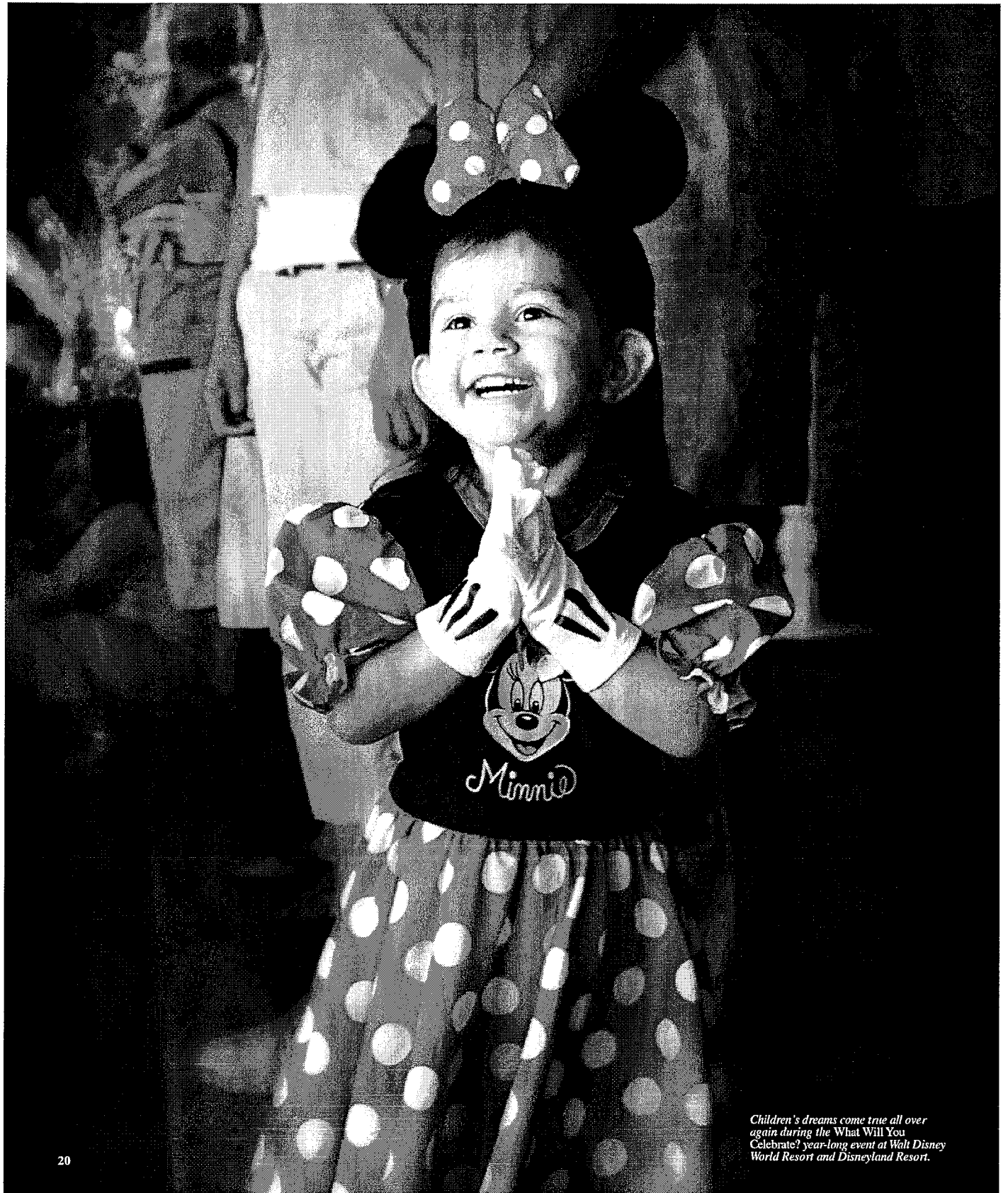




A chance encounter with a prince helps make every young princess' dreams come true. 19



Children's dreams come true all over again during the What Will You Celebrate? year-long event at Walt Disney World Resort and Disneyland Resort.

