



Disney Baby Einstein, the leader in infant developmental products, celebrated its 10 year anniversary in 2008.

of Cars brought joy to children in over 30 countries. The award-winning U.S. parenting magazines *FamilyFun* and *Wondertime* continued strong, with *Wondertime* celebrating its first international edition launch in Australia.

DCP's food, health and beauty business is also on track to expand abroad, with the food category offering a great balance of better-for-you products. Since its 2006 launch, DCP's licensees have sold 400

million servings of fresh produce, and have also grown in staple categories such as bread, pasta, meat, nutritious snacks and frozen foods across the U.S., Europe, Latin America and Japan. In India, DCP recently collaborated with Maneesh Pharmaceuticals, one of India's fastest-growing pharmaceutical companies, to introduce a Disney Baby personal care range. The products will be distributed at more than 400,000 retail outlets across India.

In North America, DCP took ownership of the Disney Stores retail chain. A new store prototype is planned for late 2009. The new store design will be a multi-sensory experience for guests, incorporating state-of-the-art technology to deliver innovative storytelling guest experiences. Disney Stores will focus on kids 2-12 years old and on high-quality merchandise that showcases distinctive Disney product.

DCP also made some recent strides in the world of fashion and fine living, garnering Disney its third consecutive ranking among *Women's Wear Daily's* 100 most recognized fashion brands. Disney Couture, the fashion-forward label featuring vintage Disney characters adored by fashionistas and celebrities alike, launched in the United Kingdom. Meanwhile, the Walt Disney Signature line of home furnishings, inspired by the art and style of Walt Disney himself, expanded to the United Kingdom and Australia and added categories in the U.S., including a fine stationery collection with Crane & Co. as well as lighting, rugs and wall art.

Launched in 2008 in Shanghai, the Disney English learning center uses timeless Disney stories and characters to teach English as a second language to kids 2-10.



MEDIA NETWORKS BROADCASTING





ABC's Lost was named one of TIME magazine's 100 Best TV Shows of All Time.

Disney Media Networks includes the Company's broadcasting assets and cable networks, which deliver entertainment and news programming across a growing variety of distribution technologies, including broadcast, cable, satellite, Internet, broadband and wireless.

The ABC Television Network continued to strengthen its brand during the 2007-08 season, delivering the best in daytime drama, journalism, primetime entertainment and late-night laughs across all platforms.

For the 11th straight year, ABC Daytime was No. 1 in daytime drama among Women 18-49. The network's daytime lineup earned 14 Emmys®, more than any other network. Meanwhile *The View* became an important stop along the political campaign trail, as the co-hosts welcomed Barack and Michelle Obama, Bill and Hillary Clinton and John and Cindy McCain.

ABC News continues to set journalistic standards, winning numerous broadcast journalism awards in 2008. *World News with Charles Gibson* was recognized with both the Polk and Peabody awards for journalistic excellence, while the *Good Morning America* team of Diane Sawyer, Robin Roberts, Chris Cuomo and Sam Champion earned a Daytime Emmy®. The ABC News team also captured a total of eight Edward R. Murrow Awards, including the Overall Excellence award, honoring the work of the entire news division. For the historic 2008 presidential election, ABC News devoted more primetime hours to covering the campaigns than any other broadcast network, and online political coverage drew record traffic to ABCNews.com. On the night of the presidential election, more Americans - 13.23 million-watched ABC News than any other network in primetime.

ABC Entertainment continued to lead among the primetime audiences

advertisers prize most, finishing the 2007-08 season as the No. 1 network among upscale entertainment audiences. ABC's primetime performance was driven by strong returning programming, including scripted series *Lost*, *Desperate Housewives* and *Grey's Anatomy* and reality hits *Extreme Makeover: Home Edition* and *Dancing with the Stars*, as well as the sophomore drama *Brothers & Sisters* and the Golden Globe®-winning, Emmy®-nominated breakout comedy hit *Ugly Betty*.

ABC entered the 2008-09 season from a position of stability, bringing back nearly all of the prior season's programming. Nine weeks into the 2008-09 season, ABC ranked as the No. 1 network in key demos, including the industry's sales currency of Adults 18-49 Commercial Ratings. Over that same period of time, the network also aired the top two TV shows in Adults 18-49, *Grey's Anatomy* and *Desperate*

Desperate Housewives continues to dominate Sunday nights in the U.S., while several local versions are in production in Latin America.

