the time when you referred to investors looking at us as a growth company, our growth was about the same. So I think that if you take out the downturn of 2009 and a couple of specific factors, I think you would have to continue to believe, as we do, that there is lots of growth left in our portfolio. I think our business strategy is very much oriented around growth. And if you look at the things that happened in that sort of 2008/2009 -- there are two factors that play into a big company like Disney. The first one of course is economic cycles, and that differentially affected our businesses. And if you look at the creative cycle, which of course when you're a content company is certainly part of what short term period growth looks like, I think you can explain very well, sort of the decade, what



happened in what you referred to as sort of a bit of a slowdown. But I think that there is no reason to believe that we can't be on the same growth trajectory that we have been on.

The fundamentals of the great franchises that we have and that we are investing heavily and almost exclusively behind, the Disney franchise, the ESPN franchise, Marvel, ESPN and ABC, you really have to believe that the ecosystem that we've set up around that, the way we think about each business playing a role to promote that, whether it's through greater distribution through the adoption of technology, whether it is really plumbing international markets, not only developed markets but emerging markets, and the desire to continue to create content either on our Disney Channels, by our studio, and all the other vehicles that we have, we really are squarely positioned behind growth and intend to continue that.

---

**Jason Bazinet** – Analyst, Citigroup

Ok, when I listen to the Disney strategy, and correct me if I have this incorrect, but the idea of sort of taking a piece of content and monetizing it through all of your various assets, whether it's a cable net or a movie or a theme park ride or a video game or consumer products, and I map that strategy against your sort of trailing financials, the disconnect seems to be that the vast majority of your EBIT growth seems to come from the cable networks division which seems less connected to the thing that the buy-side sort of thinks of when they think of Disney. So does that -- I mean would you agree with that as a historical fact? And then is the implication that the strategy is right, we're just in the embryonic stages of sort of connecting all of the pieces to have it come into the fore where the buy-side can actually see it in the financials?

---

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

Well first let me thank you, because I appreciate your recognizing that unlike other media companies, we really do have a very clear strategy of an ecosystem in which we both own the franchises and own the means of distribution to get those franchises out across almost all consumer touch points. And clearly that strategy has demonstrated itself over and over again in terms of if you look at something like *Toy Story 3* or *Cars*. Back last year at an investor conference, I mentioned that our expectation that a property like *Toy Story 3* taken through all of its aspects of lifecycle will be a \$10 billion franchise for us at retail. And that's only because of the ecosystem that we focus so carefully on, each piece, making sure they work in coordinating both in first promoting the release of a big title, and then monetizing the release of that big title through time.

I would say that, because I believe there's a lot -- I can understand your, the word you used, embryonic, because I do believe in a way there is a lot of growth. But I don't believe it's embryonic in the fact that it is at work today. It's not something that I feel is on the come. This ecosystem is working. All the pieces connect. They connect -- in a little bit I'm going to come back to the second half of your question second -- they connect not always at the same time. All the cylinders don't always fire at the same time. And if you look at the recent past, I don't



know, let's call it 2007/2008 on, there's no question that a lot of the growth in the company has been from cable networks.

But if you step back, I think there are a couple of reasons for that. One I mentioned already, the economic cycle that hit the company differentially affected our theme park business and a bit on our merchandise and retail business much more than it did on the ad side. So the ad side in this downturn did not suffer the way the other Disney businesses did in that general downturn.

Secondly -- so that was sort of the secular reality, or I should say the economic cycle reality. The creative cycle reality also played a role in what you've observed. And that is that in 2008, we not only released *Pirates*, which had of course this explosive studio result, but we also were selling into syndication a huge upswing in our television creative cycle, which was *Desperate Housewives*, *Lost*, *Grey's Anatomy*. And so that gave us sort of a bump in that period that subsequently delivered the differential growth that you're seeing because they were hard years to follow, 2009 and so on.

So I would say that I don't believe that that history is necessarily predictive of what you'll see in terms of, I think, what will be more balanced growth. And if you look across all of the businesses, we've talked at our most recent earnings call about parks, about liking the trajectory of what we're seeing there, coming strongly back out of the recession. We've got our consumer products which is increasingly internationalizing. The Marvel acquisition is taking hold in how we run our company and how we run our business in an integrated way in consumer products. So the studio, we've been crystal clear about our strategy, about focusing on fewer properties. The games business, we've talked about, the leaders there have talked about moving to profitability next year. So I think in the future you'll see a more balanced growth pattern, but your observation clearly is right historically.

