

FOR IMMEDIATE RELEASE

May 3, 2000

**THE WALT DISNEY COMPANY REPORTS HIGHER
EARNINGS FOR THE QUARTER AND SIX MONTHS ENDED
MARCH 31, 2000**

BURBANK, Calif. – The Walt Disney Company today reported increased earnings for Disney, as well as the consolidated Company, for the quarter and six months ended March 31, 2000.

DISNEY RESULTS

Disney revenues for the quarter increased 14% to \$6.2 billion and operating income increased 13% to \$844 million on a pro forma basis. Net income increased 31% to \$369 million and diluted earnings per share increased 38% to \$0.18, excluding the retained interest in GO.com. Net income and earnings per share were \$316 million and \$0.15, respectively, including the retained interest in GO.com, adjusted to exclude amortization of intangible assets (\$168 million). Net income and earnings per share were \$161 million and \$0.08, respectively, including GO.com amortization of intangible assets.

Disney revenues for the six months increased 9% to \$13.0 billion and operating income increased 10% to \$2.0 billion on a pro forma basis. Net

income increased 16% to \$884 million and diluted earnings per share increased 14% to \$0.42, excluding the retained interest in GO.com. Net income and earnings per share were \$798 million and \$0.38, respectively, including the retained interest in GO.com, adjusted to exclude amortization of intangible assets (\$336 million). Net income and earnings per share were \$482 million and \$0.23, respectively, including GO.com amortization of intangible assets.

“I am encouraged by the strength of our second quarter results, driven principally by our Media Networks,” said Michael Eisner, chairman and CEO of The Walt Disney Company. “As we have said in the past, our company is ultimately driven by the quality and strength of our content. The continued success of *Who Wants to Be a Millionaire* and our ongoing Millennium Celebration at Walt Disney World are two current examples of this fact. At the same time, we have not lost our focus on returning our Studios and Consumer Products units to the healthy growth they enjoyed during most of the past decade. During the quarter, new management was put in place that I believe will help accelerate the turnaround in these two areas. In addition, we continue to focus on making our businesses more cost and capital efficient and we are on track to achieve our previously announced target of \$500 million in annual cost savings by fiscal 2001. In the meantime, I am pleased to report to our shareholders the solid earnings of our company as a whole.”

Basis of Presentation

To enhance comparability, the Company has presented operating results for the current six months and prior-year periods on a pro forma

basis, which assumes that the acquisition of the remaining interest in Infoseek and subsequent creation of GO.com and the disposition of Fairchild Publications occurred at the beginning of fiscal 1999. Unless otherwise indicated, the following discussion reflects pro forma results.

Media Networks

Media Networks revenues for the quarter increased 30% to \$2.4 billion, and operating income was \$537 million, an increase of 48%. For the six months, revenues increased 24% to \$5.1 billion, and operating income was \$1.2 billion, an increase of 60%.

Broadcasting results for the quarter and six months were driven by increases at the ABC television network and the Company's owned television stations due to a strong advertising market, the continued success of primetime and *Who Wants to Be a Millionaire*, and higher overall ratings on network programming. Additionally, the strong advertising market resulted in growth at the radio networks and stations. These increases were partially offset by higher sports programming costs, as well as increased costs associated with a higher volume of network production.

The six months also benefited from increases in the news division, driven by improved ratings for *Good Morning America*.

Disney's share of operating income from cable television activities, which consists of Disney's cable networks and cable equity investments, increased 34% to \$325 million for the quarter and 32% to \$641 million for the six months.

Cable television results for the quarter and six months were driven by growth at the cable networks, reflecting increased advertising revenues,

driven by a strong advertising market and higher affiliate revenue, reflecting contractual rate adjustments and subscriber growth. In addition, increases from cable equity investments, including Lifetime Television, The History Channel and A&E Television, contributed to improved results. These increases were partially offset by higher programming costs at ESPN, principally due to increased sports rights fees, and by start-up costs associated with the January launch of SoapNet as well as various international Disney Channels.

