FOR IMMEDIATE RELEASE

August 10, 2004

THE WALT DISNEY COMPANY REPORTS HIGHER RESULTS FOR THE QUARTER AND NINE MONTHS ENDED JUNE 30, 2004

- EPS for the third fiscal quarter grew 21% versus the prior year, led by segment operating income growth at the Media Networks, Parks and Resorts and Consumer Products segments.

BURBANK, Calif. – The Walt Disney Company today reported earnings for the quarter and nine months ended June 30, 2004.

Diluted earnings per share for the third quarter were $0.29, up 21% from $0.24 in the prior-year third quarter. During the quarter, the Company recorded restructuring and impairment charges totaling $56 million ($0.02 per share) in connection with the proposed sale of the Disney Stores in North America and the closure of certain other stores which is discussed further below.

For the nine month period, diluted earnings per share were $0.88, a $0.43 increase from the prior-year period earnings per share of $0.45 before the cumulative effect of an accounting change. Earnings per share for the first quarter of the prior year included an approximately $0.04 negative impact due to the write-off of an aircraft leveraged lease investment.

"The continued growth in our earnings this quarter, led by ESPN and our other cable networks, positions us well to deliver more than 50 percent growth in earnings for the year, as we predicted last quarter," said Disney CEO Michael Eisner. "Equally important, our strong earnings and cash flow growth demonstrate the overall strength of our businesses. During the recent downturn, we have remained focused on managing the Company for long term performance and extending the Disney legacy and we believe that the positive trends in our businesses validate that approach."

Revenues, segment operating income, income before the cumulative effect of accounting change, net income and diluted earnings per share amounts for the quarter and nine months are as follows (in millions, except per share amounts):

	Three Months Ended June 30,			Nine Months Ended June 30,		
	2004(1)	2003(2)	Change	2004(1)	2003(2)	Change
Revenues	$ 7,471	$ 6,377	17 %	$ 23,209	$ 20,047	16 %
Segment operating income	1,198	1,048	14 %	3,589	2,344	53 %
Income before the cumulative effect of accounting change	$ 604	$ 502	20 %	$ 1,829	$ 923	98 %
Net income	$ 604	$ 502	20 %	$ 1,829	$ 852	115 %
Diluted earnings per share before the cumulative effect of accounting change	$ 0.29	$ 0.24	21 %	$ 0.88	$ 0.45	96 %
Diluted earnings per share	$ 0.29	$ 0.24	21 %	$ 0.88	$ 0.42	110 %

(1) As discussed further below, the Company adopted FASB Interpretation No. 46R, *Consolidation of Variable Interest Entities* (FIN 46R) and as a result, consolidated the balance sheets of Euro Disney and Hong Kong Disneyland as of March 31, 2004 and the income and cash flow statements beginning April 1, 2004, the beginning of the Company's current quarter. Under FIN 46R transition rules, Euro Disney and Hong Kong Disneyland's operating results continued to be accounted for on the equity method for the six month period ended March 31, 2004.

(2) The Company adopted EITF No. 00-21, *Revenue Arrangements with Multiple Deliverables* (EITF 00-21) effective at the beginning of fiscal 2003. Accordingly, the prior-year third quarter and year-to-date results have been restated to reflect the implementation of EITF 00-21.

Operating Results

Parks and Resorts

Parks and Resorts revenues for the quarter increased 32% to $2.3 billion and segment operating income increased 20% to $421 million. The consolidation of Euro Disney and Hong Kong Disneyland contributed $332 million of the increase in revenue and $15 million of the increase in segment operating income, with revenue from other Parks and Resorts operations growing $225 million (13%) and segment operating income from those operations growing $54 million (15%). See tables C, D, E, F and G for the impact of consolidating Euro Disney and Hong Kong Disneyland.

Revenue and operating income growth was driven by higher attendance and occupancy at Walt Disney World.

Revenues increased by $557 million, of which $332 million was due to the consolidation of Euro Disney and Hong Kong Disneyland. The remaining increase of $225 million is primarily due to higher theme park attendance and hotel occupancy at the Walt Disney World Resort. Higher visitation at Walt Disney World from both domestic and international tourists as well as Florida residents reflected the continued success of Mission: SPACE, Mickey's PhilharMagic and Disney's Pop Century Resort, improvements in travel and tourism and the impact of promotional programs offered during the quarter.