---

**Jason Bazinet** – *Analyst, Citigroup*

Okay. In terms of you touched on international, if I go back over the last 10 years, your international revenues have grown 2 to 3 times faster than on the US side, and almost all, more than all of the EBIT growth has really come from the international operations. Can you just elaborate a little bit on Disney's international strategy and the likely drivers of international growth going forward?

---

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

Well, we are -- we're very focused on increasing the penetration that we have for the Disney brand outside of the US that we have here in the US. And that's both in markets we've been in for a very long time where we don't have the level of penetration we've experienced here in the US, and in emerging markets, where we are putting down I would say investments of scale to really sort of change the company from a company that many years ago was primarily US focused to one that is much more global.



A little bit of -- again a little bit of the statistics that you're looking at in the previous years have to do with some changes in the marketplace. If you look at for instance international box office, not only for Disney but for the industry as a whole, countries like Russia just exploding in terms of -- China, exploding in terms of the international box office. And we have experienced that as well, both by design where we put out products like *Cars 2*, *Toy Story 3*, that have a huge international appeal. *Pirates* and Johnny Depp, that has huge international appeal. And also we have reorganized our company in the last 3 or 4 years outside of a line of business orientation of management into a geographic organization. So that geographic organization can really present Disney to the market in a single voice kind of way and allow us to experience the synergy of the ecosystem that I've been talking about for the company as a whole in each geography. It allows you to customize product much more easily because decisions are made locally. It allows you to experience all of the interaction between the different lines of business without concern about where the flow is, where the profit is going to be recognized. Because it's really being focused on a regional basis. And that has been incredibly successful for us.

We've also taken our Disney Channel business -- we have found over the years -- people always used to say, well Disney movies drive the Disney franchise, the characters, the brand. Well in fact, quietly perhaps, the Disney Channel has really taken that crown over the last, I don't know, 5 to 7 years. It's about the ubiquity in the home, the repetition with which kids watch the Disney Channel as opposed to feature films. The quality of the product that the Disney Channel has produced, the franchise capability of that medium.

So we really have focused as part of our fundamental international strategy, expansion of the Disney Channel into new markets and into new business models from smaller premium number of subscribers to free to air for instance in Spain and soon in Russia. And that has taken our number of Disney Channels around the world, believe it or not, from 19 only 5 or 6 years ago, to 100 channels around the world. And that has contributed to a huge growth in our international on the cable side.

So there are some reasons, also the economic cycle stuff that I talked about also affects the slower growth in the US over the last few years. But those are the reasons -- that's the strategy behind the numbers that you are seeing. Again, as our domestic parks business comes back more strongly, as ESPN continues to grow, I think you'll see a better balance of growth both domestically and international, but make no mistake about it, we are focused on growing our business internationally.

---

**Jason Bazinet** – Analyst, Citigroup

And given your history at Disney in the parks division, and I know it's still a few years out, but do you mind just taking a second and explaining a little bit of the sheer scope and size of the operation in China and what it will ultimately be relative to the US investments?



---

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

In terms of Shanghai Disneyland?

---

**Jason Bazinet** – *Analyst, Citigroup*

Yes.

---

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

So, not to forget the park we already have in China, in Hong Kong, Hong Kong Disneyland has been doing amazingly well over the last couple of years, has definitely contributed along with Paris to that international growth picture you've seen. But Shanghai Disneyland is a very important strategic down stroke for the company. I mentioned that part of our international strategy, and if you look around particularly at emerging markets, investments of scale are something that we have decided to do in new markets. We recently announced a free to air deal in Russia to get a joint venture to get the Disney Channel on free to air television in Russia. We are engaged in buying in the rest of UTV in India that we own 50% of, but really want to have a significant statement there.

And in China where of course media entry is much more difficult than it is in most counties of the world, we decided our strategic play was going to be to plant the flag of a major destination theme park in Shanghai. And we worked on it for a decade. As you all know, the deal came to fruition, it is underway. It is a sizable investment in a partnership between the Chinese government and Disney. It's on a very, very big piece of land in Pudong in between the airport and the older part, more developed part of Shanghai, although Pudong is becoming quite developed. And it has the potential to be probably our second biggest resort around the world.

