

**Disney Investor Conference**  
***Walt Disney Parks And Resorts***  
**Tom Staggs – (Chairman, WD Parks & Resorts)**  
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I was reflecting, actually when I was, when I knew I was coming here, that one of thing things that I really liked about my old job was that all of you when you had issues you wanted to discuss, would call and talk about them. So shouldn't there be a few more billion that you're putting into share purchase or, you know, digital media that ultimately good or bad for the business. The answer is still good, by the way. And now I'm glad to see that that hasn't changed. I got two questions last night about what time the gym opens, and another person wanted to know if I could give them FASTPASS assets, access for their kids. So, it's good to know you still come to me for the big stuff.

It has been a fantastic year. It was weird to go sort of cold turkey, though on the regular cadence of investor meetings and quarterly conference calls. As you'd imagine, I've listened in to a number of the calls, and I can tell you this... I haven't missed me a bit. In all seriousness, Jay has done a great job, as you've seen firsthand, of jumping into the role. And I've had a bit of jumping in to do myself as I've tried to travel through all of our locations and immerse myself as much as possible into the world of Disney Parks And Resorts.

Now, this day and age, there's always someone around with a video camera, which allowed us to pull together a few clips to show you a little bit about what my last year has been about. Take a look.

#### TOM'S FIRST YEAR VIDEO

So right after we shot that video, Gary Marsh marched me straight over to Bob Cavallo's office at Hollywood Records. That meeting didn't go so well. Really, though, it has been a really fun and fascinating year, and fulfilling as well. And it's a great time to be in this job. As a number of you have pointed out, the parks are really well-positioned to take advantage of the economic recovery, which should help fuel strong growth for the segment over the next couple of years.

We will capitalize on that economic recovery as it solidifies, but at the same time, we have a significant number of long term initiatives underway in our business, and that's really what I want to talk to you about today.

So now having spent considerable time with you over the years, I know that when I say “initiatives” in the parks business, your thoughts immediately turn to capital requirements. And, to be sure, we are putting substantial capital to work – especially this year and in 2012. But let me say up front that I am very confident in our ability to create value with these investments.

Our principal financial objectives, for Parks and Resorts, are to deliver attractive double-digit returns on investment capital along with continued profit growth over the long term. As we look out over the next decade, we fully expect to deliver on those objectives. That confidence is bolstered by our tremendous competitive strengths and sources of differentiation in this business.

At Disney Parks, we are known for the iconic assets that we build -- our castles, hotels, cruise ships... but at the end of the day, these aren't our core products. We aren't in the attraction business, the hotel business, the cruise ship business... we are in the guest experience business. The great shared memories that guests cherish and create every day at our parks help keep people coming back year after year. Understanding that is essential to understanding how Disney's unique assets and competitive strengths set Parks and Resorts apart. So let me briefly touch on four of these key strengths.

The first is, of course, the Disney brand. In the Family Travel and Leisure business, the Disney name truly stands apart. It's uniquely powerful, is synonymous with quality, it evokes trust and it generates loyalty. It allows us to establish a connection with our consumers unlike any other company. We have the extraordinary benefit of having customers who actively seek a relationship with us, a relationship that is based on emotion and trust. And we understand that we must be relentlessly consumer-focused to sustain and grow those relationships.

Our second major differentiator is the incredible wealth of fantastic intellectual property and creative talents available to us. At Parks and Resorts, we bring the company's creative content to life in an immersive and tangible way. Many of our properties are evergreen, as Jay pointed out. They provide an ongoing source of strength and relevance for us. At the same time, the constant flow of stories, characters and music generated across the Disney company allows us to infuse our parks, resorts, cruise ships, etc. with vibrant new content on an ongoing basis.

The third competitive strength I want to touch on is our long-standing focus on leveraging technology and innovation throughout our business. While it may be chic to talk about innovation these days, it's been a key focus at Disney since Walt famously said, "It's kind of fun to do the impossible." Trust me, if you spend time with our Imagineers, you'll see that the drive for innovation is still inherent in everything that we do. And it's inspiring because our opportunities to leverage technology and innovation are greater now than they've ever been.

The fourth strength I'll highlight is one that I'm not sure we talk about enough, and that is our incomparable cast. It might surprise you, but in our research, people cite interactions they have with our cast as the single biggest factor in their satisfaction and intent to return. The excellence of our cast members is borne out of a deeply-rooted cultural commitment to quality and service that has been part of the organization for over half a century. What I've really come to appreciate this past year is that our cast's commitment to guest experience is holistic – from designing our parks, attractions and resorts, to creating our entertainment offerings, and even down to the food that we serve - we want to wow our guests with every interaction.