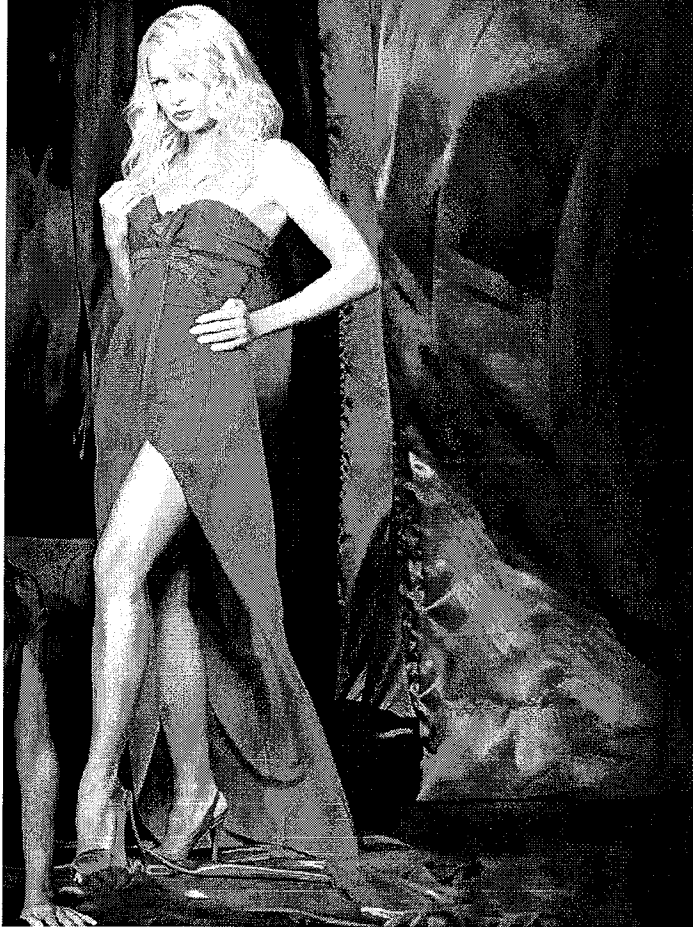


Housewives, while maintaining its overall leadership among upscale audiences for the fourth consecutive year.

In addition to drawing crowds on television, ABC continues to command a large following online and on other platforms. To date, ABC.com's Emmy Award®-winning full-episode player has delivered more than 450 million episodes of the network's shows to online viewers. Network shows were also available to wireless phone users and offered on both subscription and ad-supported video-on-demand services.

The ABC Owned Television Station Group, carrying network and syndicated programming and locally produced content to 10 major markets, continues to outperform the competition. Eight of the 10 ABC-owned stations – WABC-TV in New York, KABC-TV in Los Angeles, WLS-TV in Chicago, WPVI-TV in Philadelphia, KGO-TV in San Francisco, KTRK-TV in Houston, WTVD-TV in Raleigh-Durham, KFSN-TV in Fresno, WJRT-TV in Flint and WTVG-TV in Toledo – ranked No. 1 in their markets during the major ratings sweeps for the 2007–08 season.

ABC-owned stations average 1,600 hours of local news in each market per year, with eight stations producing news and other programs in high definition. Each station operates three



Ugly Betty attracted Golden Globe® and Emmy® nominations as well as viewers.



Samantha Who? delivered a comedy hit for ABC.



ABC's hit family drama, *Brothers & Sisters*, is produced by ABC Studios.



The View became an important campaign stop for presidential candidates.

digital channels, simulcasting the station's programming in HD, offering local and network news and delivering local and regional weather reports (powered by AccuWeather) along with headlines from news and sports. Every ABC-owned station also offers news, weather and sports on ad-supported mobile video and text services. Collectively, the stations' 10 local Web sites reach more than six million unique users and generate more than 44 million page views every month.