Theme Parks and Resorts

Theme Parks and Resorts posted record operating results for the quarter and six months. Revenues for the quarter increased 11% to \$1.6 billion and operating income grew 6% to \$330 million. For the six months, revenues increased 10% to \$3.1 billion and operating income grew 6% to \$693 million.

Theme Parks and Resorts results for the quarter and six months benefited from increased guest spending and record theme park attendance at Walt Disney World, improvements at Disney Cruise Line and higher guest spending at Disneyland, partially offset by increased costs at Walt Disney World. Increased guest spending and record theme park attendance, as well as increased costs at Walt Disney World were driven by the ongoing Millennium Celebration. Disney Cruise Line results reflected the operations of both cruise ships, the Disney Magic and the Disney Wonder, compared to that of just the Disney Magic in the prior year. At Disneyland, 45th Anniversary Celebration merchandise sales and

enhanced merchandise and food and beverage offerings throughout the park contributed to higher guest spending.

In addition, Theme Parks and Resorts results for the six months benefited from growth in occupied room nights at Walt Disney World, reflecting the opening of the All Star Movies Resort in the second quarter of the prior year.

Studio Entertainment

Revenues for the quarter increased 4% to \$1.7 billion while operating income decreased 97% to \$3 million. Revenues for the six months decreased 3% to \$3.3 billion and operating income decreased 89% to \$26 million.

Studio Entertainment results for the quarter were driven primarily by declines in domestic home video and domestic theatrical motion picture distribution, partially offset by improvements in international theatrical motion picture distribution.

In domestic home video, the highly successful release of *Tarzan* on VHS and DVD faced difficult comparisons to the prior year, which included a combination of three successful releases: *Mulan*, *The Waterboy* and *101 Dalmatians*. Declines in domestic theatrical motion picture distribution for the current quarter reflected the performances of *Mission to Mars* and *Cradle Will Rock* compared to that of *A Civil Action* in the prior-year quarter. Improvements in international theatrical motion picture distribution were driven by the success of *Toy Story 2*, *Tarzan* and *The Sixth Sense*.

Studio Entertainment results for the six months were driven primarily by declines in worldwide home video and domestic theatrical motion picture distribution, partially offset by improvements in international theatrical motion picture distribution.

In worldwide home video, the successful release of *Tarzan* on VHS and DVD faced difficult comparisons to the prior year, which included the combination of *Lion King II: Simba's Pride*, *Mulan*, *The Waterboy* and *101 Dalmatians*. In domestic theatrical motion picture distribution, the successful release of *Toy Story 2* was more than offset by disappointing results from *The Insider*, *Bicentennial Man* and *Mission to Mars*. Improvements in international theatrical motion picture distribution were driven primarily by *Tarzan*, *Toy Story 2* and *The Sixth Sense*.

Consumer Products

Revenues for the quarter increased 1% to \$599 million and operating income increased 8% to \$85 million. Revenues for the six months decreased 3% to \$1.5 billion and operating income decreased 21% to \$292 million.

Results for the quarter reflected increases in domestic merchandise licensing, primarily driven by the timing of certain contractual annual minimum guarantee payments, partially offset by continued licensing softness in Europe and lower comparative store sales at the Disney Stores, principally domestically.

Results for the six months reflected declines in worldwide merchandise licensing, principally domestically and in Europe, lower comparative store sales at the Disney Stores, primarily domestically and in Japan, and softer publishing results domestically and in Europe.

Results for the quarter and the six months also reflected improvements at Disney Interactive, primarily driven by the success of the *Who Wants to Be a Millionaire* video game and the *Toy Story 2* action game.

Corporate and Other Activities

Net expense associated with corporate and other activities decreased \$28 million to \$36 million for the quarter and \$56 million to \$29 million for the six months. These improvements were driven by increased income from equity investments, including A&E Television, Lifetime Television and The History Channel.