Maintaining this culture of excellence across all the various disciplines required in our business is extraordinarily difficult, if not impossible, for others to replicate. The guest service orientation of our business does require a significant labor commitment, and operating labor comprises about a third of the segment's cost base. But when so many of our guests single out interaction with our cast as the most important part of their visit, we know this continued investment is worth it.

So capitalizing and building on the key sets of competitive advantage that I've just listed is central to our investment decisions, and it's an essential part of the initiatives we now have underway. Our current initiatives fall into three areas: Growing our established assets; Building out our new businesses; And expanding in geographic markets.

So looking first at our established assets, here at the Disneyland Resort we're well under way with our expansion of Disney's California Adventure. Since its inception, Disney's California Adventure has featured some of Disneyland's most popular attractions... But from the standpoint of delivering on the fundamental Disney differentiation and immersive storytelling, we missed the mark. So now, we are bringing more beloved characters, more atmosphere and more Disney DNA into DCA.

Last night you all saw World of Color, which opened just last summer. I hope you really enjoyed it. But I hope you also noticed that it's not only astounding on a creative and technical level... it's also firmly anchored by classic Disney characters, stories and music that people love. It's been a huge hit with guests, and so far it's been seen by over two million people.

Since opening World of Color, through the end of our first quarter, attendance is up nearly 20% at Disney's California Adventure. And that increase gives us even greater confidence in our ability to grow our attendance and better distribute it between the two parks.

This spring, we'll open Little Mermaid – Ariel's Undersea Adventure, and construction has already begun on Buena Vista Street, the re-imagined entry to the park that will transport guests into a romantic, idealized Hollywood of the 1920's. In the summer we'll open, of 2012, sorry, summer of 2012, we'll open CARS LAND - a new 12-acre land that will transport guests to Radiator Springs and immerse them in the world of CARS.

Later this afternoon, Bob Weis, our lead Imagineer on this expansion, will give you a deeper look at our plans, and I think you'll see that we're transforming DCA into a park that is truly differentiated and truly Disney.

Meanwhile, we're also investing for growth at Walt Disney World... which is, of course, our biggest and most profitable asset. For most of our guests, the centerpiece of a Walt Disney World vacation is a visit to the Magic Kingdom. And the most popular land in the Magic Kingdom is Fantasyland, with its iconic characters and popular characters. But Fantasyland has seen relatively little expansion since the park opened in 1971. Consequently, it can be extremely congested and difficult to navigate on busier days. That decreases the number of experiences guests can enjoy, which in turn directly impacts guest satisfaction. With this in mind, we are well into the expansion that is the largest in the Magic Kingdom's history, and it will double the size of Fantasyland once complete. By expanding the offerings of our most popular land, we have a real opportunity to drive guest satisfaction even higher.

And we know that when we increase guest satisfaction, guests spend more time and more of their vacation dollars with us... and intent to return and positive word of mouth increase as well. We also have an opportunity to better utilize some of our most beloved stories and characters in new attractions, dining experiences and immersive environments to create a differentiated experience that no one else can

match, like Under the Sea: Journey of The Little Mermaid, which will take guests into the world of Ariel, Sebastian, Flounder and all their friends.

Not far from Ariel's new home, guests will be able to relive their favorite moments from Beauty and the Beast in Belle's Village and Beast's Castle.

One of the most popular attractions of the Magic Kingdom, Dumbo the Flying Elephant, will double in guest capacity, and will also feature a circus-themed interactive queue that will delight guests of all ages as they enter the Big Top.

Finally, we're adding an innovative new mine coaster based on one of our most iconic and enduring films, Snow White and the Seven Dwarfs. This attraction will feature a new ride vehicle that we patented, which twists and turns on its track... adding atmosphere, kinetics and adventure to Fantasyland.

We have additional opportunities at our resorts as well. In 2013, we'll open our new Art of Animation Resort at Walt Disney World. This new property celebrates some of our most popular animated stories, including The Little Mermaid, Lion King, Finding Nemo, and Cars. The resort will have nearly 2,000 rooms, including 1,200 family suites, giving us significant boost in our attractive value-priced room inventory. Now our value resorts, and especially our family suites, play an important part in providing our guests with a broad range of hotel and pricing options. They've been extremely successful and have generated some of the highest occupancy rates on our property.