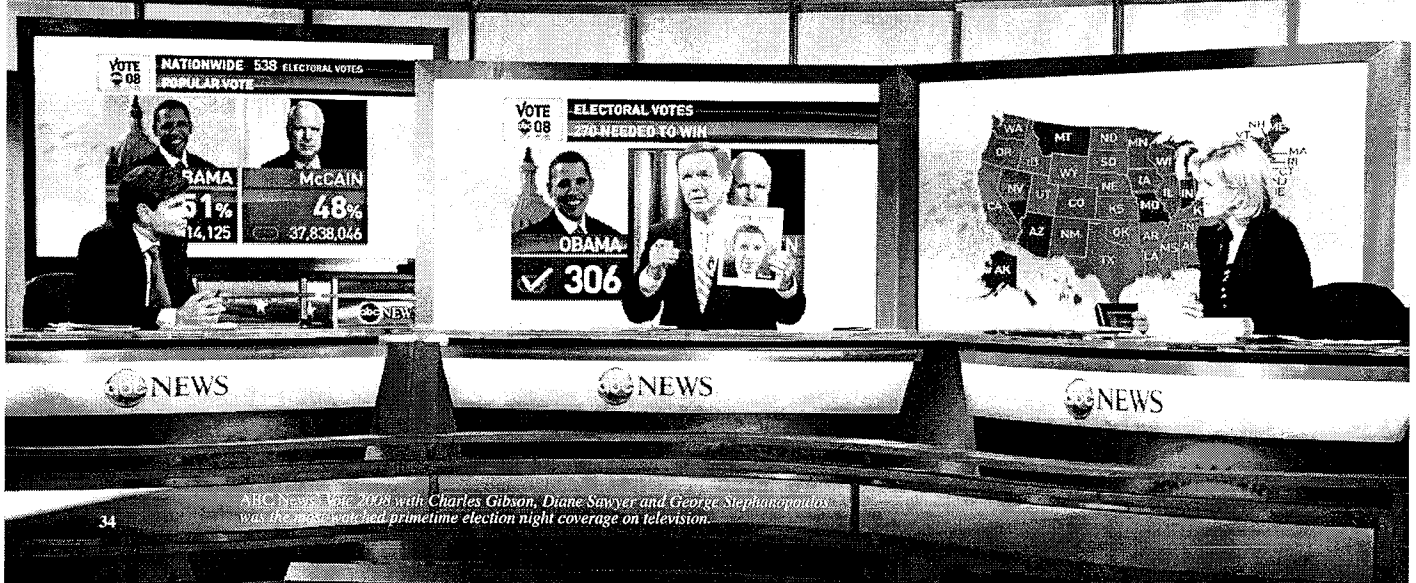
The success of ABC and its owned stations is driven by high-quality creative content, with much of that content produced by the Company's in-house television studio.

ABC Studios develops and produces programming for network, cable, Web, video-on-demand, mobile and broadband platforms for the Company and other outlets. In 2008, the studio produced more than 25 series for broadcast and cable networks, including ABC, NBC, CBS, ABC Family, Lifetime, CW, FX and TNT. The studio produces the biggest hits on ABC, including the No. 1 new comedy of the 2007-08 season, *Samantha Who?*, and has delivered the No. 1 scripted series on television for each of the last four years. ABC Studios' contribution to ABC's 2008-09 primetime performance includes *Desperate Housewives*, *Grey's Anatomy*, *Brothers & Sisters*, *Ugly Betty*

and *Lost*. The studio also produces *Army Wives*, which continues to be the most successful series in the history of Lifetime Television, and *Raising the Bar* for TNT, which delivered the most-watched series debut in the history of ad-supported cable networks.

Buena Vista Productions (BVP) develops and produces non-scripted original programming for syndication, cable and primetime outlets. The studio is currently developing several non-scripted projects for SOAPnet and producing series for other networks, including *Cha\$e* for SciFi and *Stringers* for truTV. BVP also oversees the production of *Who Wants to Be a Millionaire*, with Emmy® Award-winning host Meredith Vieira, as well as the film review show *At The Movies*.

The content produced by ABC's in-house studios opens doors to new media opportunities, creates new opportunities for broadcasters around the world and delivers new sources of revenue to the Company. Through ABC's international distribution arm, content produced by ABC Studios has been sold as part of more than 50 new media deals around the world, while local versions of *Desperate Housewives* are in production for audiences in Argentina, Colombia, Ecuador, Brazil and the U.S. Hispanic market. These regional versions





Currently in its 21st season in national syndication, Regis Philbin and Kelly Ripa host top-rated daytime talk show *Live with Regis and Kelly*.

are also distributed to Mexico, Venezuela and Panama. Local versions of ABC Studios' hits *Grey's Anatomy* and *Brothers & Sisters* will soon begin production in Colombia, expanding the brands and creating more long-term value.

