FOR IMMEDIATE RELEASE

November 20, 2003

THE WALT DISNEY COMPANY REPORTS IMPROVED RESULTS FOR THE YEAR ENDED SEPTEMBER 30, 2003

- Significant earnings growth in the fiscal fourth quarter helped drive overall EPS gains for the year
- Strong operating performance for the quarter was driven by increases in Studio Entertainment, Media Networks and Consumer Products, offset somewhat by declines in Parks and Resorts
- Studio Entertainment and Media Networks reported increases in revenue and operating income for the year as a whole, partially offset by declines in Parks and Resorts and Consumer Products
- Cash flow from operations and free cash flow increased to $2.9 billion and $1.9 billion, respectively for the year as a whole, which drove reductions in total and net borrowings

BURBANK, Calif. – The Walt Disney Company today reported earnings for the year and quarter ended September 30, 2003.

Earnings per share for the fourth quarter was $0.20, up from $0.09 in the prior-year fourth quarter. For the year, EPS before a required accounting change was $0.65 versus $0.60 in the prior year.

Earnings per share for the fourth quarter and the full year include an approximate $0.03 EPS benefit from the favorable settlement of certain state tax issues. Earnings per share for the full year also include a $0.04 negative impact due to the write-off of an investment in aircraft leveraged

leases. The prior-year EPS includes a $0.07 benefit from gains on the sale of investments and the Disney Store Japan.

"Disney's strong performance in the quarter, driven by the Studios and Media Networks, and the substantial improvement in our overall results during a difficult year provide further evidence that we have established the foundation for future growth," said Michael Eisner, chairman and CEO of The Walt Disney Company. "The Walt Disney Studios' quarter was especially noteworthy, since its success was founded on the creation of new franchises, such as '*Pirates of the Caribbean*,' that can provide returns for years to come. Looking ahead, we feel confident in our ability to deliver solid growth for fiscal 2004."

Improved operating performance for the quarter was driven by increases in Studio Entertainment, Media Networks, and Consumer Products, offset somewhat by declines in Parks and Resorts. Results for the year reflected strong growth at Studio Entertainment and Media Networks, partially offset by declines at Parks and Resorts and a modest decrease at Consumer Products.

Revenues, segment operating income, net income and earnings per share for the year and quarter are as follows (in millions):

	Year Ended September 30,			Quarter Ended September 30,		
	2003	2002	% Change	2003	2002	% Change
Revenues	$ 27,061	$ 25,329	7 %	$ 7,014	$ 6,662	5 %
Segment operating income	3,174	2,822	12 %	830	539	54 %
Income before the cumulative effect of accounting change	1,338	1,236	8 %	415	175	137 %
Net income	1,267	1,236	3 %	415	175	137 %
Diluted earnings per share before the cumulative effect of accounting change	$ 0.65	$ 0.60	8 %	$ 0.20	$ 0.09	122 %
Diluted earnings per share	$ 0.62	$ 0.60	3 %	$ 0.20	$ 0.09	122 %

Operating Results

<u>Studio Entertainment</u>

Studio Entertainment revenues for the year increased 10% to $7.4 billion, while segment operating income more than doubled to $620 million from $273 million. For the quarter, revenues increased 9% to $2.2 billion and segment operating income increased to $205 million from $75 million.

Studio Entertainment results for the year and quarter reflected strong growth in both domestic and international theatrical motion picture distribution, television distribution and domestic home video, partially offset by higher development and production write-offs. Domestic and international theatrical motion picture distribution results reflected successful performances by Disney/Pixar's *Finding Nemo, Sweet Home Alabama, Santa Clause 2* and *Bringing Down the House*, as well as the fourth quarter releases of *Pirates of the Caribbean* and *Freaky Friday*, compared to the prior year which included a film write-down. Improvements in television distribution reflected better performance of film product sales to television networks and to the pay television market. Growth in domestic home video reflected strong DVD and VHS performances of *Lilo & Stitch*, *Sweet Home Alabama*, *Signs* and *Beauty and the Beast*, as well as fourth quarter DVD and VHS releases, which included *Chicago*, *Bringing Down the House* and *Gangs of New York.*