We believe these initiatives in Florida and California will allow us to deliver attendance growth that outpaces population growth by several percentage points. By delivering better value, we also feel we can generate real increases in per capita spending. For example, we're already seeing a pricing benefit from World of Color. While previously, crossing between Disneyland and Disney California Adventure was essentially free for people on a two-day passes, there is now a \$10 premium to park hop.

In addition to focusing on expanding and enhancing our physical assets, we're also spending considerable time and energy to fundamentally change the way our guests experience our properties. As we've discussed in the past, consumers are changing: they have increasing access to information, an increasing array of choices, and an increasing desire and

expectation for recognition and personalization and recognition. So we need to transform the guest experience to reflect that.

We know that our guests love creating great Disney memories with their friends and their families. We also know that they don't exactly relish waiting in line, checking at the resort, worrying about missing their favorite attractions or feeling uncertain how to best navigate and access our properties. In the coming years, we'll introduce a broad, integrated set of systems and tools that will help us create a more seamless, personalized experience, and help guests to get more out of their visit with us. That's our ultimate goal – to welcome more and more people, while making their experience more satisfying, more personal and more immersive.

We've launched a number of initiatives over the years, including FASTPASS and Magical Express, and they've been incredibly popular with our guests. But we plan to take these kinds of enhancements even further. Giving our guests faster and better access to the fun is the centerpiece of our investment in technology. As a result, we are currently developing an innovative system that will, in essence, create a version of FASTPASS for their entire Disney vacations. Now we define the guest experience as beginning from the time a potential guest sits down at a computer or picks up a phone to make a reservation. Our new tools will help them better understand all that we have to offer and better plan their time with us. They'll be able to create a personalized itinerary that gives them the exact Disney vacation they want.

Guests will be able to reserve times for their favorite attractions and character interactions... secure seats at our shows and spectacles... make dining reservations... and pre-book many other favorite guest experiences – all before even leaving their house. We also plan to simplify the check-in process so that guests will arrive at the resort with room key in hand. They will be able to go straight to their room or a theme park – again, allowing them to get to the fun faster.

We are also creating innovative new ways to pull guests into our stories. A picture with a Disney princess is a quintessential part of a Disney experience for many of our guests. So, in Fantasyland at the Magic Kingdom, our Disney princesses will soon have dedicated homes complete with Disney magic. And the tools that we're creating will allow them to greet and interact with our guests in an immersive and highly-personalized way.

We are rethinking the queue lines at many of our attractions, and are enhancing them in ways that make them part of the show, essentially creating a new “Scene One” for the attractions, if you will. For example, the Winnie the Pooh attraction in Florida we just opened has a new hands-on area where our younger guests can explore and play in the Hundred Acre Wood. It’s been so successful that we’ve heard kids asking their parents NOT to use FASTPASS in order to enjoy the new first scene that much longer. You know we are doing something right if kids are asking to wait in line.

We’re also developing the means to better assess and manage guest traffic throughout our theme parks so that we can use entertainment experiences, characters, and other forms of Disney magic to help improve the flow of guests during peak periods... and drive increased utilization as a result for our parks. Through this work, we will put better information into the hands of our cast, so they can deliver even better and more personalized service for our guests. Now, it will be some time before we roll out the bulk of these initiatives, but we are well into development, and in fact have a number of patents pending on our approach. So it’s too early for me to say much more than that... but our vision here is clear, and we see a real opportunity to further enhance and differentiate the Disney vacation experience.

We’re excited about our growth prospects at our existing sites, but at the same time, we have a real potential at our new and expanding businesses, with the most important of these being Disney Cruise Line. Cruise is a great example of Disney’s competitive strengths giving us the opportunity to successfully enter a new area of the vacation industry. In so doing, we created the blueprint for family cruising. In fact, over a third of our passengers say they would not have chosen a cruise vacation if it hadn’t been for Disney. From stem to stern, our ships have been designed to deliver a great Disney cruise vacation for every member of the family.

We’ve carved out a very attractive niche in this business, generated strong returns, and created a new avenue for growth. But the most gratifying aspect is the response of our guests. Virtually everyone who sails with us says they will recommend the product to others. And over 80 percent say they will come back to cruise with us again within five years.

I was just on the maiden voyage of our new ship, and I met a couple who was on their 80th Disney cruise. No, not 8th, not 18th – 80th! Their 80th Disney cruise. I love them.