Costs and expenses increased $488 million, of which $317 million was due to the consolidation of Euro Disney and Hong Kong Disneyland. The remaining increase of $171 million was driven by increases at Walt Disney World due primarily to higher operating labor and other volume related expenses, and increased costs associated with employee benefits, new product offerings, and marketing and sales initiatives.

At Disneyland Resort increased guest spending and attendance were offset by higher expenses. During the quarter Disneyland opened the "Twilight Zone: Tower of Terror" and announced its upcoming 50th Anniversary Celebration.

Media Networks

Media Networks revenues for the quarter increased 8% to $2.9 billion and segment operating income increased 15% to $673 million. See Table A for further detail of Media Networks results.

Segment operating income attributable to cable increased by $126 million, primarily due to higher affiliate and advertising revenue at ESPN, higher affiliate revenue at the domestic and international Disney Channels, and higher advertising revenue at ABC Family. These increases were partially offset by higher programming costs at ESPN and the Disney Channel.

Higher affiliate revenue at ESPN was primarily due to contractual rate adjustments while increases at the Disney Channel were primarily due to subscriber growth. The increase in advertising revenue at ABC Family was primarily due to increased ratings.

Segment operating income attributable to broadcasting decreased by $39 million, reflecting higher programming and production costs, partially offset by higher advertising revenue. Increased advertising revenue reflected higher advertising rates partially offset by ratings declines.

Studio Entertainment

Studio Entertainment revenue for the quarter increased 19% to $1.7 billion and segment operating income decreased to $28 million from $71 million in the prior-year quarter.

Segment operating income for the quarter was primarily driven by lower revenues and higher costs in domestic theatrical motion picture distribution, partially offset by revenue and operating income increases in both television distribution and domestic home entertainment. Lower domestic theatrical motion picture distribution revenues reflected the weaker performance of current quarter titles including *Around the World in 80 Days*, *Raising Helen* and *The Alamo* as compared to the prior-year quarter which included Disney / Pixar's *Finding Nemo*. Domestic theatrical cost increases reflected higher film write-downs and higher marketing and distribution costs for films released after quarter-end. Television distribution revenues reflected higher pay television sales driven by *Freaky Friday*, *Finding Nemo* and *Pirates of the Caribbean*. Domestic home entertainment revenue increases reflected higher DVD sales including *Kill Bill: Vol. 1*, *Bad Santa*, and *Miracle*.

Consumer Products

Consumer Products revenues for the quarter increased 9% to $541 million and segment operating income increased to $76 million from $39 million in the prior-year quarter.

Higher segment operating income for the quarter was driven by decreased losses at the Disney Store due to cost reductions and higher merchandise licensing revenues. Cost reductions at the Disney Store reflected overhead savings as well as the impact of the closure of underperforming stores. Higher merchandise licensing revenues reflected increases in toys and hardlines including the performance of *Power Rangers* licenses in Europe.

Restructuring and Impairment Charges

During the quarter, the Company's negotiations for the sale of the Disney Store chain in North America continued to progress and on August 4, 2004, the Company and the prospective buyer signed a non-binding letter of intent to negotiate the possible sale of the Disney Store chain in North America. Although there can be no assurance that a sale can be completed because a number of issues remain open to negotiation and a number of conditions would need to be satisfied if an agreement is reached, the Company currently believes it is likely that an agreement for the sale of the chain could be completed in the first quarter of fiscal 2005. The transaction is expected to involve working capital and other adjustments at the time of the closing which we expect, along with other transaction and restructuring costs, to result in charges that could range from $40 million to $50 million.

The Company has evaluated the carrying value of the fixed assets of the stores that may be sold in light of the expected terms of the sale. As a result of this evaluation and the closure during the quarter of certain other stores, the Company recorded an impairment charge of $56 million in the quarter, which is reported in "Restructuring and impairment charges" in the condensed consolidated statements of income.

Net Interest Expense

Net interest expense was as follows (in millions):

	Quarter Ended June 30, 2004	Quarter Ended June 30, 2003
Interest expense	$ (174)	$ (168)
Interest and investment income (loss)	23	(17)
Net interest expense	$ (151)	$ (185)

Excluding an increase of $27 million due to the consolidation of Euro Disney and Hong Kong Disneyland, interest expense decreased by $21 million (or 13%) primarily due to lower average debt balances.