Higher segment operating income for the quarter was partially offset by declines in international home video reflecting stronger performing titles in the prior-year, which included Hayao Miyazaki's *Spirited Away* and Disney/Pixar's *Monsters, Inc.*

Media Networks

Media Networks revenues for the year increased 12% to $10.9 billion, and segment operating income increased 23% to $1.2 billion. For the quarter, revenues increased 8% to $2.6 billion and segment operating income increased to $298 million from $147 million in the prior year. See Table A for further detail of Media Networks results.

For the year, the Media Networks segment benefited from a stronger advertising market and higher cable affiliate fees. For the quarter, these same factors led to improved results at our cable networks, while higher programming and production costs negatively affected broadcasting results.

Broadcasting results for the year were driven by higher advertising revenues, partially offset by increased programming and production costs. Increased advertising revenues reflected higher rates due to an improved advertising marketplace for the ABC television network, the Company's owned television and radio stations and the ABC radio networks. The airing of the Super Bowl in the second quarter of the current year contributed to increases in both advertising revenues and programming costs. Year to year comparisons were also negatively impacted by the cost of coverage of the war in Iraq and the previously disclosed receipt of insurance proceeds in the prior year.

Lower broadcasting results for the fourth quarter were primarily due to increased programming costs for more expensive series and higher sports programming and production costs due to additional NFL broadcasts in the current quarter, partially offset by increases in advertising and syndication revenue.

Increased cable results for the year reflected higher affiliate and advertising revenue, partially offset by increased sports programming costs, primarily for National Basketball Association and Major League Baseball broadcasts, and higher programming costs at ABC Family. Higher affiliate revenue was due to both contractual rate adjustments and subscriber growth. The increase for the year also reflected negative impacts in the prior year related to the financial difficulties of Adelphia Communications and KirchMedia.

Improved cable results for the fourth quarter were primarily driven by lower cost amortization for the NFL contract due to commencing the three year option period of the contract, as well as higher advertising and affiliate revenues, partially offset by higher programming costs at ABC Family and start-up costs at the Disney Channel in Japan. Higher affiliate revenue was due primarily to contractual rate adjustments and subscriber growth.

Increased cable results for both the year and quarter were negatively affected by the bankruptcy of DirecTV in Latin America, which is the Company's major distributor in that region.

Parks and Resorts

Parks and Resorts revenue for the year decreased 1% to $6.4 billion and segment operating income decreased 18% to $957 million. For the quarter, revenues decreased 1% to $1.6 billion and segment operating income decreased 4% to $225 million.

Parks and Resorts results for the year primarily reflected lower hotel occupancy and theme park attendance and higher costs at the Walt Disney World Resort, partially offset by higher guest spending. Decreased hotel occupancy and theme park attendance at Walt Disney World reflected

continued softness in travel and tourism. Higher costs at Walt Disney World were driven by higher spending on employee benefits, marketing, refurbishments, information systems, depreciation and insurance. Despite a continuing focus on cost control, employee benefit costs, including pension expenses, are expected to continue to increase in fiscal 2004. Guest spending increases primarily reflected ticket price increases in the fourth quarter of the prior year.

Both the year and quarter were negatively impacted by the elimination of royalties and management fees from Euro Disney beginning in the second quarter of the current year.

For the quarter, declines driven by the elimination of Euro Disney fees were partially offset by gradual recovery at the Walt Disney World Resort. The improved results at Walt Disney World primarily reflected higher hotel occupancy and theme park attendance, partially offset by lower guest spending due to special ticketing and other promotional programs offered during the quarter. Occupancy and attendance gains for the quarter were primarily due to higher domestic tourist and local guest visitation.