Net Interest Expense

Net interest expense decreased 29% to \$122 million for the quarter and 6% to \$315 million for the six months, due to gains from the sale of investments in the quarter and lower average debt balances in the current year, partially offset by higher interest rates in the current year.

Retained Interest in GO.com

Net loss related to the retained interest in GO.com, excluding amortization of intangible assets, increased to \$53 million from \$24 million for the quarter and to \$86 million from \$37 million for the six months on a pro forma basis, reflecting increased operating losses at GO.com. Revenues at GO.com for the quarter increased 38% to \$98 million, driven by a 67% increase in Internet revenues, partially offset by a 10% decrease in Direct Marketing revenues. Revenues at GO.com for the six months increased 22% to \$223 million, driven by a 56% increase in Internet revenues, partially offset by a 13% decrease in Direct Marketing revenues. Revenue gains for both the quarter and the six months were more than offset by

higher costs and expenses, which were driven by continued investment in Internet and Direct Marketing operations and infrastructure, combined with higher sales and marketing expenditures. Net loss related to the retained interest in GO.com was \$208 million and \$402 million for the quarter and six months, respectively, including amortization of intangible assets.

As-Reported Results

Revenues, operating income, net income and earnings per share for the quarter were \$6.2 billion, \$844 million, \$161 million and \$0.08, respectively, on an as-reported basis. For the six months, revenues, operating income, net income and earnings per share were \$13.0 billion, \$2.2 billion, \$517 million and \$0.25, respectively. As-reported results for the six months include a pre-tax gain of \$243 million on the sale of Fairchild Publications in the first quarter, discussed more fully below. The sale did not have a material impact on net income, however, as income taxes on the transaction largely offset the pre-tax gain. The as-reported results for the six months related to the retained interest in GO.com include a \$345 million gain on the sale of Starwave Corporation to Infoseek Corporation in the prior-year period.

CONSOLIDATED RESULTS

Consolidated results reflect the operations of Disney, which are discussed in this release, and the operations of GO.com, which were discussed in a separate release issued yesterday.

Compared to prior-year pro forma amounts, revenues for the quarter increased 15% to \$6.3 billion and operating income increased 4% to \$484

million. Excluding amortization of intangible assets, net income increased 17% to \$393 million. Including amortization of intangible assets, net income increased to \$77 million from \$26 million.

On a pro forma basis, revenues for the six months increased 10% to \$13.2 billion and operating income increased 3% to \$1.3 billion. Excluding amortization of intangible assets, net income increased 8% to \$980 million. Including amortization of intangible assets, net income increased 18% to \$323 million. On an as-reported basis, revenues, operating income and net income were \$13.2 billion, \$1.6 billion and \$392 million, respectively.

STOCK REPURCHASES

The Company repurchased 1.2 million Disney shares for approximately \$40 million during the quarter. For the six months the Company has purchased a total of 3.8 million shares for \$115 million. The purchases were effected through open market transactions under the Company's existing stock repurchase program. As of March 31, 2000, the Company was authorized to repurchase approximately 395 million additional Disney shares.

DISNEY AND GO.COM REPORTING

On November 17, 1999, stockholders of The Walt Disney Company and Infoseek Corporation approved the Company's acquisition of the remaining interest in Infoseek Corporation that the Company did not already own.

The acquisition was effected by the creation and issuance of a new class of common stock, called "GO.com" common stock (NYSE:GO), and resulted in the creation of GO.com, which comprises the Company's

Internet businesses as well as its direct marketing operations. Shares of the Company's existing common stock were reclassified as "Disney" common stock (NYSE:DIS), and track the financial performance of the Company's businesses other than GO.com, plus Disney's retained interest of approximately 72% in GO.com.

In addition to reporting consolidated results of operations for The Walt Disney Company, the Company now separately reports operating results, including earnings (loss) per share, for GO.com and Disney.