Interest and investment income (loss) was income of $23 million in the current quarter, compared to a loss of $17 million in the prior year period. The current quarter reflected higher interest income including interest income for Euro Disney and Hong Kong Disneyland, while the prior year period included a loss on the early repayment of certain borrowings.

Equity in the Income of Investees

Income from equity investees increased 24% to $126 million for the quarter primarily due to improved performance at Lifetime and E! due to higher advertising and affiliate revenue.

Borrowings and Cash Flow

Total borrowings and net borrowings are detailed below (in millions):

	June 30, 2004	Sept. 30, 2003	Change
Amounts including Euro Disney and Hong Kong Disneyland (1):			
Current portion of borrowings (2)	$ 5,216	$ 2,457	$ 2,759
Long-term borrowings	9,352	10,643	(1,291)
Total borrowings	14,568	13,100	1,468
Less Cash and cash equivalents	(3,023)	(1,583)	(1,440)
Net borrowings (3)	$ 11,545	$ 11,517	$ 28
Net borrowings (3)	$ 11,545	$ 11,517	$ 28
Less: net borrowings of Euro Disney and Hong Kong Disneyland	(2,446)	—	(2,446)
Net borrowings excluding Euro Disney and Hong Kong Disneyland (4)	$ 9,099	$ 11,517	$ (2,418)

(1) As discussed above, pursuant to FIN 46R, the Company has consolidated the balance sheets of Euro Disney and Hong Kong Disneyland as of March 31, 2004.
(2) All of Euro Disney's borrowings totaling $2.2 billion are classified as current liabilities in the condensed consolidated balance sheet as they are subject to acceleration if an agreement with its lenders and the Company is not finalized.
(3) Net borrowings is a non-GAAP financial metric. See the discussion of non-GAAP financial metrics that follows.
(4) Net borrowings excluding Euro Disney and Hong Kong Disneyland is a non-GAAP financial metric. See the discussion of non-GAAP financial metrics that follows below.

Excluding the impact of consolidating Euro Disney and Hong Kong Disneyland, net borrowings decreased from $11.5 billion at September 30, 2003 to $9.1 billion at June 30, 2004 as free cash flow for the nine months was used to pay down borrowings and cash has been accumulated largely in anticipation of debt maturities.

Cash provided by operations and free cash flow are detailed below (in millions):

	Nine Months Ended June 30, 2004	Nine Months Ended June 30, 2003	Change
Cash provided by operations	$ 3,403	$ 1,575	$ 1,828
Investments in parks, resorts and other property	(894)	(712)	(182)
Free cash flow [(1)]	$ 2,509	$ 863	$ 1,646

(1) Free cash flow is a non-GAAP financial metric. See the discussion of non-GAAP financial metrics that follows below.

The increase in free cash flow for the nine months as compared to the prior-year period was due primarily to increased net income adjusted for non-cash impacts and lower film and television spending due in part to the timing of certain productions.

Investments in parks, resorts and other property were primarily for new rides and attractions at the theme parks and for company-wide information technology projects at corporate. Capital expenditures by business segment are as follows (in millions):

	Nine Months Ended June 30, 2004	Nine Months Ended June 30, 2003
Media Networks	$ 137	$ 108
Parks and Resorts:		
Domestic	476	371
International[(1)]	142	—
Studio Entertainment	21	35
Consumer Products	8	26
Corporate and unallocated shared expenditures	110	172
	$ 894	$ 712

(1) Represents 100% of Euro Disney and Hong Kong Disneyland's capital expenditures beginning April 1, 2004. The Company has equity interests in these entities.

Non-GAAP Financial Metrics

This earnings release presents net borrowings, net borrowings excluding Euro Disney and Hong Kong Disneyland, free cash flow and aggregate segment operating income which are important financial metrics for the Company but are not GAAP-defined metrics.

Net borrowings – The Company believes that net borrowings provide investors with useful information regarding our financial condition. Net borrowings reflect the subtraction of cash and cash equivalents from total borrowings. Since we earn interest income on our cash balances that offsets a portion of the interest expense we pay on our borrowings, net borrowings can be used as a measure to gauge net interest expense. In addition, a portion of our cash and cash equivalents is available to repay outstanding indebtedness when the indebtedness matures or when other circumstances arise. However, we may not immediately apply cash and cash equivalents to the reduction of debt, nor do we expect that we would use all of our available cash and cash equivalents to repay debt in the ordinary course of business.