For both the year and quarter, results for the Disneyland Resort were slightly down compared to the prior year, reflecting higher costs, partially offset by higher hotel occupancy, theme park attendance and guest spending.

Consumer Products

Consumer Products revenues for the year decreased 4% to $2.3 billion and segment operating income decreased 3% to $384 million. Revenues for the quarter decreased 2% to $560 million and segment operating income increased 24% to $102 million.

Results for the year were driven by decreases at the Disney Store, partially offset by increases in merchandise licensing. Declines at the Disney Store reflected lower comparative store sales and decreased margins in North America and the sale of the Disney Store business in Japan during the third quarter of the prior year. Merchandise licensing increases were due primarily to strong performance of toy licenses driven by new properties and classic characters, including *Winnie the Pooh*, *Disney Princesses*, *Power Rangers* and *Finding Nemo* and increased royalties from direct-to-retail softlines licenses.

Results for the quarter reflected strong growth in merchandise licensing due to stronger performance from toy licenses, which more than offset the decrease at the Disney Store, which was due to lower margins from promotional sales and markdowns.

The Company is continuing to pursue, as planned, the sale and disposition of the Disney Store.

Corporate and Unallocated Shared Expenses

Corporate and unallocated shared expenses increased 6% to $443 million for the year and increased 6% to $148 million for the quarter. The increase for the year reflected additional costs associated with new finance and human resource information technology systems, partially offset by lower brand promotion and litigation costs. The prior year also included gains on the sale of properties in the U.K. The increase for the quarter was primarily due to higher legal costs. Information technology systems costs for the fourth quarter were comparable to the prior-year quarter.

Net Interest Expense

Net interest expense was as follows (in millions):

	Year Ended September 30,		Quarter Ended September 30,	
	2003	2002	2003	2002
Interest expense	$ (666)	$ (708)	$ (139)	$ (170)
United Airlines investment write-off	(114)	–	–	–
Gain on the sale of Knight-Ridder shares	–	216	–	–
Interest and investment income (loss)	(13)	39	5	5
Net interest expense	$ (793)	$ (453)	$ (134)	$ (165)

Interest expense decreased by 6% to $666 million and by 18% to $139 million for the year and quarter, respectively, driven by lower interest rates and average debt balances. Net interest expense increased from $453 million to $793 million for the year and decreased from $165 million to $134 million for the quarter. The year-over-year comparison of net interest expense is substantially impacted by the $114 million write-off of leveraged leases on commercial aircraft in the current year and the $216 million gain on the sale of the Company's shares of Knight-Ridder in the prior year.

Equity in the Income of Investees

Income from equity investees, consisting primarily of Euro Disney, A&E Television, Lifetime Television and E! Entertainment Television, increased 48% to $334 million for the year and 47% to $91 million for the quarter. The increase for both the year and the quarter were driven by increases at Lifetime, A&E and E! Entertainment Television. Increases at Lifetime reflected the absence of certain advertising expenses that were reflected in prior-year results. Results at A&E and E! reflected higher advertising revenues. Additionally, equity income in the prior year

included the write-down of an investment in a Latin American cable operator.

Income Taxes

The effective income tax rate decreased from 39%to 35% for the year and from 33% to 27% for the fourth quarter. The decreases in the current year and quarter were principally due to the favorable resolution of certain prior-year state income tax exposures.

Balance Sheet and Cash Flow

Total and net borrowings decreased by 7% and 11%, to $13.1 billion and $11.5 billion, respectively, as detailed below (in millions).

	September 30, 2003	September 30, 2002	Increase (Decrease)
Current portion of borrowings	$ 2,457	$ 1,663	$ 794
Long-term borrowings	10,643	12,467	(1,824)
Total borrowings	13,100	14,130	(1,030)
Cash and cash equivalents	(1,583)	(1,239)	(344)
Net borrowings (1)	$ 11,517	$ 12,891	$ (1,374)

(1) Net borrowings is a non-GAAP financial metric. See the discussion of non-GAAP financial metrics that follows below.