FORWARD-LOOKING STATEMENTS

Management believes certain statements in this press 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. Actual results may differ materially from those expressed or implied. Such differences may result from actions taken by the Company prior to its fiscal 2000 year end, including further restructuring or strategic initiatives and actions relating to the Company's strategic sourcing initiative, as well as from developments beyond the Company's control, including changes in global economic conditions that may, among other things, affect the international performance of the Company's theatrical and home video releases, television programming and consumer products and, in addition, uncertainties associated with the Internet. Changes in domestic competitive and economic conditions may also affect performance of all significant Company businesses.

Editor's Note: The Company makes available its quarterly earnings releases, annual report to shareholders, fact book and SEC filings on its Investor Relations Web site located at <http://www.disney.go.com/investors>

DISNEY COMBINED STATEMENTS OF INCOME
For the Quarter Ended March 31
(Unaudited; in millions, except per share data)

| | 2000 | 1999 (Pro Forma) | 1999 (As Reported) |
|---|----------------|---------------------|-----------------------|
| Revenues | \$ 6,206 | \$ 5,426 | \$ 5,475 |
| Costs and expenses | (5,251) | (4,576) | (4,615) |
| Amortization of intangible assets | <u>(111)</u> | <u>(106)</u> | <u>(107)</u> |
| Operating income | 844 | 744 | 753 |
| Corporate and other activities | (36) | (64) | (64) |
| Net interest expense | <u>(122)</u> | <u>(171)</u> | <u>(172)</u> |
| Income before income taxes | | | |
| Minority interest and retained interest in GO.com | 686 | 509 | 517 |
| Income taxes | (286) | (207) | (206) |
| Minority interests | <u>(31)</u> | <u>(21)</u> | <u>(21)</u> |
| Income before retained interest in GO.com | 369 | 281 | 290 |
| Net loss related to retained interest in GO.com | <u>(208)</u> | <u>(184)</u> | <u>(64)</u> |
| Net income | \$ <u>161</u> | \$ <u>97</u> | \$ <u>226</u> |
| Earnings per share | | | |
| Diluted | \$ <u>0.08</u> | \$ <u>0.05</u> | \$ <u>0.11</u> |
| Basic | \$ <u>0.08</u> | \$ <u>0.05</u> | \$ <u>0.11</u> |
| Earnings per share excluding retained interest in GO.com | | | |
| Diluted | \$ <u>0.18</u> | \$ <u>0.13</u> | \$ <u>0.14</u> |
| Basic | \$ <u>0.18</u> | \$ <u>0.14</u> | \$ <u>0.14</u> |
| Average number of common and common equivalent shares outstanding: | | | |
| Diluted | <u>2,103</u> | <u>2,089</u> | <u>2,089</u> |
| Basic | <u>2,069</u> | <u>2,054</u> | <u>2,054</u> |

DISNEY COMBINED STATEMENTS OF INCOME
For the Six Months Ended March 31
(Unaudited; in millions, except per share data)

| | Pro Forma | | As Reported | |
|---|----------------|----------------|----------------|----------------|
| | 2000 | 1999 | 2000 | 1999 |
| Revenues | \$13,022 | \$11,907 | \$13,036 | \$11,996 |
| Costs and expenses | (10,832) | (9,910) | (10,845) | (9,986) |
| Amortization of intangible assets | (222) | (213) | (222) | (215) |
| Gain on sale of Fairchild | — | — | 243 | — |
| Operating income | 1,968 | 1,784 | 2,212 | 1,795 |
| Corporate and other activities | (29) | (85) | (31) | (85) |
| Net interest expense | <u>(315)</u> | <u>(334)</u> | <u>(317)</u> | <u>(335)</u> |
| Income before income taxes, minority interests and retained interest in GO.com | 1,624 | 1,365 | 1,864 | 1,375 |
| Income taxes | (678) | (559) | (915) | (572) |
| Minority interests | <u>(62)</u> | <u>(43)</u> | <u>(62)</u> | <u>(43)</u> |
| Income before retained interest in GO.com | 884 | 763 | 887 | 760 |
| Net (loss) income related to retained interest in GO.com | <u>(402)</u> | <u>(352)</u> | <u>(370)</u> | <u>88</u> |
| Net income | \$ <u>482</u> | \$ <u>411</u> | \$ <u>517</u> | \$ <u>848</u> |
| Earnings per share | | | | |
| Diluted | \$ <u>0.23</u> | \$ <u>0.20</u> | \$ <u>0.25</u> | \$ <u>0.41</u> |
| Basic | \$ <u>0.23</u> | \$ <u>0.20</u> | \$ <u>0.25</u> | \$ <u>0.41</u> |
| Earnings per share excluding retained interest in GO.com | | | | |
| Diluted | \$ <u>0.42</u> | \$ <u>0.37</u> | \$ <u>0.42</u> | \$ <u>0.36</u> |
| Basic | \$ <u>0.43</u> | \$ <u>0.37</u> | \$ <u>0.43</u> | \$ <u>0.37</u> |
| Average number of common and common equivalent shares outstanding: | | | | |
| Diluted | <u>2,092</u> | <u>2,083</u> | <u>2,092</u> | <u>2,083</u> |
| Basic | <u>2,067</u> | <u>2,052</u> | <u>2,067</u> | <u>2,052</u> |