Net borrowings excluding Euro Disney and Hong Kong Disneyland – The Company uses net borrowings excluding Euro Disney and Hong Kong Disneyland to evaluate claims on the general assets of the Company separate from the claims on the assets of Euro Disney and Hong Kong Disneyland. The Company believes that this information is useful to investors because it allows investors to evaluate the effects on our borrowings and cash and cash equivalents resulting from the adoption of FIN 46R.

The following table reconciles net borrowings excluding Euro Disney and Hong Kong Disneyland to total borrowings and net borrowings at June 30, 2004 (in millions):

	Amounts excluding Euro Disney and Hong Kong Disneyland	Euro Disney and Hong Kong Disneyland	Total
Current portion of borrowings	$ 3,007	$ 2,209	$ 5,216
Long-term borrowings	8,900	452	9,352
Total borrowings	11,907	2,661	14,568
Cash and cash equivalents	(2,808)	(215)	(3,023)
Net borrowings	$ 9,099	$ 2,446	$ 11,545

Free cash flow - The Company uses free cash flow (cash flow from operations less investments in parks, resorts and other property), among other measures, to evaluate the ability of its operations to generate cash that is available for purposes other than capital expenditures. Management believes free cash flow provides investors with an important perspective on the cash available to service debt, make strategic acquisitions and investments and pay dividends.

Aggregate segment operating income - The Company evaluates the performance of its operating segments based on segment operating income, and management uses aggregate segment operating income as a measure of the performance of operating businesses separate from non-operating factors. The Company believes that aggregate segment operating income assists investors by allowing them to evaluate changes in the operating results of the Company's portfolio of businesses separate from non-operational factors that affect net income, thus providing separate insight into both operations and the other factors that affect reported results.

These measures should be used in conjunction with GAAP financial measures and are not presented as alternative measures of borrowings, cash flow or net income as determined in accordance with GAAP. Net borrowings, net borrowings excluding Euro Disney and Hong Kong Disneyland, free cash flow and aggregate segment operating income as we have calculated them may not be comparable to similarly titled measures reported by other companies.

FORWARD-LOOKING STATEMENTS

Management believes certain statements in this earnings release 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 and 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 and information technology improvements, as well as from developments beyond the Company's control, including international, political, health concern and military developments that may affect travel and leisure businesses generally and changes in domestic and global economic conditions that 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 and demand for consumer products. Changes in domestic competitive conditions and technological developments may also affect performance of all significant company businesses.

Additional factors are set forth in the Company's Annual Report on Form 10-K for the year ended September 30, 2003 under the heading "Factors that may affect forward-looking statements."

The Walt Disney Company
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited, in millions, except per share data)

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Nine Months Ended June 30, 2004	Nine Months Ended June 30, 2003
Revenues	$ 7,471	$ 6,377	$ 23,209	$ 20,047
Costs and expenses	(6,375)	(5,431)	(19,912)	(18,012)
Gain on the sale of business	—	16	—	16
Restructuring and impairment charges	(56)	(15)	(59)	(15)
Net interest expense	(151)	(185)	(446)	(659)
Equity in the income of investees	126	102	300	243
Income before income taxes, minority interests and the cumulative effect of accounting change	1,015	864	3,092	1,620
Income taxes	(365)	(322)	(1,132)	(618)
Minority interests	(46)	(40)	(131)	(79)
Income before the cumulative effect of accounting change	604	502	1,829	923
Cumulative effect of accounting change	—	—	—	(71)
Net income	$ 604	$ 502	$ 1,829	$ 852
Earnings per share before the cumulative effect of accounting change:				
Diluted (1)	$ 0.29	$ 0.24	$ 0.88	$ 0.45
Basic	$ 0.29	$ 0.25	$ 0.89	$ 0.45
Earnings per share:				
Diluted (1)	$ 0.29	$ 0.24	$ 0.88	$ 0.42
Basic	$ 0.29	$ 0.25	$ 0.89	$ 0.42
Average number of common and common equivalent shares outstanding:				
Diluted	2,111	2,084	2,106	2,057
Basic	2,053	2,043	2,049	2,043

(1) The calculation of diluted earnings per share assumes the conversion of the Company's convertible senior notes issued in April 2003, and adds back interest expense (net of tax) of $5 million and $15 million for the quarter and nine months ended June 30, 2004, respectively, and $4 million for the quarter and nine months ended June 30, 2003.