The decrease in net borrowings was driven by strong cash flow from operations totaling $2.9 billion for the year, which was $615 million or 27% higher than the prior year.

Free cash flow for the year is detailed below (in millions).

	Year Ended September 30, 2003	Year Ended September 30, 2002	Increase (Decrease)
Cash provided by operations	$ 2,901	$ 2,286	$ 615
Investments in parks, resorts and other property	(1,049)	(1,086)	37
Free cash flow (1)	$ 1,852	$ 1,200	$ 652

(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 was driven by a smaller increase in accounts receivable than in the prior year and higher earnings adjusted for non-cash items, partially offset by higher film and television production spending.

Investments in parks, resorts and other property were slightly below $1.1 billion for the year, down modestly from fiscal 2002. Capital expenditures by business segment are as follows (in millions):

	Year Ended September 30,	
	2003	2002
Media Networks	$ 203	$ 151
Parks and Resorts	577	636
Studio Entertainment	49	37
Consumer Products	44	58
Corporate and unallocated shared expenditures	176	204
	$ 1,049	$ 1,086

In addition to debt reduction, the Company paid an annual dividend totaling $429 million.

Euro Disney Investment

During November 2003, Euro Disney obtained waivers from its agent banks, effective through March 31, 2004, with respect to covenants for fiscal 2003 and other obligations including a reduction in certain security deposit requirements. The agreement is expected to give Euro Disney, its lenders and the Company time to find a resolution to Euro Disney's financial situation. In conjunction with the bank waivers, the Company has provided a new 45 million Euros ($52 million at September 30, 2003 exchange rates) subordinated credit facility to Euro Disney, which can be drawn on through March 31, 2004 only after the existing 168 million Euros ($192 million at September 30, 2003 exchange rates) standby facility provided by the Company to Euro Disney is fully drawn.

If a timely resolution to Euro Disney's future financing needs is not obtained, the waivers would expire, and the Company and Euro Disney believe Euro Disney would be unable to meet all of its debt obligations. In such an eventuality, some or all of the Company's $494 million Euro Disney investment and receivables would likely become impaired. The Company believes that Euro Disney will ultimately be successful in addressing its financing requirements; however, there can be no assurance that these efforts will be successful.

Accounting Change

The Company adopted EITF No. 00-21, *Revenue Arrangements with Multiple Deliverables* (EITF 00-21) in the fiscal fourth quarter of 2003. This new accounting rule addresses the recognition of revenues derived from a single contract that contains multiple products or services. The rule provides additional requirements to determine when such revenues may be recorded separately for accounting purposes. Historically, the Company has recognized the NFL broadcast portion of ESPN's affiliate revenues when the NFL games were aired, as ESPN's affiliate contracts provided a basis for allocating such revenue between NFL and non-NFL programming. Under separate accounting rules, the cost of the NFL rights has also been recognized as the games were aired. Accordingly, the Company recognized both the NFL revenues and NFL costs in the quarters the games were aired.

Under EITF 00-21's requirements for separating the revenue elements of a single contract, the Company will no longer allocate ESPN's affiliate revenue between NFL and non-NFL programming for accounting purposes. As a consequence, the Company will no longer match NFL revenue with NFL costs, as ESPN affiliate revenue (including the NFL

portion) will be recognized ratably throughout the year, while NFL contract costs will continue to be recognized in the quarters the games are aired. This accounting change impacts only the timing of revenue recognition and has no impact on cash flow. As a result of this change, the Media Networks segment will report significantly reduced revenue and profitability in the first fiscal quarter, when the majority of the NFL games are aired, with commensurately increased revenues and profits in the second and third fiscal quarters.