DISNEY SEGMENT RESULTS
For the Quarter Ended March 31
(Unaudited, in millions)

| | <u>2000</u> | <u>1999 (Pro Forma)</u> | <u>% Change</u> | <u>1999 (As Reported)</u> |
|--|-----------------|-----------------------------|-----------------|-------------------------------|
| Revenues: | | | | |
| Media Networks | \$ 2,380 | \$ 1,825 | 30 % | \$ 1,825 |
| Studio Entertainment | 1,656 | 1,595 | 4 % | 1,595 |
| Theme Parks & Resorts | 1,571 | 1,414 | 11 % | 1,414 |
| Consumer Products | <u>599</u> | <u>592</u> | 1 % | <u>641</u> |
| | <u>\$ 6,206</u> | <u>\$ 5,426</u> | 14 % | <u>\$ 5,475</u> |
| Operating income (loss): ⁽¹⁾ | | | | |
| Media Networks | \$ 537 | \$ 364 | 48 % | \$ 364 |
| Studio Entertainment | 3 | 96 | (97)% | 96 |
| Theme Parks & Resorts | 330 | 311 | 6 % | 311 |
| Consumer Products | 85 | 79 | 8 % | 89 |
| Amortization of intangible assets | <u>(111)</u> | <u>(106)</u> | (5)% | <u>(107)</u> |
| Operating income | <u>\$ 844</u> | <u>\$ 744</u> | 13 % | <u>\$ 753</u> |

(1) Segment results exclude intangible asset amortization. Segment EBITDA, which also excludes depreciation, is as follows:

| | | |
|-----------------------|-----------------|-----------------|
| Media Networks | \$ 572 | \$ 395 |
| Studio Entertainment | 16 | 111 |
| Theme Parks & Resorts | 463 | 424 |
| Consumer Products | <u>109</u> | <u>110</u> |
| | <u>\$ 1,160</u> | <u>\$ 1,040</u> |

NOTE: During the first quarter of the current year, the Company made certain changes to its business segment and other disclosures. The merger of television production activities of the Walt Disney Studios with those of the ABC television network was completed during the first quarter of the current year. Accordingly, television production activities formerly reported in Studio Entertainment are now reported in the Media Networks segment. Prior-year amounts used for comparative purposes have been restated to reflect the current presentation.