Imaginative use of dynamic Disney franchises, new innovative entertainment offerings and continued diversification combined to make 2008 another successful year for Disney Parks and Resorts. It is all a testament to Parks and Resorts' successful business strategy, built upon the foundation of creativity, technology, brand and service.

The creative efforts of a high-caliber global team produce transformational experiences and products that connect with audiences on an emotional level. These are experiences of the heart, a part of the *Disney Difference* that stays with Guests long after they have left the park. Springing from Walt Disney's vision that revolutionized the concept of theme parks, the powerful, iconic Disney brand has expanded across vacation markets worldwide, with a variety of products and services that build on the unique Disney experience.

While the dreams of millions of delighted Disney Parks and Resorts' Guests came true in 2008, this year promises even more excitement as *The Year of a Million*

Dreams is followed by the memorable concept of *What Will You Celebrate?*

Launching a year filled with magical celebrations, Parks and Resorts' domestic theme parks will offer new options and services that allow Guests to make their own celebrations even more meaningful, turning personal milestones into magical Disney experiences. To make it extra special, for the first time ever, each Guest who visits Walt Disney World Resort or Disneyland Resort on their birthday will get in free.

At all Disney parks, new attractions continue to bring popular stories and characters to life. At Disney's California Adventure and Disney's Hollywood Studios, *Toy Story Mania!*, inspired by the popular Disney-Pixar films *Toy Story* and *Toy Story 2*, provides an unforgettable ride-game experience. Guests find themselves in an interactive world, playing alongside Woody, Buzz Lightyear and other favorite *Toy Story* characters. This must-see attraction marks the first step in a multi-year expansion of Disney's California Adventure. Other exciting franchise-based experiences are on the way, including Cars Land, inspired by the smash Disney-Pixar movie *Cars*, which invites Guests into the

high-octane world of Mater, Lightning McQueen, Doc and Sally.

Guest participation will have new meaning at Walt Disney World Resort as dreams come true for all those who imagine themselves performing on *American Idol*®. Disney's Hollywood Studios is bringing the TV and pop culture phenomenon to life for Guests wanting to experience the rush of entertaining on stage or the fun of judging performances in a live setting. Guest performers with the most votes compete in an end-of-day Grand Finale, with the winner invited to a regional audition for the *American Idol*® TV show.

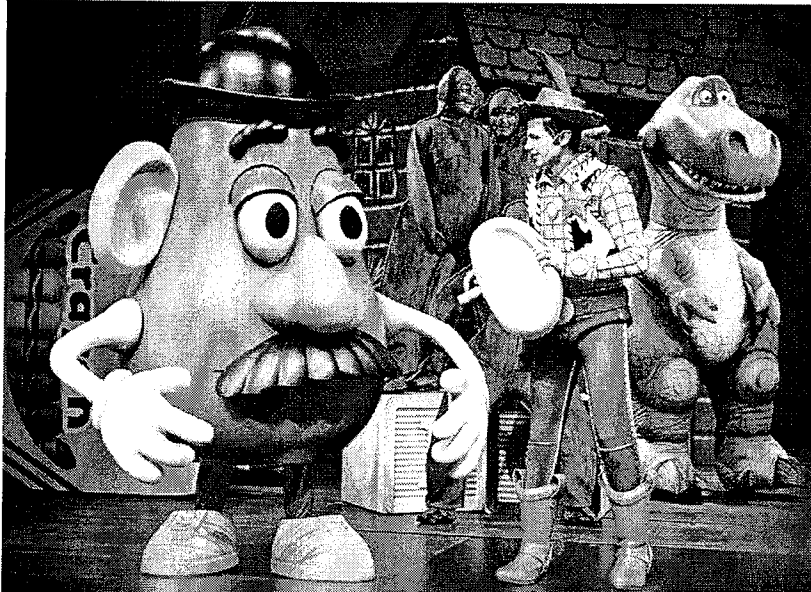
At Walt Disney World and Disneyland, Guests can experience the enchanting fairy realm of Tinker Bell and her friends by entering a world inspired by the new animated film *Tinker Bell*. Long before Peter Pan and the Lost Boys soared into Never Land, the world's most beloved fairy and her friends were creating their own special magic in Pixie Hollow. Tinker Bell and her friends recently opened the doors to this all-new attraction that gives Guests a chance to meet the fairies as well as explore the wondrous mysteries of nature.