The Company has elected to adopt this new accounting rule using the cumulative effect approach. Thus, during the fourth quarter, the Company recorded an after-tax charge of $71 million for the cumulative effect of the accounting change as of the beginning of fiscal year 2003. This amount represents the revenue recorded for NFL games in the fourth quarter of fiscal year 2002, which has been recorded ratably over fiscal 2003 under the new accounting method.

The following table shows the quarterly effect on fiscal 2003 had the Company been following this new accounting method throughout fiscal 2003.

	Three Months Ended Dec 31, 2002		Three Months Ended March 31, 2003		Three Months Ended June 30, 2003		Three Months Ended Sept 30, 2003		Year Ended Sept 30, 2003	
	Net Income	EPS[1]	Net Income	EPS[1]	Net Income	EPS[1]	Net Income	EPS[1]	Net Income	EPS[1]
Results prior to EITF 00-21 adoption	$ 256	$ 0.13	$ 229	$ 0.11	$ 400	$ 0.19	$ 417	$ 0.20	$ 1,302	$ 0.63
Cumulative effect of accounting change	(71)	(0.03)	–	–	–	–	–	–	(71)	(0.03)
Quarterly impact of accounting change	(149)	(0.07)	85	0.04	102	0.05	(2)	(0.00)	36	0.02
Results subsequent to EITF 00-21 adoption	$ 36	$ 0.02	$ 314	$ 0.15	$ 502	$ 0.24	$ 415	$ 0.20	$ 1,267	$ 0.62

[1] EPS amounts are based on diluted shares outstanding and may not add due to rounding

Complete quarterly results for fiscal 2003, reflecting the implementation of the new rules are presented in Table C.

FIN 46

In January 2003, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 46, *Consolidation of Variable Interest Entities* (FIN 46) and amended it in October 2003, such that it is now effective for the Company in the first quarter of fiscal 2004. Variable interest entities (VIEs) are entities that lack sufficient equity to finance their activities without additional financial support from other parties or whose equity holders lack adequate decision making ability. All of a company's VIEs must be evaluated under methods prescribed by this interpretation to determine the primary beneficiary of the risks and rewards of the VIE. The primary beneficiary is required to consolidate the VIE for financial reporting purposes.

The current FIN 46 guidance is still evolving with several critical proposed adjustments recently issued through an exposure draft. While we continue to evaluate the total impact of FIN 46, based on the current draft the Company anticipates that it will likely be required to consolidate Euro Disney and Hong Kong Disneyland in the first quarter of fiscal 2004.

Non-GAAP Financial Metrics

This earnings release presents net borrowings, 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 provides investors with useful information because we do not immediately apply cash and cash equivalents to the reduction of debt and net debt represents an important measure that reflects the total amount of cash and

cash equivalents potentially available to repay borrowings when they mature or when other circumstances arise. Furthermore, because we earn interest on our cash balances, net debt can be used to gauge net interest costs. We do not expect that we would use all of our available cash and cash equivalents to repay indebtedness in the ordinary course, but may use a substantial portion of cash and cash equivalents to repay debt depending on the amount of cash and cash equivalents available relative to our other current and anticipated uses of cash and the terms of our indebtedness.

Free cash flow - The Company uses free cash flow (cash flow from operations less investments in parks, resorts and other properties) among other measures, to evaluate the ability of its operations to generate cash 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 factors other than business operations 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 other 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, 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.