So the scale there -- of course we won't open at that size, but we'll open with significant scale if we compare it to Hong Kong, and have every reason to believe even in the microcosm of the Hong Kong Disneyland project where we see bigger and bigger penetration from mainland China, really gives us a good perspective and a good high optimism about how successful this park can be. It will be, look quite different from our other parks around the world in terms of how it's organized, but it will be 100% Disney, make no mistake about it. It will be distinctly Chinese, but it will be 100% built around Disney equities. That's what our partners want, that's of course what we want, and we have every reason to believe that it will accelerate quickly. And as I said, it certainly has the land potential and we think the market potential to be our second biggest destination around the world. And when you think about the size of the Orlando destination, that's a pretty big statement. And even Tokyo which brushes up against 30 million attendees a year. So we're pretty optimistic about it.



---

**Jason Bazinet** – Analyst, Citigroup

All right. Well there have been a number of small acquisitions and small dispositions that Disney has done over the years. The two seminal ones were Pixar and Marvel that were sort of \$5 - \$7 billion range, something like that, each. And I presume that was sort of designed to get the intellectual property to sort of fuel the overall strategy. Is Disney at a point now where it feels like it's got enough requisite intellectual content today? Or do you feel like, no, there's still a few more things that we might need to do or want to do to sort of --

---

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

Well, I guess I would answer your question this way. I don't think that there are any gaping holes in the portfolio of intellectual property that we have. I'm not sure I could say that prior to the Marvel acquisition, because we really did lack a property with strong young boy and teenage male affinity. We've now filled that. But to characterize those two acquisitions that you mentioned, they were slightly different in nature, even though they both looked like international intellectual property plays.

Marvel was clearly an intellectual property play. Marvel has, I don't know, 8,000 and counting characters in their universe. They were running a business behind those that simply did not have either the bandwidth, the touch points, the machine that Disney is. And we thought that taking that great capability to create intellectual property with deep story, talented executives that knew how their story and their brands work, and putting it into the Disney apparatus, the machine that takes our product all over the world, would be a very profitable partnership. So that was pretty much a pure IP play.

Pixar, on the other hand, was a little more than that. At the time -- if you dial back to the time when we acquired Pixar, we had had a -- I don't want to say a long string, a reasonably long string of not very profitable and not very successful, well either creatively or commercially, animated films. And we felt strongly that the acquisition of Pixar would both bring us back to the forefront of animation, which it has certainly done, because itself it was creating great animated properties, it was creating great characters that we knew of course because we distributed them and marketed them. But on the other hand could also bring life and breadth back to the Disney Animated Studios. And I think if you look at the two most recent releases from the Walt Disney Studios, *Tangled*, which did spectacularly domestically and internationally, and the *Princess and the Frog* before that, you can clearly see if you compare them to the films that preceded that, the last 3 or 4, that we were incredibly successful in rejuvenating -- not only acquiring a great studio in and of itself, but using the talent of that studio to rejuvenate the Disney brand in animation, a pure Disney brand.

And so they were slightly different. They've both done spectacularly in our eyes, and in terms of Marvel, lots to continue to see.





---

**Jason Bazinet** – Analyst, Citigroup

Okay. Given the sheer size and importance of ESPN, it's probably the number one question I get from investors regarding Disney. And what I'm sort of most interested in is if you could just take a few minutes and help educate all of us in the room and listening on the web about the potential barriers to other people entering that business. Because I think with rising sports costs and fears of cord cutting or potential new engines like NBC Sports, there's sort of palpable fear on the buy-side out there. And my sense is that underneath the hood of ESPN, there are a tremendous number of rights that you have and provisions in contracts. I know you don't want to, you won't go into all the detail, but just broad brushstrokes, rights of first refusal, minimum carriage, what are just sort of the broad brush strokes of things that give that business more durability than it maybe looks like from the outside looking in?