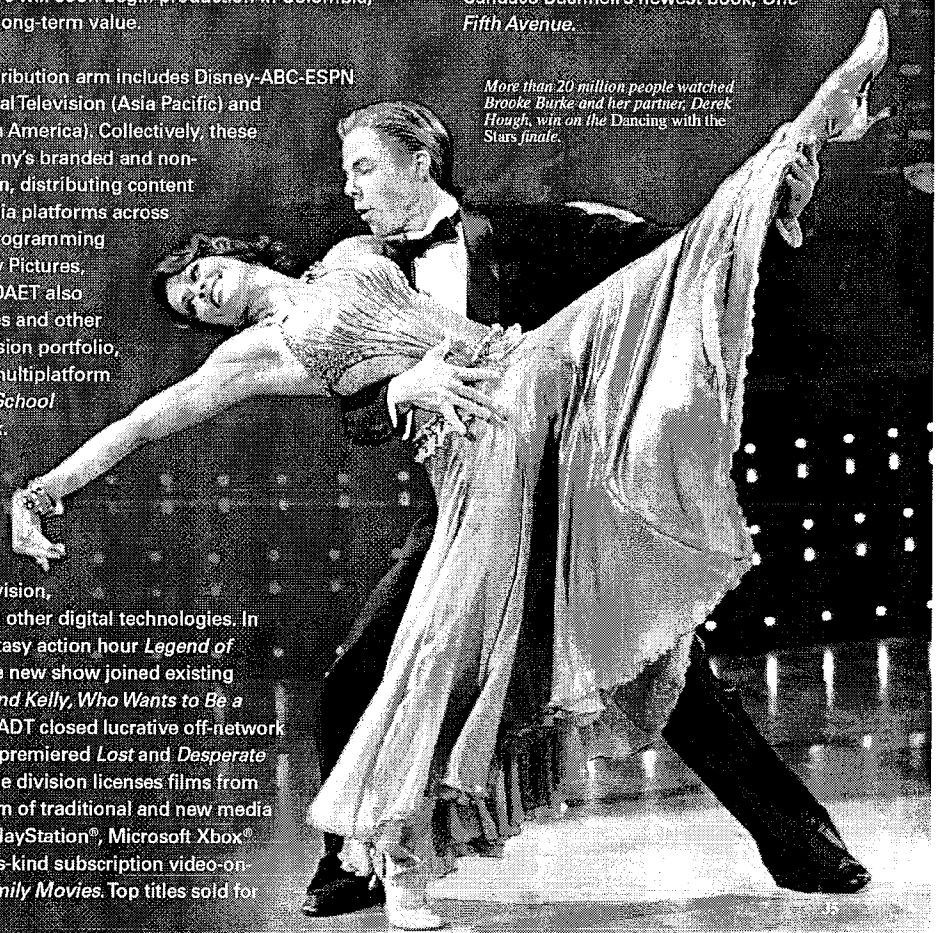
Disney Media Networks' international distribution arm includes Disney-ABC-ESPN Television (DAET), Disney-ABC International Television (Asia Pacific) and Disney Media Networks Distribution (Latin America). Collectively, these businesses are responsible for the Company's branded and non-branded international program distribution, distributing content to television broadcasters and digital media platforms across 240 territories worldwide, and licensing programming from ABC Studios, ABC News, Walt Disney Pictures, Touchstone Pictures and Miramax Films. DAET also distributes Disney Channel Original Movies and other properties from the Company's kids television portfolio, lending strong support to the successful multiplatform roll-out of key franchises, including *High School Musical*, *Hannah Montana* and *Camp Rock*.

Disney-ABC Domestic Television (DADT) is a major distributor of television programming and motion pictures to a wide array of media platforms, including broadcast television, basic cable, pay television, video-on-demand, mobile, broadband and other digital technologies. In 2008, DADT unveiled the first-run epic fantasy action hour *Legend of the Seeker* (produced by ABC Studios). The new show joined existing first-run franchise series *Live with Regis and Kelly*, *Who Wants to Be a Millionaire* and *At the Movies*. This year, DADT closed lucrative off-network deals for *Wife Swap* and *Supernanny* and premiered *Lost* and *Desperate Housewives* into broadcast syndication. The division licenses films from The Walt Disney Studios to a wide spectrum of traditional and new media platforms such as Apple's iTunes, Sony's PlayStation®, Microsoft Xbox® and TiVo®. DADT also launched a first-of-its-kind subscription video-on-demand entertainment service, *Disney Family Movies*. Top titles sold for