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

	Year Ended September 30,		Quarter Ended September 30,	
	2003	2002	2003	2002
Revenues	$ 27,061	$ 25,329	$ 7,014	$ 6,662
Costs and expenses	(24,330)	(22,924)	(6,332)	(6,263)
Amortization of intangible assets	(18)	(21)	(4)	(7)
Gain on the sale of business	16	34	-	-
Net interest expense	(793)	(453)	(134)	(165)
Equity in the income of investees	334	225	91	62
Restructuring and impairment charges	(16)	-	(1)	-
Income before income taxes, minority interests and cumulative effect of accounting change	2,254	2,190	634	289
Income taxes	(789)	(853)	(171)	(96)
Minority interests	(127)	(101)	(48)	(18)
Income before cumulative effect of accounting change	1,338	1,236	415	175
Cumulative effect of accounting change	(71)	-	-	-
Net income	$ 1,267	$ 1,236	$ 415	$ 175
Earnings per share before cumulative effect of accounting change:				
Diluted (1)	$ 0.65	$ 0.60	$ 0.20	$ 0.09
Basic	$ 0.65	$ 0.61	$ 0.20	$ 0.09
Earnings per share:				
Diluted (1)	$ 0.62	$ 0.60	$ 0.20	$ 0.09
Basic	$ 0.62	$ 0.61	$ 0.20	$ 0.09
Average number of common and common equivalent shares outstanding:				
Diluted	2,067	2,044	2,095	2,043
Basic	2,043	2,040	2,044	2,041

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

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

	Year Ended September 30,			Quarter Ended September 30,		
	2003	2002	Change	2003	2002	Change
Revenues:						
Media Networks	$ 10,941	$ 9,733	12 %	$ 2,635	$ 2,435	8 %
Parks and Resorts	6,412	6,465	(1)%	1,648	1,660	(1)%
Studio Entertainment	7,364	6,691	10 %	2,171	1,998	9 %
Consumer Products	2,344	2,440	(4)%	560	569	(2)%
	$ 27,061	$ 25,329	7 %	$ 7,014	$ 6,662	5 %
Segment operating income:						
Media Networks	$ 1,213	$ 986	23 %	$ 298	$ 147	103 %
Parks and Resorts	957	1,169	(18)%	225	235	(4)%
Studio Entertainment	620	273	127 %	205	75	173 %
Consumer Products	384	394	(3)%	102	82	24 %
	$ 3,174	$ 2,822	12 %	$ 830	$ 539	54 %

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 cumulative effect of accounting change is as follows:

	Year Ended September 30,		Quarter Ended September 30,	
	2003	2002	2003	2002
Segment operating income	$ 3,174	$ 2,822	$ 830	$ 539
Corporate and unallocated shared expenses	(443)	(417)	(148)	(140)
Amortization of intangible assets	(18)	(21)	(4)	(7)
Gain on the sale of business	16	34	-	-
Net interest expense	(793)	(453)	(134)	(165)
Equity in the income of investees	334	225	91	62
Restructuring and impairment charges	(16)	-	(1)	-
Income before income taxes, minority interests and cumulative effect of accounting change	$ 2,254	$ 2,190	$ 634	$ 289

Depreciation expense is as follows:

	Year Ended September 30,		Quarter Ended September 30,	
	2003	2002	2003	2002
Media Networks	$ 169	$ 180	$ 41	$ 43
Parks and Resorts	681	648	152	164
Studio Entertainment	39	46	11	12
Consumer Products	63	58	16	14
Segment depreciation expense	952	932	220	233
Corporate	107	89	27	27
Total depreciation expense	$ 1,059	$ 1,021	$ 247	$ 260

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
CONSOLIDATED BALANCE SHEETS
(unaudited, in millions, except per share data)

	September 30, 2003	September 30, 2002
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,583	$ 1,239
Receivables	4,238	4,049
Inventories	703	697
Television costs	568	661
Deferred income taxes	674	624
Other assets	548	579
Total current assets	8,314	7,849
Film and television costs	6,205	5,959
Investments	1,849	1,810
Parks, resorts and other property, at cost		
Attractions, buildings and equipment	19,499	18,917
Accumulated depreciation	(8,794)	(8,133)
	10,705	10,784
Projects in progress	1,076	1,148
Land	897	848
	12,678	12,780
Intangible assets, net	2,786	2,776
Goodwill	16,966	17,083
Other assets	1,190	1,788
	$ 49,988	$ 50,045
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other accrued liabilities	$ 5,044	$ 5,173
Current portion of borrowings	2,457	1,663
Unearned royalties and other advances	1,168	983
Total current liabilities	8,669	7,819
Borrowings	10,643	12,467
Deferred income taxes	2,712	2,597
Other long term liabilities	3,745	3,283
Minority interests	428	434
Commitments and contingencies		
Stockholders' 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	12,154	12,107
Common stock – Internet Group, $.01 par value		
Authorized – 1.0 billion shares, Issued – none		
Retained earnings	13,817	12,979
Accumulated other comprehensive (loss) income	(653)	(85)
	25,318	25,001
Treasury stock, at cost, 86.7 million and 81.4 million Disney shares	(1,527)	(1,395)
Shares held by TWDC Stock Compensation Fund II, at cost		
Disney – none and 6.6 million shares	–	(161)
	23,791	23,445
	$ 49,988	$ 50,045