DISNEY SEGMENT RESULTS
For the Six Months Ended March 31
(Unaudited, in millions)

| | Pro Forma | | % Change | As Reported | |
|--|-----------------|-----------------|----------|------------------|------------------|
| | 2000 | 1999 | | 2000 | 1999 |
| Revenues: | | | | | |
| Media Networks | \$ 5,117 | \$ 4,133 | 24 % | \$ 5,117 | \$ 4,133 |
| Studio Entertainment | 3,255 | 3,368 | (3)% | 3,255 | 3,368 |
| Theme Parks & Resorts | 3,148 | 2,856 | 10 % | 3,148 | 2,856 |
| Consumer Products | <u>1,502</u> | <u>1,550</u> | (3)% | <u>1,516</u> | <u>1,639</u> |
| | <u>\$13,022</u> | <u>\$11,907</u> | 9 % | <u>\$ 13,036</u> | <u>\$ 11,996</u> |
| Operating income (loss): ⁽¹⁾ | | | | | |
| Media Networks | \$ 1,179 | \$ 735 | 60 % | \$ 1,179 | \$ 735 |
| Studio Entertainment | 26 | 239 | (89)% | 26 | 239 |
| Theme Parks & Resorts | 693 | 654 | 6 % | 693 | 654 |
| Consumer Products | 292 | 369 | (21)% | 293 | 382 |
| Amortization of intangible assets | <u>(222)</u> | <u>(213)</u> | (4)% | <u>(222)</u> | <u>(215)</u> |
| | <u>1,968</u> | <u>1,784</u> | 10 % | <u>1,969</u> | <u>1,795</u> |
| Gain on sale of Fairchild | <u>—</u> | <u>—</u> | | <u>243</u> | <u>—</u> |
| Operating income | <u>\$ 1,968</u> | <u>\$ 1,784</u> | 10 % | <u>\$ 2,212</u> | <u>\$ 1,795</u> |

(1) Segment results exclude intangible asset amortization. Segment EBITDA, which also excludes depreciation, is as follows:

| | | |
|-----------------------|-----------------|-----------------|
| Media Networks | \$ 1,248 | \$ 796 |
| Studio Entertainment | 54 | 269 |
| Theme Parks & Resorts | 965 | 887 |
| Consumer Products | <u>342</u> | <u>431</u> |
| | <u>\$ 2,609</u> | <u>\$ 2,383</u> |

NOTE: During the first quarter of the current year, the Company made certain changes to its business segment and other disclosures. The merger of television production activities of the Walt Disney Studios with those of the ABC television network was completed during the first quarter of the current year. Accordingly, television production activities formerly reported in Studio Entertainment are now reported in the Media Networks segment. Prior-year amounts used for comparative purposes have been restated to reflect the current presentation.

Table A

MEDIA NETWORKS
(Unaudited, in millions)

| | Quarter Ended March 31 | | |
|----------------------------------|---------------------------|-----------------|----------|
| | 2000 | 1999 | % Change |
| Revenues: | | | |
| Broadcasting | \$ 1,652 | \$ 1,225 | 35 % |
| Cable Networks | <u>728</u> | <u>600</u> | 21 % |
| | <u>\$ 2,380</u> | <u>\$ 1,825</u> | 30 % |
| Operating income: ⁽¹⁾ | | | |
| Broadcasting | \$ 244 | \$ 136 | 79 % |
| Cable Networks | <u>293</u> | <u>228</u> | 29 % |
| | <u>\$ 537</u> | <u>\$ 364</u> | 48 % |
| | | | |
| | Six Months Ended March 31 | | |
| | 2000 | 1999 | % Change |
| Revenues: | | | |
| Broadcasting | \$ 3,367 | \$ 2,740 | 23 % |
| Cable Networks | <u>1,750</u> | <u>1,393</u> | 26 % |
| | <u>\$ 5,117</u> | <u>\$ 4,133</u> | 24 % |
| Operating income: ⁽¹⁾ | | | |
| Broadcasting | \$ 589 | \$ 284 | 107 % |
| Cable Networks | <u>590</u> | <u>451</u> | 31 % |
| | <u>\$ 1,179</u> | <u>\$ 735</u> | 60 % |