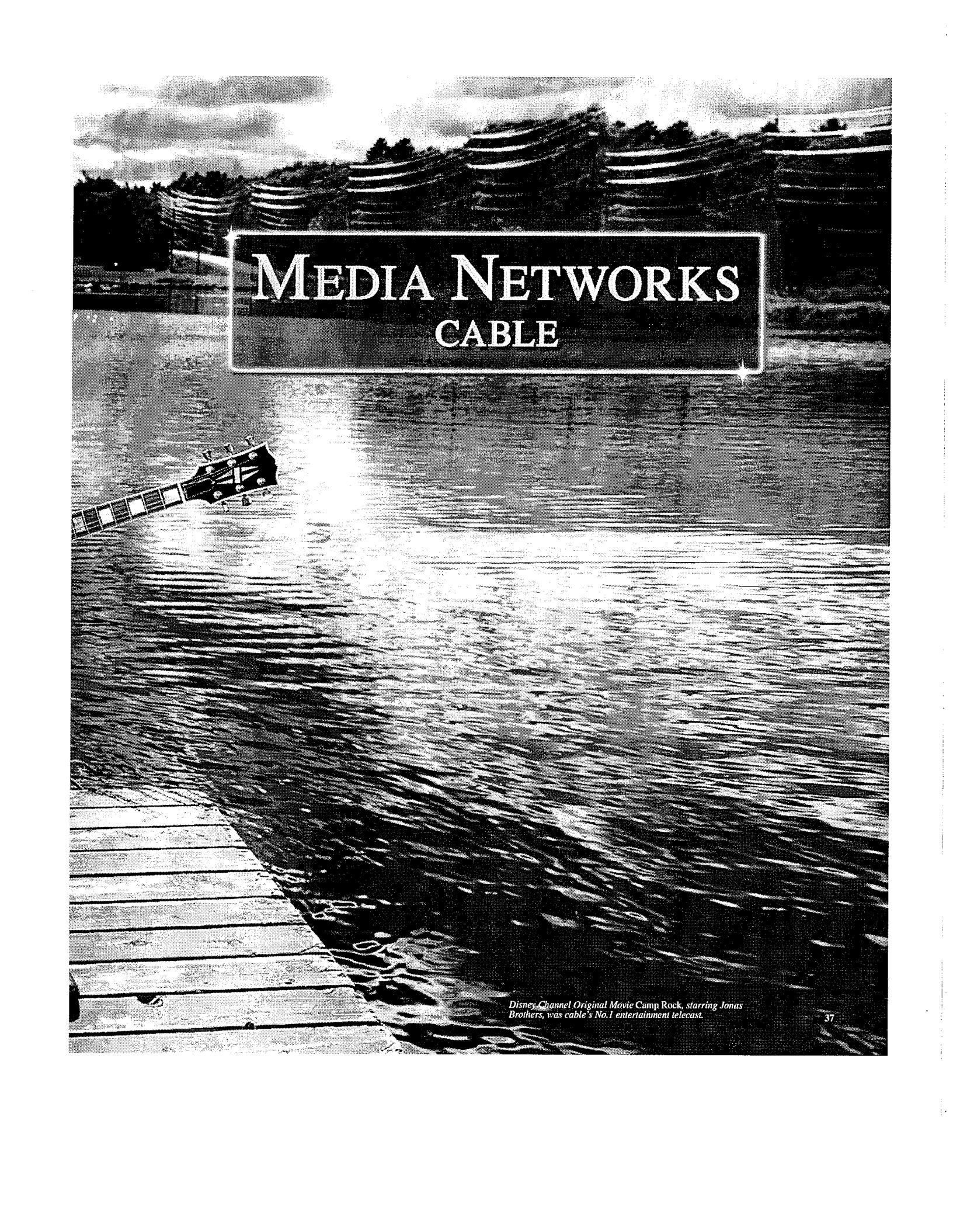
broadcast this year include *The Chronicles of Narnia: Prince Caspian*, *National Treasure: Book of Secrets*, *Enchanted* and *No Country for Old Men*.