Unparalleled Guest service is always on the menu at Disney parks.



Lasting memories and bright smiles make every trip to a Disney park a special occasion.



The Broadway-caliber Toy Story: The Musical charms Guests young and old on board the Disney Wonder.

At Disneyland Resort Paris, which recently celebrated its 15th anniversary, Guests can now plunge faster than the speed of gravity into *The Twilight Zone Tower of Terror*™. One of Disney's most popular attractions worldwide, the heart-pounding thrill of the *Tower* leaves Guests feeling as though they are *Twilight Zone* survivors, enveloped by the thrills, advanced audio technology and visual effects that only the genius of Walt Disney Imagineering can produce.



At Hong Kong Disneyland Resort, a unique version of the beloved attraction *it's a small world* marked another historic milestone in the resort's young history. In a wonderful story of peace, hope and friendship, Disney character dolls and local geographic elements combine to offer an unparalleled experience.

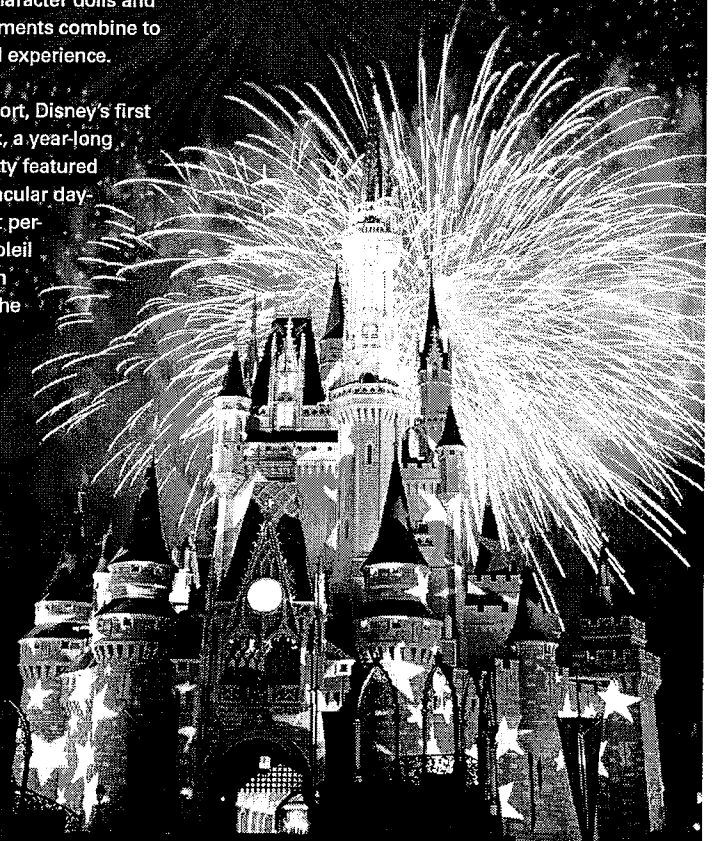
At Tokyo Disney Resort, Disney's first overseas theme park, a year-long 25th anniversary party featured the debut of a spectacular day-time parade, the first permanent Cirque du Soleil theater outside North America, as well as the opening of the Tokyo

A unique new version of it's a small world opened at Hong Kong Disneyland Resort, and new elements and character dolls give this timeless story of peace and hope new resonance.

Disneyland Hotel, which is inspired by classic Victorian design and is the largest of the resort's three Disney-branded hotels.