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

	Year Ended September 30, 2003	Year Ended September 30, 2002
OPERATING ACTIVITIES		
Net income	$ 1,267	$ 1,236
Depreciation	1,059	1,021
Amortization of intangible assets	18	21
Gain on the sale of business	(16)	(34)
Equity in the income of investees	(334)	(225)
Cash distributions received from equity investees	340	234
Restructuring and impairment charges	13	–
Write-off of aircraft leveraged lease	114	-
Minority interests	127	101
Gain on sale of Knight-Ridder, Inc. shares	-	(216)
Change in film and television costs	(369)	(97)
Changes in noncurrent assets and liabilities, and other	468	346
	1,420	1,151
Changes in working capital		
Receivables	(194)	(535)
Inventories	(6)	(35)
Other assets	(28)	(86)
Accounts and taxes payable and other accrued liabilities	275	225
Television costs	217	404
Deferred income taxes	(50)	(74)
	214	(101)
Cash provided by operations	2,901	2,286
INVESTING ACTIVITIES		
Investments in parks, resorts and other property	(1,049)	(1,086)
Acquisitions (net of cash acquired)	(130)	(2,845)
Dispositions	166	200
Proceeds from sale of investments	40	601
Purchases of investments	(14)	(9)
Other	(47)	(37)
Cash used by investing activities	(1,034)	(3,176)
FINANCING ACTIVITIES		
Borrowings	1,635	4,038
Reduction of borrowings	(2,059)	(2,113)
Commercial paper borrowings, net	(721)	(33)
Exercise of stock options and other	51	47
Dividends	(429)	(428)
Cash (used) provided by financing activities	(1,523)	1,511
Increase in cash and cash equivalents	344	621
Cash and cash equivalents, beginning of year	1,239	618
Cash and cash equivalents, end of year	$ 1,583	$ 1,239
Supplemental disclosure of cash flow information:		
Interest paid	$ 705	$ 674
Income taxes paid	$ 371	$ 447

Table A

MEDIA NETWORKS
(unaudited, in millions)

Year Ended September 30,	2003	2002	Change
Revenues:			
Broadcasting	$ 5,418	$ 5,058	7 %
Cable Networks	5,523	4,675	18 %
	$ 10,941	$ 9,733	12 %
Segment operating income (loss):			
Broadcasting	$ 37	$ (37)	200 %
Cable Networks	1,176	1,023	15 %
	$ 1,213	$ 986	23 %
Depreciation expense:			
Broadcasting	$ 91	$ 100	(9)%
Cable Networks	78	80	(3)%
	$ 169	$ 180	(6)%

Quarter Ended September 30,	2003	2002	Change
Revenues:			
Broadcasting	$ 1,216	$ 1,151	6 %
Cable Networks	1,419	1,284	11 %
	$ 2,635	$ 2,435	8 %
Segment operating income (loss):			
Broadcasting	$ (79)	$ (23)	(243)%
Cable Networks	377	170	122 %
	$ 298	$ 147	103 %
Depreciation expense:			
Broadcasting	$ 23	$ 25	(8)%
Cable Networks	18	18	-
	$ 41	$ 43	(5)%

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:

	Year Ended September 30,		Quarter Ended September 30,	
(unaudited, in millions, except per share data)	2003	2002	2003	2002
Net income:				
As reported	$ 1,267	$ 1,236	$ 415	$ 175
Pro forma after option expense	973	930	334	93
Diluted earnings per share:				
As reported	0.62	0.60	0.20	0.09
Pro forma after option expense	0.48	0.45	0.16	0.05

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.