Disney Media Networks' publishing group also had a strong showing in 2008. Hyperion published a number of national best sellers, including *Just Who Will You Be?* by Maria Shriver, and Julie Andrews' biography, *Home*. Hyperion also published *The Last Lecture* by Randy Pausch. With 34 weeks on *The New York Times* Best Seller list, more than 4 million copies of the book are in print, available in 40 languages around the world. Hyperion's newest imprint, Voice, was a hit with women readers in 2008. Its national bestsellers last year included *The Middle Place* by Kelly Corrigan and Lauren Groff's *The Monsters of Templeton*. In September, Voice released another best-seller, Candace Bushnell's newest book, *One Fifth Avenue*.

More than 20 million people watched Brooke Burke and her partner, Derek Hough, win on the *Dancing with the Stars* finale.

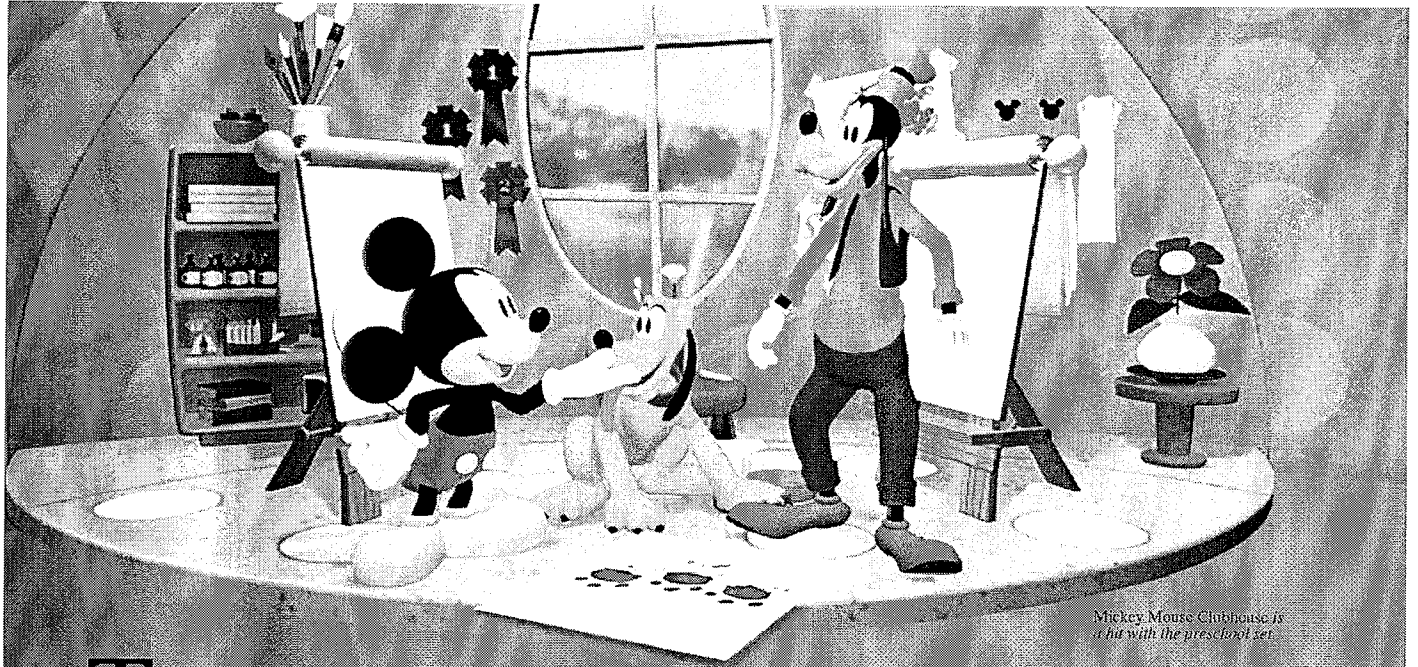






MEDIA NETWORKS CABLE

Disney Channel Original Movie Camp Rock, starring Jonas Brothers, was cable's No. 1 entertainment telecast.



Mickey Mouse Clubhouse is a hit with the preschool set.