---

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

Yeah, well firstly, let me start with probably the most important thing and that is the value of ESPN across all players in the system that makes up the sports broadcasting business. Starting with the fans, fans love ESPN. They love the brand, they love the programming, they love the portfolio of sports that we've pulled together, and more importantly, how we produce behind that great portfolio of sports. I think if you look at it from an advertiser perspective, advertisers love ESPN. It hits the demographic they want to reach, it hits it all the time on a regular basis, and they love to be part of it and love to use ESPN behind their own business strategies.

Our partners in the MVPD ecosystem, the Comcasts, Time Warner Cables, etc. of the world, love ESPN. ESPN customers that -- for 11 straight years, ESPN has been the most valued network to cable operators. They have told us over and over that it is a network of incredible value. And from the perspective of attracting subscribers, retaining subscribers, but as importantly, getting the ARPUs up on subscribers through other services, ESPN viewers consume more services from the MVPDs in terms of hi-def, in terms of telephony, in terms of broadband, than non-ESPN viewers.

So I think that if you -- and of course from our perspective and our own shareholders and investors, they love ESPN because it is a well crafted organization of incredible professionals who have demonstrated for 32 years that they know what to buy, they know where their limits are, they're financially disciplined, they walk away from things that simply won't make money for the company. Yet, we have amassed a portfolio of properties with, as you mentioned, a lot of sidebar rights that allow us to reach consumers on an idea that we started talking about a decade ago. Best available screen. That's what fans want. They want to watch sports live. 99% of sports is consumed live which means you've got to do it on your mobile device, you've got to do it on your tablet, you've got to do it on your PC, and of course you do it on your multiple televisions around the home.





And the team at ESPN has been absolutely relentless in pursuing this multi platform strategy with the right combination of properties and rights to put through the system as well as continuing to refine the art of production and making ESPN a great place to spend your time.

If you look at ESPN, I think I've got the number, 6,700 or so, hours of live programming. Other than news, other than fulltime news networks, there is nothing that has as much live and original programming than ESPN. So I guess -- I don't know if that answers your question, I could go on and on. Obviously I'm passionate about it and the results speak for themselves.

---

**Jason Bazinet** – *Analyst, Citigroup*

But a lot of the pay TV providers are talking about sports tiers, right? And I'm assuming that there's something in there that doesn't give them the flexibility to say, well here's a sports tier and 20% of our customers take it. I mean there seems to be some protection --

---

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

We're very happy with the protections from that that we have in our deals. We, as part of our deals, are going to be in the first or second tier, the most highly penetrated tiers. There has always been the opportunity for our partners to offer skinnied-down packages, not with ESPN, but skinnied-down packages for specific audiences. And they have used them historically. I think they'll continue to use them in a narrow way that fits their own business strategy for markets that they're either going to have zero subscribers, they're going to get on some skinnied-down package. But I can't imagine that any of them are going to want to move their business model towards a series of skinnied-down packages. It doesn't make sense economically for them and the response to these skinnied-down packages has been historically extremely limited.

---

**Jason Bazinet** – *Analyst, Citigroup*

That's true.

---

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

And so we do have some protections built into our deals, I don't want to get into the details out of respect for our partners and ourselves, but I think the business model is as much protection as what you can build into a contract.



---

**Jason Bazinet** – Analyst, Citigroup

Okay, very good. I'm happy to take any questions from the audience. If you do have a question for Mr. Rasulo, we're happy to take -- there's a question in the back there.

---

**Unidentified Audience Member**

Hi there. I have a bit of a niche question actually on ESPN internationally. Several key sports rights are coming up for renewal across Europe in 2012. Just wondering whether there are any, sort of, plans for expansion for ESPN in Europe?

---

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

I didn't hear most -- I don't think I heard most of your question, but if I don't characterize it correctly, please ask it again. I think you were asking about the upcoming Premier League rights in the UK and what our expansion plans are there. So we've been pretty open about the fact that we are on a journey on this particular piece of business. There's no question that the power of the ESPN brand that we've experienced here in North America -- and by the way, are increasingly experiencing in Latin America, particularly Brazil, has been a more difficult path in the UK than maybe we thought, or than it has been in other markets.

We continue to basically grow that, try to grow that market through various strategies. Obviously we've got a decision to make upcoming about the Premier League rights and the team is working through it and figuring out what our next best move will be there. I don't have too much information. It's very nascent and I don't really have too much to add, I'm sorry.