Disney delights don't stop there. At our parks around the world, first-class entertainment comes alive in a high-energy fashion that is unmistakably Disney. Guest-pleasing shows include *Pixar Play Parade* with many favorite Disney-Pixar characters and *High School Musical 3: Senior Year* — a celebration of song, dance and color inspired by the hit Disney movie.

At Disney Parks and Resorts, travel is also part of the entertainment equation, and Disney Vacation Club, Disney Cruise Line and Adventures by Disney guided vacations provide families with memory-making experiences in between visits to their favorite Disney theme parks. Woven throughout these experiences, as a constant and powerful force, is Disney's legendary Guest service. Disney Cast Members don't just represent Disney ideals, they live them and dedicate





Disney Cruise Line offers the best in family travel on board the Disney Magic and Disney Wonder. Two new ships will join the fleet in 2011 and 2012.

themselves to customizing and personalizing each Guest visit at every destination.

In an era of unprecedented growth for Disney Vacation Club, four vacation ownership properties are set to open in 2009: The Treehouse Villas at Saratoga Springs Resort & Spa, Bay Lake Tower at Disney's Contemporary Resort and Disney's Animal Kingdom Villas, all at Walt Disney World Resort, plus the Villas at Disney's Grand Californian Hotel & Spa at Disneyland Resort.

Nestled in natural forest glens around the riverbend from the bustling Downtown Disney area, The Treehouse Villas at Saratoga Springs consist of three-bedroom homes, elevated 10 feet off the ground on pedestals and beams designed to blend into the forest environment. Bay Lake Tower builds on the popularity of Disney's Contemporary Resort and sports a rooftop lounge inspired by the original resort's A-frame architecture. Disney's Animal Kingdom Villas feature sweeping views of an expanded savannah inhabited by a variety of African animals. At Disneyland Resort, more than 50 two-bedroom-equivalent villas mark the California debut of Disney Vacation Club. The expansion reflects the same California Craftsman architecture of the resort's flagship hotel, Disney's Grand Californian. And on the island of Oahu, development of Disney's

first mixed-use destination resort in Hawaii continues. Located at the Ko Olina Resort & Marina, this new family-friendly destination will overlook breath-taking crystal blue lagoons with white sand beaches and is planned to include 350 hotel rooms and 480 Disney Vacation Club villas when it opens in 2011.

Disney Cruise Line continues to be awarded top honors in the cruise industry, most recently being recognized in *Travel and Leisure* magazine's 2008 World's Best awards. Next summer, Disney Cruise Line will return to the Mediterranean, and for the first time ever, add a 12-night Northern Europe Capitals itinerary, which includes stops in such fabled ports as Oslo, Copenhagen, Stockholm and St. Petersburg. As part of a new agreement with Port Canaveral, our port facility will also be expanded to provide Guests an even more seamless transition from land to sea.

Adventures by Disney continues to make great strides toward broadening its global footprint. Eight new family vacation destinations will debut in 2009, bringing Guests to some of the most exotic locations in the world, including Africa, Alaska, the Swiss Alps, Ecuador and the Galapagos Islands. Adventures by Disney creates unforgettable moments, signature adventures and