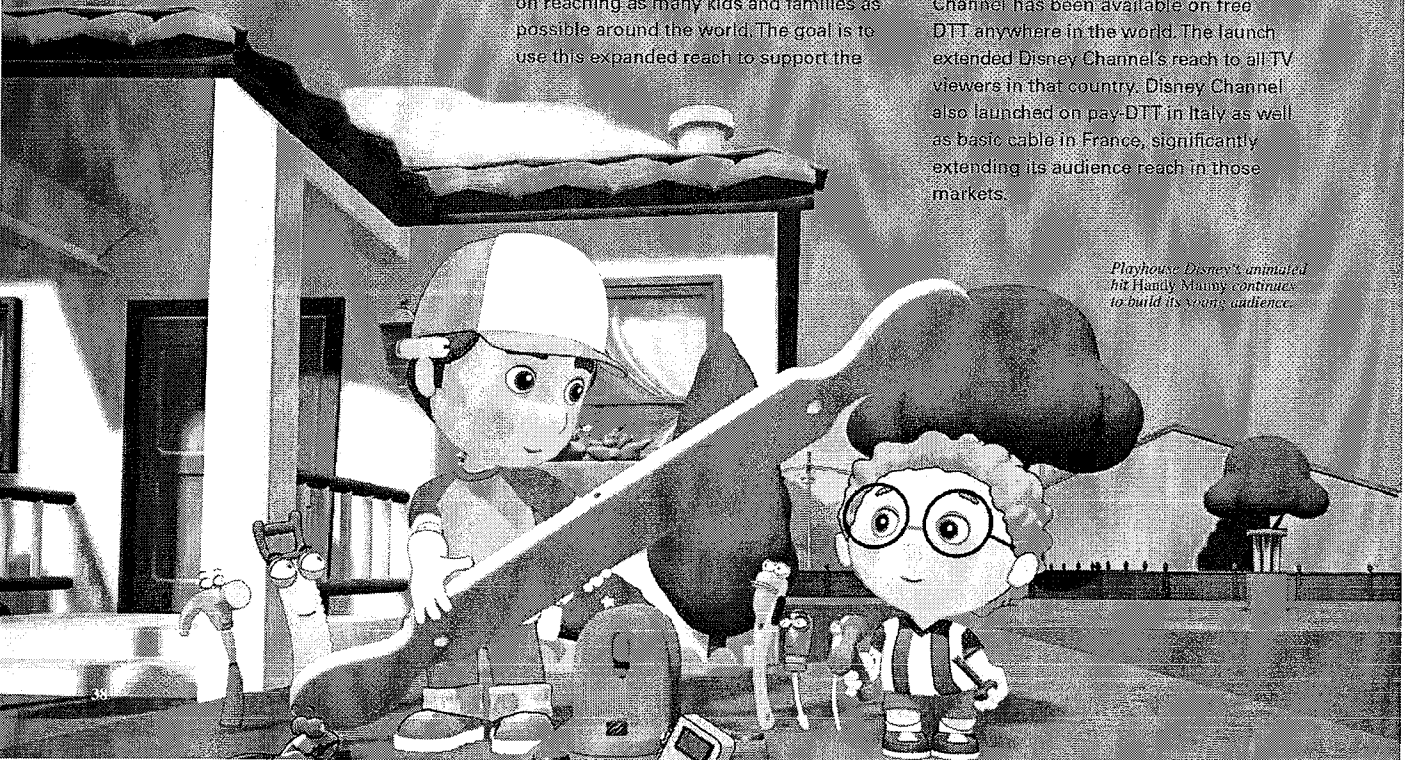
The Cable Networks Group provides a strong foundation for franchise building across the Company as well as unique opportunities for exploiting international expansion and digital media opportunities. The Group includes the Disney Channels Worldwide portfolio of kids channels, ABC Family, SOAPnet and

Jetix, as well as the Company's equity stake in Lifetime Entertainment Services and A&E Television Networks. Combined, these assets reach the full spectrum of audiences from preschoolers to adults.

Disney Channels Worldwide has an aggressive distribution strategy focused on reaching as many kids and families as possible around the world. The goal is to use this expanded reach to support the

Disney brand, build existing franchises and launch new TV-based franchises that the entire Company can leverage.

As part of that ongoing strategy, Disney Channel Spain launched on free ad-supported Digital Terrestrial TV (DTT) in July 2008, marking the first time Disney Channel has been available on free DTT anywhere in the world. The launch extended Disney Channel's reach to all TV viewers in that country. Disney Channel also launched on pay-DTT in Italy as well as basic cable in France, significantly extending its audience reach in those markets.



Playhouse Disney's animated hit Handy Manny continues to build its young audience.