The Walt Disney Company
SEGMENT RESULTS
(unaudited, in millions)

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Change	Nine Months Ended June 30, 2004	Nine Months Ended June 30, 2003	Change
Revenues:						
Media Networks	$ 2,931	$ 2,709	8 %	$ 8,891	$ 8,306	7 %
Parks and Resorts	2,288	1,731	32 %	5,588	4,764	17 %
Studio Entertainment	1,711	1,440	19 %	6,837	5,193	32 %
Consumer Products	541	497	9 %	1,893	1,784	6 %
	$ 7,471	$ 6,377	17 %	$ 23,209	$ 20,047	16 %
Segment operating income:						
Media Networks	$ 673	$ 586	15 %	$ 1,721	$ 915	88 %
Parks and Resorts	421	352	20 %	841	732	15 %
Studio Entertainment	28	71	(61)%	639	415	54 %
Consumer Products	76	39	95 %	388	282	38 %
	$ 1,198	$ 1,048	14 %	$ 3,589	$ 2,344	53 %

The Company evaluates the performance of its operating segments based on segment operating income. A reconciliation of segment operating income to income before income taxes, minority interests and the cumulative effect of accounting change is as follows:

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Nine Months Ended June 30, 2004	Nine Months Ended June 30, 2003
Segment operating income	$ 1,198	$ 1,048	$ 3,589	$ 2,344
Corporate and unallocated shared expenses	(99)	(100)	(284)	(295)
Amortization of intangible assets	(3)	(2)	(8)	(14)
Gain on the sale of business	—	16	—	16
Restructuring and impairment charges	(56)	(15)	(59)	(15)
Net interest expense	(151)	(185)	(446)	(659)
Equity in the income of investees	126	102	300	243
Income before income taxes, minority interests and the cumulative effect of accounting change	$ 1,015	$ 864	$ 3,092	$ 1,620

Depreciation expense is as follows:

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Nine Months Ended June 30, 2004	Nine Months Ended June 30, 2003
Media Networks	$ 40	$ 43	$ 124	$ 128
Parks and Resorts	230	189	588	529
Studio Entertainment	4	9	14	28
Consumer Products	12	14	38	47
Segment depreciation expense	286	255	764	732
Corporate	34	27	108	80
Total depreciation expense	$ 320	$ 282	$ 872	$ 812

Segment depreciation expense is included in segment operating income and corporate depreciation expense is included in corporate and unallocated shared expenses.

The Walt Disney Company
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except per share data)

	June 30, 2004 (unaudited)	September 30, 2003
ASSETS		
Current assets		
Cash and cash equivalents	$ 3,023	$ 1,583
Receivables	4,529	4,238
Inventories	699	703
Television costs	491	568
Deferred income taxes	674	674
Other current assets	751	548
Total current assets	10,167	8,314
Film and television costs	6,085	6,205
Investments	1,287	1,849
Parks, resorts and other property, at cost		
Attractions, buildings and equipment	24,359	19,499
Accumulated depreciation	(11,399)	(8,794)
	12,960	10,705
Projects in progress	2,152	1,076
Land	1,136	897
	16,248	12,678
Intangible assets, net	2,802	2,786
Goodwill	16,966	16,966
Other assets	1,006	1,190
	$ 54,561	$ 49,988
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other accrued liabilities	$ 5,418	$ 5,044
Current portion of borrowings	5,216	2,457
Unearned royalties and other advances	1,524	1,168
Total current liabilities	12,158	8,669
Borrowings	9,352	10,643
Deferred income taxes	2,804	2,712
Other long-term liabilities	4,089	3,745
Minority interests	667	428
Commitments and contingencies		
Shareholders' equity		
Preferred stock, $.01 par value		
Authorized – 100 million shares, Issued – none	—	—
Common stock		
Common stock – Disney, $.01 par value		
Authorized – 3.6 billion shares, Issued – 2.1 billion shares	12,393	12,154
Common stock – Internet Group, $.01 par value		
Authorized – 1.0 billion shares, Issued – none	—	—
Retained earnings	15,216	13,817
Accumulated other comprehensive loss	(593)	(653)
	27,016	25,318
Treasury stock, at cost, 86.7 million shares	(1,525)	(1,527)
	25,491	23,791
	$ 54,561	$ 49,988