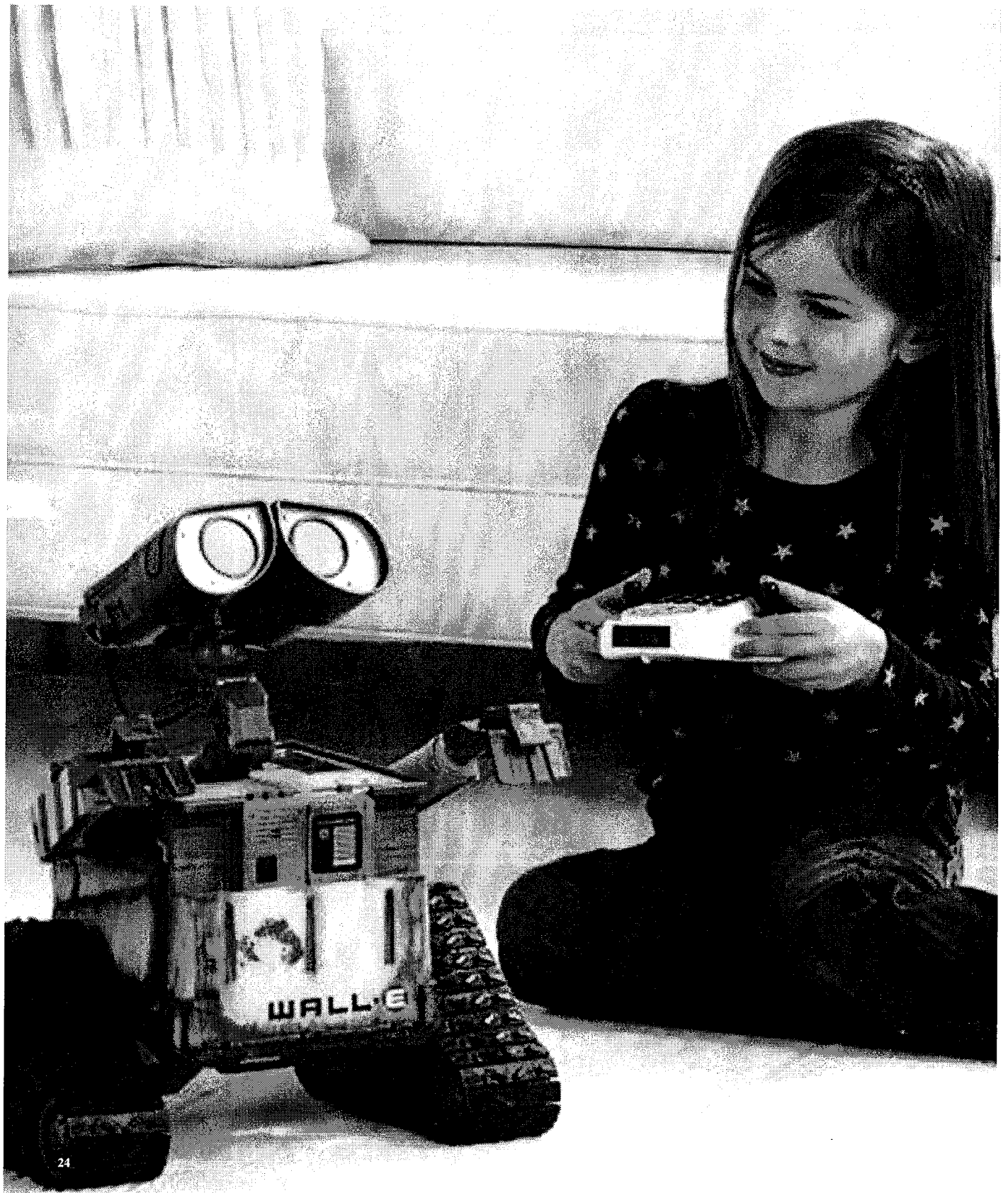
unique itineraries specifically designed for families with children. Specially trained adventure guides, along with local experts, invite vacationing adventurers to see, hear, touch and taste the history and cultures of global destinations.

In the coming years, Disney Parks and Resorts will continue to expand its expertise and leverage the Disney brand to explore and discover new sites within the worldwide travel market.

The success Disney Parks and Resorts achieved in 2008 is a shining example of how its commitment to excellence, innovation and unsurpassed service transports Guests beyond the boundaries of their daily routines and into Disney's worlds of magic and wonder. Going forward, new products and services aimed at today's consumers will team with the timeless, idyllic family vacations on which we have built our reputation, making our business more vibrant, compelling and diversified than ever before.



Adventures by Disney itineraries take families to exotic locations around the world — including Africa, the Swiss Alps and the Galapagos Islands — for unparalleled guided adventure experiences.





CONSUMER
PRODUCTS

Disney Consumer Products uses the latest technologies to bring beloved Disney characters to life in exciting new ways.

