

FOR IMMEDIATE RELEASE

April 24, 2001

**THE WALT DISNEY COMPANY REPORTS HIGHER EARNINGS
BEFORE RESTRUCTURING AND IMPAIRMENT CHARGES FOR THE
QUARTER AND SIX MONTHS ENDED MARCH 31, 2001**

BURBANK, Calif. – The Walt Disney Company today reported earnings for the quarter and six months ended March 31, 2001.

Pro forma revenues for the quarter decreased 4% to \$6.0 billion, while segment operating income increased 14% to \$1.0 billion. Excluding the restructuring and impairment charges discussed below, net income and earnings per share for the quarter increased 33% and 36% to \$391 million and \$0.19, respectively.

For the six months, pro forma revenues increased 2% to \$13.5 billion and segment operating income increased 15% to \$2.3 billion. Excluding restructuring and impairment charges and the cumulative effect of accounting changes, net income increased 31% to \$908 million and earnings per share increased 30% to \$0.43.

“We are pleased with our company’s strong performance, especially given the recent softness of the American economy,” said Michael D. Eisner, chairman and CEO of The Walt Disney Company. “We are taking appropriate action to remain on our growth track while we weather the

current market conditions and to ensure the long-term growth and strength of the company. Accordingly, we have revamped our Internet strategy to focus on our valuable branded sites and accelerate our path to profitability in this business; we opened a spectacular new theme park, Disney's California Adventure; and we announced the scaling back of our workforce."

"So, as the American and international economies continue to adjust throughout the rest of the year, we will continue to strive to be prudent managers while also supplying an ongoing stream of promising new entertainment product, such as the phenomenally successful Dimension Films release, *'Spy Kids,'* and upcoming projects like *'Pearl Harbor,'* *'Atlantis,'* Disney/Pixar's *'Monsters, Inc.,'* the Tokyo DisneySea theme park and '100 Years of Magic' at Walt Disney World commemorating the 100th anniversary of Walt Disney's birth. Of course, economic downturns are never good news but, historically, our company has always emerged from them stronger than ever. With this in mind, we remain confident in meeting or exceeding our fiscal goals for this year and about the long-term prospects for The Walt Disney Company."

Basis of Presentation

The Company acquired Infoseek, created the Internet Group and disposed of Fairchild Publications in November 1999. In January 2001, the Company announced the closure of the GO.com portal business and the conversion of Internet Group common stock into Disney common stock.

To enhance comparability, the Company has presented operating results on a pro forma basis, which assumes these transactions occurred at the beginning of fiscal 2000, excluding the one-time impacts of those

events. Additionally, prior-year pro forma operating results for the Studio Entertainment segment have been restated to reflect the impact of the Film Accounting change discussed below.

The Company believes that pro forma results provide additional information useful in analyzing underlying business results. However, pro forma results are not necessarily indicative of the combined results that would have occurred had these events actually occurred at the beginning of fiscal 2000, nor are they necessarily indicative of future results.

On an as-reported basis, results for the quarter and six months include restructuring and impairment charges totaling \$1.0 billion and \$1.2 billion, respectively. Included in each of these amounts is \$862 million associated with the closure of GO.com. On a pro forma basis, restructuring and impairment charges exclude the impact of the GO.com closure and, as a result, amount to \$134 million and \$328 million, for the quarter and six-month periods, respectively. See Table C below for details of these charges. In addition, as-reported results for the prior-year six months include a \$243 million pre-tax gain on the sale of Fairchild Publications.

On an as-reported basis, revenues for the quarter and six months were \$6.0 billion and \$13.5 billion, respectively. Including the restructuring and impairment charges, as reported net loss attributed to Disney common stock was \$548 million (or \$0.26 per share) for the quarter and \$486 million (or \$0.23 per share) for the six months including the cumulative effect of the accounting changes (\$0.13 per share). On a pro forma basis, including the restructuring and impairment charges, but excluding the cumulative effect of accounting changes, net income was

\$307 million (or \$0.15 per share) for the quarter and \$702 million (or \$0.33 per share) for the six months.

Unless otherwise noted, the following discussion reflects pro forma results.

Parks & Resorts

Parks & Resorts revenues for the quarter increased 5% to \$1.6 billion and segment operating income remained flat at \$331 million.

Parks & Resorts results reflect increased theme park attendance and guest spending at the Disneyland Resort, growth at Disney Cruise Line and reduced costs at Walt Disney World, partially offset by pre-opening and other cost increases at the Disneyland Resort and decreased theme park attendance at Walt Disney World. At the Disneyland Resort, increased theme park attendance and higher guest spending and pre-opening and other cost increases were driven by the opening of Disney's California Adventure, Downtown Disney District and the Grand Californian Hotel during the quarter. At Walt Disney World, decreased attendance reflects the prior-year success of the Millennium Celebration which concluded in December 2000. Reduced costs at Walt Disney World also reflect the Millennium Celebration in the prior year, as well as current period cost reduction initiatives.

Disney Cruise Line's continued success reflects the strength of the 7-day cruise package, which was introduced in the fourth quarter of the prior year.

Media Networks

Media Networks revenues for the quarter decreased 8% to \$2.2 billion and segment operating income decreased 9% to \$489 million.