The Walt Disney Company
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in millions)

	Nine Months Ended June 30, 2004	Nine Months Ended June 30, 2003
OPERATING ACTIVITIES		
Net income	$ 1,829	$ 852
Depreciation	872	812
Amortization of intangible assets	8	14
Deferred income taxes	103	397
Equity in the income of investees	(300)	(243)
Cash distributions received from equity investees	299	250
Restructuring and impairment charges	49	11
Write-off of aircraft leveraged lease	—	114
Minority interests	131	79
Change in film and television costs	355	(335)
Changes in noncurrent assets and liabilities, and other	105	(220)
	1,622	879
Changes in working capital	(48)	(156)
Cash provided by operations	3,403	1,575
INVESTING ACTIVITIES		
Investments in parks, resorts and other property	(894)	(712)
Other	31	4
Cash used by investing activities	(863)	(708)
FINANCING ACTIVITIES		
Borrowings	79	1,623
Reduction of borrowings	(1,301)	(1,360)
Commercial paper borrowings, net	100	(611)
Dividends	(430)	(429)
Exercise of stock options and other	178	41
Cash used by financing activities	(1,374)	(736)
Increase in cash and cash equivalents	1,166	131
Cash and cash equivalents due to the initial consolidation of Euro Disney and Hong Kong Disneyland	274	—
Cash and cash equivalents, beginning of period	1,583	1,239
Cash and cash equivalents, end of period	$ 3,023	$ 1,370

Table A

MEDIA NETWORKS
(unaudited, in millions)

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Change
Revenues:			
Broadcasting	$ 1,304	$ 1,231	6 %
Cable Networks	1,627	1,478	10 %
	$ 2,931	$ 2,709	8 %
Segment operating income:			
Broadcasting	$ 144	$ 183	(21)%
Cable Networks	529	403	31 %
	$ 673	$ 586	15 %
Depreciation expense:			
Broadcasting	$ 25	$ 24	4 %
Cable Networks	15	19	(21)%
	$ 40	$ 43	(7)%

	Nine Months Ended June 30, 2004	Nine Months Ended June 30, 2003	Change
Revenues:			
Broadcasting	$ 4,196	$ 4,202	0 %
Cable Networks	4,695	4,104	14 %
	$ 8,891	$ 8,306	7 %
Segment operating income:			
Broadcasting	$ 320	$ 116	176 %
Cable Networks	1,401	799	75 %
	$ 1,721	$ 915	88 %
Depreciation expense:			
Broadcasting	$ 75	$ 68	10 %
Cable Networks	49	60	(18)%
	$ 124	$ 128	(3)%

Table B

The following table reflects pro forma net income and earnings per share had the Company elected to record stock option expense based on the fair value approach methodology:

	Three Months Ended June 30,		Nine Months Ended June 30,	
(unaudited, in millions, except per share data)	2004	2003	2004	2003
Net income:				
As reported	$ 604	$ 502	$ 1,829	$ 852
Pro forma after option expense	537	429	1,641	639
Diluted earnings per share:				
As reported	0.29	0.24	0.88	0.42
Pro forma after option expense	0.26	0.21	0.79	0.31

These pro forma amounts may not be representative of future disclosures since the estimated fair value of stock options is amortized to expense over the vesting period, and additional options may be granted in future years. The pro forma amounts assume that the Company had been following the fair value approach since the beginning of fiscal 1996.

Table C

The Walt Disney Company
CONDENSED CONSOLIDATING INCOME STATEMENT WORKSHEET
(unaudited, in millions)

In December 2003, the Financial Accounting Standards Board amended FASB Interpretation No. 46, *Consolidation of Variable Interest Entities* (FIN 46) by issuing FIN 46R which generally deferred the effective date of FIN 46 to March 31, 2004. The Company adopted FIN 46R and as a result, began consolidating the balance sheets of Euro Disney and Hong Kong Disneyland on March 31, 2004. The Company began consolidating the income and cash flow statements of Euro Disney and Hong Kong Disneyland beginning April 1, 2004, the beginning of the current fiscal quarter. Under FIN 46R transition rules, the operating results and cash flows of Euro Disney and Hong Kong Disneyland continued to be accounted for on the equity method for the six-month period ended March 31, 2004. This table C as well as tables D, E, F and G that follow, provide supplemental information on the impact of consolidating Euro Disney and Hong Kong Disneyland.