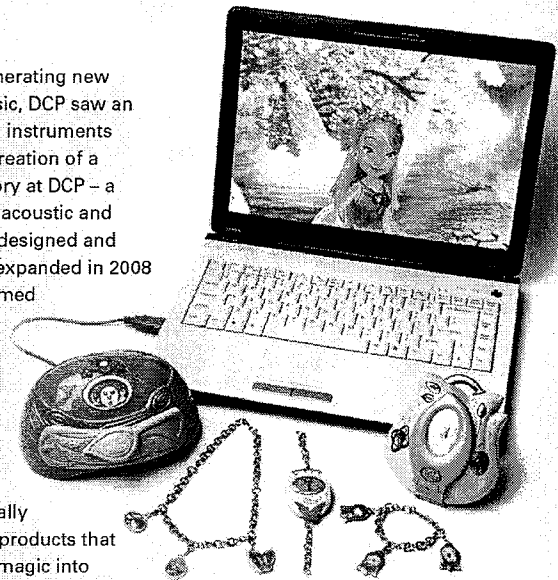
Disney Consumer Products (DCP) charted new territory in 2008 with a host of innovative products, including Disney's first robotics toys, first Internet-connected toy line, first bilingual magazine and first English-language learning center. Momentum continued with growth in DCP's nutritionally focused food licensing business and worldwide expansion of its apparel and home furnishings lines.

As the world's leading licensor, DCP develops Disney entertainment franchises into 365-days-a-year product opportunities at retailers worldwide. This is evidenced by the explosive success of tween merchandise programs inspired by Disney Channel's *High School Musical*, *Hannah Montana* and *Camp Rock*. More than 33 million books relating to the *High School Musical* and *Hannah Montana* franchises have sold to date worldwide. DCP is also at work on fresh opportunities presented by the Jonas Brothers series launching on Disney Channel in 2009.

The success of Camp Rock continues to inspire an array of products that helps make tween dreams come true.

With tween franchises generating new trends in the world of music, DCP saw an opportunity in the musical instruments market, which led to the creation of a brand-new product category at DCP – a line of professional-grade acoustic and electric guitars especially designed and sized for tweens. The line expanded in 2008 to include *Camp Rock*-themed guitars.

Disney Princess continues to thrive across the Company's businesses. This evergreen animated franchise continues to connect with girls universally through an assortment of products that sprinkles Disney Princess magic into everyday activities – from waking up in a royal Princess bed to using a Princess toothbrush at night-time. In 2008, DCP introduced an array of *Sleeping Beauty* merchandise at retailers to complement the Platinum Edition DVD release of the classic 1959 film. Currently, Disney Princess ranks as the No. 1 Disney franchise in Latin America, with significant momentum in Russia, China and India.



Innovative product lines like Disney Fairies powered by Clickables™ connect toys to the Internet in ways that help enrich children's play.

In 2009, the Disney Princess brand will celebrate its 10th anniversary. DCP's licensees will create special product assortments leveraging Disney's first princess fairy tale, *Snow White and the Seven Dwarfs*, in support of the Platinum Edition DVD release that fall, and the



newest fairy tale to join the Disney Princess legacy, *The Princess and the Frog*, which releases theatrically during holiday 2009.

The Disney Fairies franchise, launched just three years ago with a book from Disney Publishing Worldwide, soared to new heights in 2008, with millions of Disney Fairies toys, apparel, room décor, books and magazines sold. New product introductions included a flying Tinker Bell robot, a line of nutritional snacks, a best-selling series of chapter books and the first Disney Fairies-themed Nintendo DS™ video game.

Just as Disney Princess fantasy role-play and Disney Fairies make-believe fulfill the dreams of girls young and old, playing with cars is a timeless and enduring play pattern for boys. Add to that formula powerful storytelling and timeless characters and it's no wonder why Disney•Pixar's *Cars* has become one of the fastest-growing animated franchises at Disney, with more than 100 million die-cast toy cars and 25 million books being sold at retail establishments throughout the world. Other popular *Cars* products include a flat-panel LCD television and an assortment of LED light-up products, including apparel, bedding and party supplies.