(1) Amounts exclude intangible asset amortization

Table B

CABLE TELEVISION ACTIVITIES
(Unaudited, in millions)

| | Quarter Ended March 31 | | |
|-----------------------------------|---------------------------|---------------|----------|
| | 2000 | 1999 | % Change |
| Operating income: | | | |
| Cable Networks | \$ 293 | \$ 228 | 29 % |
| Equity investments: | | | |
| A&E, Lifetime and E! | | | |
| Entertainment Television | 168 | 133 | 26 % |
| Other | <u>33</u> | <u>(10)</u> | n/m |
| | 494 | 351 | 41 % |
| Partner share of operating income | <u>(169)</u> | <u>(109)</u> | (55)% |
| Disney share of operating income | \$ <u>325</u> | \$ <u>242</u> | 34 % |
| | | | |
| | Six Months Ended March 31 | | |
| | 2000 | 1999 | % Change |
| Operating income: | | | |
| Cable Networks | \$ 590 | \$ 451 | 31 % |
| Equity investments: | | | |
| A&E, Lifetime and | | | |
| E! Entertainment Television | 318 | 235 | 35 % |
| Other | <u>51</u> | <u>7</u> | n/m |
| | 959 | 693 | 38 % |
| Partner share of operating income | <u>(318)</u> | <u>(209)</u> | (52)% |
| Disney share of operating income | \$ <u>641</u> | \$ <u>484</u> | 32 % |

Note: Amounts presented in this table represent 100% of the operating income for all of the Company's cable businesses. The Disney share of Operating Income represents the Company's ownership interest in Cable Television Operating Income. Cable Networks are reported in "Operating Income" in the statements of income. Equity Investments are accounted for under the equity method and the Company's proportionate share of the net income of its cable equity investments is reported in "Corporate and Other Activities" in the statements of income.

The Walt Disney Company
CONSOLIDATED STATEMENTS OF INCOME
For the Quarter Ended March 31
(Unaudited, in millions)

| | <u>2000</u> | <u>1999 (Pro Forma)</u> | <u>1999 (As Reported)</u> |
|--|--------------|-----------------------------|-------------------------------|
| Revenues | \$ 6,303 | \$ 5,496 | \$ 5,516 |
| Costs and expenses | (5,475) | (4,698) | (4,674) |
| Amortization of intangible assets | <u>(344)</u> | <u>(333)</u> | <u>(107)</u> |
| Operating income | 484 | 465 | 735 |
| Corporate and other activities | (38) | (66) | (70) |
| Equity in Infoseek loss | — | — | (75) |
| Net interest expense | <u>(126)</u> | <u>(169)</u> | <u>(174)</u> |
| Income before income taxes and minority interest | 320 | 230 | 416 |
| Income taxes | (223) | (183) | (169) |
| Minority interests | <u>(20)</u> | <u>(21)</u> | <u>(21)</u> |
| Net income | \$ <u>77</u> | \$ <u>26</u> | \$ <u>226</u> |

The Walt Disney Company
CONSOLIDATED STATEMENTS OF INCOME
For the Six Months Ended March 31
(Unaudited, in millions)

| | Pro Forma | | As Reported | |
|---|---------------|---------------|---------------|---------------|
| | 2000 | 1999 | 2000 | 1999 |
| Revenues | \$13,245 | \$12,089 | \$13,235 | \$12,113 |
| Costs and expenses | (11,265) | (10,173) | (11,260) | (10,125) |
| Amortization of intangible assets | (688) | (667) | (570) | (215) |
| Gain on sale of Fairchild | - | - | 243 | - |
| Gain on sale of Starwave | - | - | - | 345 |
| Operating income | 1,292 | 1,249 | 1,648 | 2,118 |
| Corporate and other activities | (33) | (89) | (35) | (108) |
| Equity in Infoseek loss | - | - | (41) | (159) |
| Net interest expense | (319) | (331) | (323) | (338) |
| Income before income taxes and minority interests | 940 | 829 | 1,249 | 1,513 |
| Income taxes | (573) | (512) | (813) | (622) |
| Minority interests | (44) | (43) | (44) | (43) |
| Net income | \$ <u>323</u> | \$ <u>274</u> | \$ <u>392</u> | \$ <u>848</u> |