The following supplemental worksheet presents the consolidating income statement of the Company for the quarter ended June 30, 2004, reflecting the impact of consolidating the income statements of Euro Disney and Hong Kong Disneyland beginning April 1, 2004.

	Before Euro Disney and Hong Kong Disneyland Consolidation	Euro Disney, Hong Kong Disneyland and Adjustments	Total
Revenues	$ 7,139	$ 332	$ 7,471
Cost and expenses	(6,058)	(317)	(6,375)
Restructuring and impairment charges	(56)	—	(56)
Net interest expense	(131)	(20)	(151)
Equity in the income of investees	122	4	126
Income before income taxes and minority interests	1,016	(1)	1,015
Income taxes	(365)	—	(365)
Minority interests	(47)	1	(46)
Net income	$ 604	$ —	$ 604

Table D

The Walt Disney Company

CONDENSED CONSOLIDATING BALANCE SHEET WORKSHEET

(unaudited, in millions)

This supplemental worksheet presents the condensed consolidating balance sheet of the Company, reflecting the impact of consolidating the balance sheets of Euro Disney and Hong Kong Disneyland as of June 30, 2004.

	Before Euro Disney and Hong Kong Disneyland Consolidation	Euro Disney, Hong Kong Disneyland and Adjustments	Total
Cash and cash equivalents	$ 2,808	$ 215	$ 3,023
Other current assets	6,974	170	7,144
Total current assets	9,782	385	10,167
Investments	1,938	(651)	1,287
Fixed assets	12,433	3,815	16,248
Intangible assets	2,802	—	2,802
Goodwill	16,966	—	16,966
Other assets	6,944	147	7,091
Total assets	$ 50,865	$ 3,696	$ 54,561
Current portion of borrowings [(1)]	$ 3,007	$ 2,209	$ 5,216
Other current liabilities	6,382	560	6,942
Total current liabilities	9,389	2,769	12,158
Borrowings	8,900	452	9,352
Deferred income taxes	2,804	-	2,804
Other long term liabilities	3,861	228	4,089
Minority interests	420	247	667
Shareholders' equity	25,491	—	25,491
Total liabilities and shareholders' equity	$ 50,865	$ 3,696	$ 54,561

(1) All of Euro Disney's borrowings are classified as current as they are subject to acceleration if an agreement with its lenders and the Company is not achieved as part of the current restructuring process.

Table E

The Walt Disney Company

CONDENSED CONSOLIDATING CASH FLOW STATEMENT WORKSHEET

(unaudited, in millions)

The following supplemental worksheet presents the condensed consolidating cash flow statement of the Company for the nine months ended June 30, 2004, reflecting the impact of consolidating the cash flow statements of Euro Disney and Hong Kong Disneyland beginning April 1, 2004.

	Before Euro Disney and Hong Kong Disneyland Consolidation	Euro Disney, Hong Kong Disneyland and Adjustments	Total
Cash provided (used) by operations	$ 3,441	$ (38)	$ 3,403
Investments in parks, resorts and other property	(752)	(142)	(894)
Free cash flow	2,689	(180)	2,509
Other investing activities	31	—	31
Cash provided (used) by financing activities	(1,495)	121	(1,374)
Increase (decrease) in cash and cash equivalents	1,225	(59)	1,166
Cash and cash equivalents, beginning of period	1,583	—	1,583
Cash and cash equivalents, due to the initial consolidation of Euro Disney and Hong Kong Disneyland	—	274	274
Cash and cash equivalents, end of period	$ 2,808	$ 215	$ 3,023

Table F

The Walt Disney Company
QUARTERLY CONDENSED CONSOLIDATED INCOME STATEMENT WORKSHEET
(unaudited, in millions, except per share data)

This supplemental worksheet presents quarterly and year-to-date operating results as if the Company had consolidated the income statements of Euro Disney and Hong Kong Disneyland commencing at the beginning of fiscal 2003.