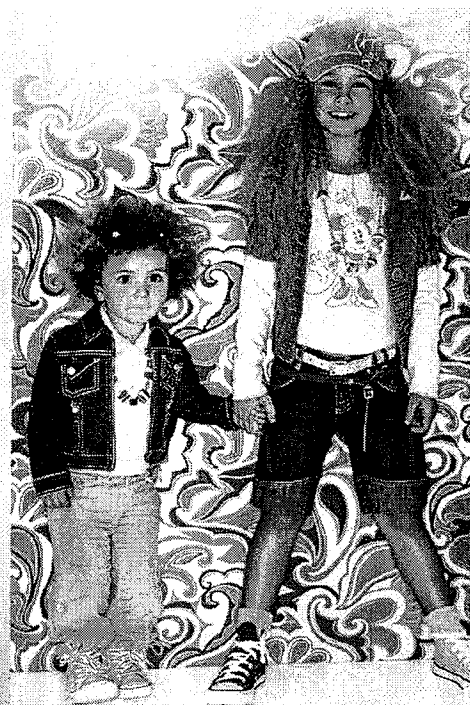
Boys were also captivated by Disney•Pixar's *WALL•E* and its lovable characters. The movie inspired DCP's first robotics toy line and challenged the electronics team to develop a product that is, like the film, both endearing and innovative. The Ultimate *WALL•E* robot features 10 motors, giving it a high level of movement and animation. With voice activation and a follow-me mode, Ultimate *WALL•E* can follow the sound of a human voice and detect

someone entering a room. Ultimate *WALL•E* is also MP3 compatible and features built-in speakers.

DCP and its licensees will be put to the test to create additional innovative products for the theatrical re-releases of *Toy Story* and *Toy Story 2*, as well as the theatrical releases of *Toy Story 3*, *G-Force* and *Prince of Persia*.

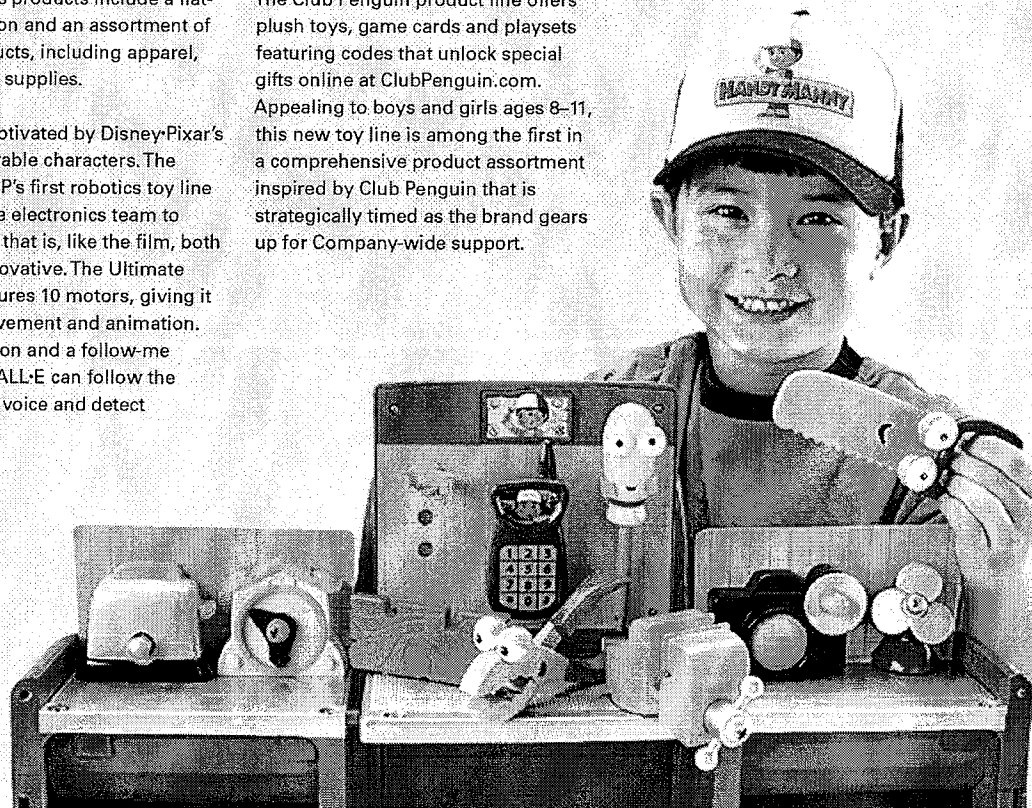
Innovative product is proving more and more evident in the realm of virtual worlds and Internet-connected play. DCP raised the bar in 2008 by entering the Internet-connected toy market with the introduction of two new product lines: Disney Fairies powered by Clickables™ and an assortment of Club Penguin toys. This collaboration between DCP and Disney Interactive Media Group delivered toy lines that bridge the gap between online and offline worlds at the new Disney Fairies virtual world *PixieHollow.com* and at *ClubPenguin.com*, respectively.