Fully diluted shares outstanding and diluted earnings per share include the effect of in-the-money stock options calculated based on the average share price for the period and assumes conversion of the Company's convertible senior notes. The dilution from employee options increases as the Company's share price increases, as shown below:

Average Disney Share Price	**Total In-the-Money Options**	**Incremental Diluted Shares (1)**	**Percentage of Average Shares Outstanding**	**Hypothetical Q4 2003 EPS Impact (3)**
$ 21.08	53 mil	-- (2)	--	$ 0.00
25.00	119 mil	9 mil	0.43%	(0.00)
30.00	147 mil	21 mil	1.00%	(0.00)
40.00	212 mil	46 mil	2.20%	(0.00)
50.00	220 mil	63 mil	3.01%	(0.00)

(1) Represents the incremental impact on fully diluted shares outstanding assuming the average share prices indicated, using the treasury stock method. Under the treasury stock method, the tax effected proceeds that would be received from the exercise of all in-the-money options are assumed to be used to repurchase shares.

(2) Fully diluted shares outstanding for the quarter ended September 30, 2003 total 2,095 million and include the dilutive impact of in-the-money options at the average share price for the period of $21.08 and assumes conversion of the convertible senior notes. At the average share price of $21.08, the dilutive impact of in-the-money options was 6 million shares for the quarter.

(3) Based upon Q4 2003 earnings of $415 million or $0.20 per share.

Table C

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

	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	1,548	1,485	1,731	1,648	6,412
Studio Entertainment	1,891	1,862	1,440	2,171	7,364
Consumer Products	787	500	497	560	2,344
	$ 7,170	$ 6,500	$ 6,377	$ 7,014	$ 27,061
Segment operating income:					
Media Networks	$ (71)	$ 400	$ 586	$ 298	$ 1,213
Parks and Resorts	225	155	352	225	957
Studio Entertainment	138	206	71	205	620
Consumer Products	190	53	39	102	384
	482	814	1,048	830	3,174
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	(296)	(178)	(185)	(134)	(793)
Equity in the income of investees	90	51	102	91	334
Restructuring and impairment charges	-	-	(15)	(1)	(16)
Income before income taxes, minority interests and cumulative effect of accounting change	169	587	864	634	2,254
Income taxes	(77)	(219)	(322)	(171)	(789)
Minority interests	15	(54)	(40)	(48)	(127)
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 and adds back interest expense (net of tax) of $10 million and $6 million for the year and fourth quarter, respectively.

Note:
As discussed earlier in this release, the Company adopted EITF 00-21 in the fiscal fourth quarter of 2003. This table presents quarterly operating results as if the Company had followed the provisions of EITF 00-21 throughout the fiscal year.

The Walt Disney Company
QUARTERLY CONSOLIDATED INCOME STATEMENT WORKSHEET-continued
(unaudited, in millions)

The following table provides supplemental revenue and operating income detail for the Media Networks segment:

	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:					
Broadcasting	$ 1,564	$ 1,407	$ 1,231	$ 1,216	$ 5,418
Cable Networks	1,380	1,246	1,478	1,419	5,523
	$ 2,944	$ 2,653	$ 2,709	$ 2,635	$ 10,941
Segment operating income (loss):					
Broadcasting	$ 38	$ (105)	$ 183	$ (79)	$ 37
Cable Networks	(109)	505	403	377	1,176
	$ (71)	$ 400	$ 586	$ 298	$ 1,213

Note 1 The accounting change has no impact on the Company's cash flows.