	Three Months Ended Dec 31, 2003	Three Months Ended Mar 31, 2004	Three Months Ended June 30, 2004	Nine Months Ended June 30, 2004
Revenues:				
Media Networks	$ 3,114	$ 2,846	$ 2,931	$ 8,891
Parks and Resorts	1,944	1,940	2,288	6,172
Studio Entertainment	2,964	2,162	1,711	6,837
Consumer Products	840	512	541	1,893
	$ 8,862	$ 7,460	$ 7,471	$ 23,793
Segment operating income:				
Media Networks	$ 344	$ 704	$ 673	$ 1,721
Parks and Resorts	238	139	421	798
Studio Entertainment	458	153	28	639
Consumer Products	237	75	76	388
	1,277	1,071	1,198	3,546
Corporate and unallocated shared expenses	(103)	(82)	(99)	(284)
Amortization of intangible assets	(3)	(2)	(3)	(8)
Restructuring and impairment charges	—	(3)	(56)	(59)
Net interest expense	(181)	(183)	(151)	(515)
Equity in the income of investees	113	124	126	363
Income before income taxes and minority interests	1,103	925	1,015	3,043
Income taxes	(410)	(357)	(365)	(1,132)
Minority interests	(5)	(31)	(46)	(82)
Net income	$ 688	$ 537	$ 604	$ 1,829
Earnings per share:				
Diluted (1)	$ 0.33	$ 0.26	$ 0.29	$ 0.88
Basic	$ 0.34	$ 0.26	$ 0.29	$ 0.89

(1) The calculation of diluted earnings per share assumes the conversion of the Company's convertible senior notes issued in April 2003, and adds back interest expense (net of tax) of $5 million, $5 million, $5 million and $15 million for the first quarter, second quarter, third quarter and nine months ended June 30, 2004, respectively.

Table G

The Walt Disney Company
QUARTERLY CONDENSED CONSOLIDATED INCOME STATEMENT WORKSHEET
(unaudited, in millions, except per share data)

This supplemental worksheet presents quarterly and year-to-date operating results as if the Company had consolidated the income statements of Euro Disney and Hong Kong Disneyland commencing at the beginning of fiscal 2003.

	Three Months Ended Dec 31, 2002	Three Months Ended Mar 31, 2003	Three Months Ended June 30, 2003	Three Months Ended Sept 30, 2003	Year Ended Sept 30, 2003
Revenues:					
Media Networks	$ 2,944	$ 2,653	$ 2,709	$ 2,635	$ 10,941
Parks and Resorts	1,808	1,702	2,014	1,960	7,484
Studio Entertainment	1,891	1,862	1,440	2,171	7,364
Consumer Products	787	500	497	560	2,344
	$ 7,430	$ 6,717	$ 6,660	$ 7,326	$ 28,133
Segment operating income (loss):					
Media Networks	$ (71)	$ 400	$ 586	$ 298	$ 1,213
Parks and Resorts	230	112	390	267	999
Studio Entertainment	138	206	71	205	620
Consumer Products	190	53	39	102	384
	487	771	1,086	872	3,216
Corporate and unallocated shared expenses	(102)	(93)	(100)	(148)	(443)
Amortization of intangible assets	(5)	(7)	(2)	(4)	(18)
Gain on the sale of business	-	-	16	-	16
Net interest expense	(319)	(205)	(213)	(157)	(894)
Equity in the income of investees	97	78	99	84	358
Restructuring and impairment charges	-	-	(15)	(1)	(16)
Income before income taxes, minority interests and cumulative effect of accounting change	158	544	871	646	2,219
Income taxes	(77)	(219)	(322)	(171)	(789)
Minority interests	26	(11)	(47)	(60)	(92)
Income before cumulative effect of accounting change	107	314	502	415	1,338
Cumulative effect of accounting change	(71)	-	-	-	(71)
Net income	$ 36	$ 314	$ 502	$ 415	$ 1,267
Earnings per share before cumulative effect of accounting change:					
Diluted (1)	$ 0.05	$ 0.15	$ 0.24	$ 0.20	$ 0.65
Basic	$ 0.05	$ 0.15	$ 0.25	$ 0.20	$ 0.65
Earnings per share after cumulative effect of accounting change:					
Diluted (1)	$ 0.02	$ 0.15	$ 0.24	$ 0.20	$ 0.62
Basic	$ 0.02	$ 0.15	$ 0.25	$ 0.20	$ 0.62

(1) The calculation of diluted earnings per share assumes the conversion of the Company's convertible senior notes issued in April 2003, and adds back interest expense (net of tax) of $4 million, $6 million and $10 million for the third quarter, fourth quarter and year, respectively.