The Club Penguin product line offers plush toys, game cards and playsets featuring codes that unlock special gifts online at *ClubPenguin.com*. Appealing to boys and girls ages 8-11, this new toy line is among the first in a comprehensive product assortment inspired by Club Penguin that is strategically timed as the brand gears up for Company-wide support.



Disney fashions are enjoyed globally by all ages

DCP added to its preschool segment by launching its first assortment of products inspired by the popular Disney Channel Playhouse Disney series Handy Manny.





The preschool segment continues to flourish at DCP with the first assortment of products inspired by Disney Channel's Playhouse Disney series *Handy Manny*, *Little Einsteins*, *Mickey Mouse Clubhouse* and *My Friends Tigger & Pooh* hitting retail in fall 2008.

Among notable products is the award-winning Disney Pix Jr. digital camera especially designed for preschool-age kids and the Handy Manny Fix-It Right Transforming Tool Truck, which transforms Handy Manny's truck into his fun-filled tool bench and delivers bilingual phrases (Spanish/English), sound effects and role-play fix-it jobs.

DCP has a keen focus on the infant market and has identified opportunities to significantly grow the market share that Disney-branded products hold in that segment. In 2008, DCP created an entirely new line of business within its organizational structure to focus on the infant segment, with a team of talented product, creative, marketing and operations experts whose single focus is the infant category. Beginning in 2009, all Disney infant products will fall under two umbrella brands: Disney Baby, celebrating key first moments in an infant's life, and Disney Baby Einstein, the leading brand among infant developmental media products, which celebrated its 10 year anniversary in 2008.

DCP has also grown internationally, expanding Disney's brand presence and building upon key initiatives. In China, DCP has expanded retail distribution channels and the reach of key product lines. Points of retail distribution for Disney product, including branded in-store corners, have surpassed 5,000. A new store format, Disney Home, opened in Shanghai, showcasing stunning displays of licensed product in Disney-themed kids' rooms.

In October 2008, Disney Publishing Worldwide (DPW) opened its first English-language learning center in Shanghai, China, setting new benchmarks in English-language learning. Named Disney English, the center instructs kids 2-10 in English as a second language using a curriculum developed in the U.S. and vetted by educational and child experts incorporating beloved Disney characters.

DPW also expanded its imprint with the launch of four new magazines: *Disney en Familia*, a new Spanish-language publication sent to more than 350,000 of Disney's most loyal Latino customers in the U.S.; *High School Musical the Official Magazine* reached 15 million tweens in 30 countries; *Playhouse Disney* magazine launched in 25 countries; and *The World*

The Cinderella wedding gown from Kirstie Kelly for Disney's Fairy Tale Weddings captures the romantic essence of the story of one of Disney's most beloved heroines.