---

**Unidentified Audience Member**

Can you talk about the plans for TV everywhere (inaudible)?

---

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

The advantages of TV everywhere?

---

**Jason Bazinet** – Analyst, Citigroup

Your plans, I think.



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

Our plans. Okay, sure, I'd be happy to. So I'm surprised nobody asked about the big deal that got announced 24 hours ago, but there was a big deal announced 24 hours ago. Hello? And of course you're -- it comes a little bit back to this multi platform strategy that we're talking about.

Let me tell you what we're very, very happy about relative to the deal that was just announced. First of all, the incredible breadth and depth of the deal. It is 70 individual Disney products that are going to be offered to Comcast subscribers in various and sundry ways from new apps that will be developed like the WatchESPN app. But for the first time ever, and Comcast will be the first people to step out and be able to offer this, is a suite of Disney Channel products that will be on a WatchDisneyChannel product.

First time it's been done. It's coming in months. It is the focus of the deal, focus of the first offer that we want to put out there for Comcast subscribers. There's some technology to put behind it. Ultimately we'd like it to be reachable directly and sort of through the Xfinity framework. But that is sort of the big new piece. The authentication on the ESPN side and all the ESPN products has existed before, but of course for the first time will become available to Comcast subscribers. And this is the embodiment of a deep, broad multi-platform deal.

ABC and ABC Family, while not the first focus, the deal definitely contemplates that those will also be available in a similar format, on a watch format through Xfinity in the Home, on a VOD basis and a linear screen basis. So it is the next phase of enhanced television for two -- a big content creator and a big distributor.

I do want to make, by the way, one mention. You didn't ask this, but I'm taking the liberty to say it anyway. As part of this new deal with Comcast, and as a result of it, many of you who follow our company know that you've heard me many times on the phone talking about the movement of deferred revenue on the ESPN side between quarters having to do with our need to recognize that after a certain live programming minimum was met. And until that minimum was met, that revenue from that live programming could not be recognized, the affiliate fee.

As a result of this new deal with Comcast, that will go away [for Comcast]. And I only mention this because explicitly, relative to our fiscal first quarter and fiscal second quarter, so the one that just finished and the one we're in, we will recognize in each of those quarters about \$70 million to \$80 million more of revenue which will reflect itself in about \$0.02 of earnings for each of those quarters. That will [not] be additive to the whole year because it will be pulled forward from the backend of the year where those revenues would have been recognized before. But I know that information is of use to you, there would be no way for you all to know that, so I take the liberty of using your question to transmit that piece of information.



---

**Jason Bazinet** – *Analyst, Citigroup*

Can I ask one follow up? And we asked Mr. Angelakis this as well. In the context of what the buy-side thinks of as more upheaval in the pay TV ecosystem -- no one knows what's going to happen but potentially some changes, right? The deal that you struck with Comcast seemed to be longer in duration which seems a little bit counterintuitive. You would think as you're entering a period of more uncertainty you'd be inclined to sort of tighten things up because you don't really know how the world is going to evolve. So what was the underlying thinking behind a longer term deal? Are there investments? Is it just an alignment?

---

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

I think what this deal has, if nothing else, is a major reinforcement of the MVPD content provider ecosystem and the strength of that ecosystem. And if you have a deal that you think provides what you need and what your partner needs, why not extend that rather than come back together in three years and start it all over again? Also remember that a lot of our content deals like the NFL and others, many of those are long term in duration. So you want to be sure that you kind of assure yourself the revenue stream behind what you've committed to on the rights fee side.

So both of those things for us made this a very natural long term deal taking us into the next decade together with lots of things that will sort of come online along the way. And I'm sure two partners who are eager and willing to continue to enhance things as technology allows. But for Disney, we've been saying all along that we believe whether it was authentication or retransmission, that these were enhancements to the consumer that we were going to do deals that paid us for those enhancements. That has certainly been part of this deal with Comcast.

---

**Jason Bazinet** – *Analyst, Citigroup*

All right. Well I think we're out of time, Mr. Rasulo. Thank you so much for the time, that was great.

###



**Forward-Looking Statements:**

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

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

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

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

Additional factors are set forth in the Company’s Annual Report on Form 10-K for the year ended October 1, 2011 and in subsequent reports on Form 10-Q under Item 1A, “Risk Factors”.

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