At the breakout session later, Bruce Vaughn, head of creative for Walt Disney Imagineering, is going to give you an overview of our two new ships - the just-launched Disney Dream and the Disney Fantasy, which arrives next spring. I think you'll be impressed with how beautiful these new ships are and how innovative we've been in their design and development. There's literally a surprise around every corner – from the magic artwork to the virtual portholes.

Expanding in cruise allows us to take more guests to more parts of the world and test new markets, as well. We have repositioned the Disney Wonder to the West Coast, which will allow us to take, to sail to Mexican destinations, and for the first time ever... to Alaska this summer.

Now while we've incurred significant costs to launch the Disney Dream this quarter, we expect our new ship to start contributing nicely to our profits beginning in Q3. Our cruise business has generated double-digit returns, and we anticipate having a similar return for the business after the two new cruise ships come fully online. Given our capacity increase, I am particularly pleased that our booked occupancy across the fleet is 12 percentage points above where it was at this time last year.

Now just as we were able to create a unique Disney vacation experience with Disney Cruise Line, our aim is to do the same in Hawaii with Aulani... our first stand-alone family destination resort, which is scheduled to open in late August. We are creating a stunning vacation destination in one of the most beautiful places on earth that will allow us to deliver an incredible Disney experience that captures the very best of Hawaii. The project will feature 359 hotel rooms and 481 of our popular Disney Vacation Club villas. Like our cruise vacations, Aulani will offer something for everyone. It will feature: a family friendly lagoon; a pool and water play area that literally needs to be seen to be believed; dedicated clubs and activities for kids and teens; an 18,000 square foot spa; and access to special Disney-created guided tours and adventures on Oahu.

We know the Disney Parks brand is already powerful in Japan, but we've been pleasantly surprised by the interest in Aulani and Disney Vacation Club in the Japanese market. As such, we fully expect this to be both a domestic and international tourist destination.



The experiences we create translate extremely well across geographic and cultural boundaries. And in the longer term, we expect expansion outside the United States to be our most important growth opportunity. And in building great guest experiences and destinations and around the world, we also are laying important foundations for the Disney brand.

As you know, our current principal focus in new markets is China, and we think our timing here is right. Roughly 30 million Chinese enter the middle class each year, which will lead to significant growth in leisure travel. In fact, spending on domestic leisure travel in China is expected to more than double to over \$200 billion by 2015.

Our first entry into China is, of course, Hong Kong Disneyland, where we are celebrating our 5th anniversary. Last year, Hong Kong generated record attendance, hotel occupancy and guest spending... and that momentum has continued this year. We opened Hong Kong with an eye towards expansion, so I'm pleased to say that construction is currently underway in Hong Kong on three themed lands: Toy Story Land opens this fall and will take guests into the world of Buzz, Woody and all the toys from Andy's room. We opened a similar version in Paris last summer and it's been a huge hit with guests there. In 2012, we'll open Grizzly Gulch, Hong Kong's take on Frontierland, but this time we have an Old West mining town built on erupting hot springs. Mystic Point, opening in 2013, is reminiscent of the Haunted Mansion and features a Disney take on a widely-known Chinese character called the Monkey King.

With the addition of these three new lands, we expect the upward momentum we're seeing at Hong Kong resort to continue. Bear in mind that more than 40% of visitors to Hong Kong Disneyland come from Mainland China. Given that our penetration rate in Southern China is currently just 1% per year, we certainly have room to grow.

As we announced this fall, we've signed an agreement with the Shanghai government to build a new theme park there, and are awaiting final approval from the central government in Beijing. Again, we think there is huge potential for a Disney property in Shanghai, and I couldn't be more excited about our prospects there.

We are well into our blue sky development, and once Shanghai opens in about five years, we know we will have a park that is distinctly Disney, yet authentically Chinese.

Taken as a whole, we believe China is the most exciting opportunity we've had since Walt first bought land in Florida in 1964. Walt Disney Parks and Resorts is a dynamic business - one that will continue to be enjoyed by guest around the world for generations. It's a business with high barriers to entry and sustainable competitive advantage that provides attractive opportunities for us to profitably invest our capital. The current investments we're making in our existing assets, new businesses and new geographic markets leverage and expand our competitive advantages, and they enhance our growth prospects over the near, medium and longer term. They are right for our brand and for our business, and they will help us create value for our shareholders for many, many years to come.

Thanks very much, great to see you all again.

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