Broadcasting results for the quarter reflect declines at the Company's owned television stations, radio operations and in the ABC television network primetime division, driven by the soft advertising market and lower ratings, partially offset by strong upfront network advertising sales and increases at the ABC television network sports division. The increase at the ABC television network sports division was primarily due to lower sports programming expense in the current quarter compared to the higher costs related to the Super Bowl broadcast in the prior year.

Operating income from cable television activities, which consists of Disney's cable networks and Disney's share of operating income of its cable equity investments increased 9% to \$353 million for the quarter.

Cable television results for the quarter reflected profit increases from cable equity investments and higher affiliate revenues at the cable networks driven by strong subscriber growth and annual contractual rate adjustments, partially offset by the soft advertising market, higher programming costs and start-up costs at International Disney Channels.

Studio Entertainment

Studio Entertainment revenues for the quarter decreased 5% to \$1.6 billion, while segment operating income increased to \$164 million compared to \$46 million in the prior-year quarter.

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

Growth in domestic home video reflected the successful releases of *Lady and the Tramp II: Scamp's Adventure*, *Remember the Titans* and *Dinosaur*

in both VHS and DVD, as well as general strength in DVD sales. Improvements in domestic theatrical motion picture distribution reflect the performances of current-period titles, including *O Brother, Where Art Thou?* and *Disney's Recess: School's Out* compared to the prior-year quarter, which included *Mission to Mars* and *Cradle Will Rock*. In international theatrical motion picture distribution, the current-period performances of *Unbreakable*, *Dinosaur* and *102 Dalmatians* faced difficult comparisons to the prior-year quarter, which included Disney/Pixar's *Toy Story 2*, *Tarzan* and *The Sixth Sense*.

Consumer Products

Consumer Products revenues for the quarter decreased 7% to \$568 million and segment operating income increased 30% to \$90 million.

Consumer Products results for the quarter were driven by cost savings and improvements at Disney Interactive, reflecting the continued success of the *Aladdin* and *The Emperor's New Groove* action games.

Internet Group

Internet Group revenues for the quarter decreased 2% to \$47 million and segment operating loss improved by 49% to \$37 million.

Internet Group results for the quarter reflect improved operating performance at the Disney-branded sites, elimination of operating losses at toysmart.com, due to its closure in June 2000, and the impact of cost reduction efforts.

Corporate and Unallocated Shared Expenses

Corporate and unallocated shared expense increased 8% to \$109 million for the quarter, reflecting start-up costs for the Disney Club, which

was launched in the first quarter of 2001, and costs associated with several strategic initiatives designed to improve overall company-wide efficiency.

Net Interest Expense and Other

Net interest expense and other decreased 19% to \$98 million for the quarter, driven by lower average debt balances and lower interest rates.

Equity in the Income of Investees

Income from equity investees increased 5% to \$66 million for the quarter, driven by improvements in the earnings at certain domestic and international cable equity investments, partially offset by start-up losses incurred in connection with new investments.

Stock Repurchases

During the quarter, the Company repurchased 1.1 million Disney shares for approximately \$31 million. For the six months, the Company purchased a total of 8.4 million Disney shares for \$256 million. The purchases were effected through open market transactions under the Company's existing stock repurchase program. As of March 31, 2001, the Company was authorized to repurchase approximately 386 million additional Disney shares.

Conversion of Internet Group Common Stock

On January 29, 2001, the Company announced the conversion of all of its outstanding Internet Group common stock into Disney common stock. This conversion was effected on March 30, 2001. Each outstanding share of Internet Group common stock was converted into 0.19353 of a share of Disney common stock, resulting in the issuance of approximately 8.6 million shares of Disney common stock. For the quarter and six months ended March 31, 2001, as-reported earnings attributed to Disney common

stock reflect approximately 72% of Internet Group losses from October 1, 2000 through January 28, 2001 (the last date prior to the announcement of the conversion of the Internet Group common stock), and 100% thereafter.

In addition, the Company has ceased operations of the GO.com portal business, which resulted in restructuring charges in the current quarter and six months.

Restructuring and Impairment Charges

During the quarter on an as-reported basis, the Company recorded restructuring and impairment charges totaling \$1.0 billion, related to the closure of GO.com and approximately 70 Disney Stores domestically, an impairment write-down of themed entertainment fixed assets and leasehold improvements and an impairment write-down for certain Internet investments. The charge for closure of the GO.com portal business includes a non-cash write-off of intangible assets totaling \$820 million. The Disney Store closure charge consists of lease termination costs, fixed assets, leasehold improvements and inventory write-downs, and other related closure costs. Restructuring and impairment charges on a pro forma basis exclude the impact of the GO.com closure. See Table C for details of the restructuring and impairment charges on both a pro forma and as-reported basis.

Workforce Reduction

In March 2001, the Company announced that due to the challenges of the softening economic environment it would eliminate 4,000 full-time jobs through a combination of voluntary and involuntary reductions.

Accounting Changes

Effective October 1, 2000, the Company adopted AICPA Statement of Position No. 00-2, *Accounting by Producers or Distributors of Films* (SOP 00-2), and FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS 133), and recorded one-time after-tax charges for the adoption of the standards totaling \$228 million (or \$0.11 per share) and \$50 million (or \$0.02 per share), respectively.

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.com/investors>

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

	Three Months Ended		Six Months Ended	
	March 31		March 31	
	2001	2000	2001	2000
Revenues	\$ 6,047	\$ 6,287	\$ 13,469	\$ 13,215
Costs and expenses	(5,119)	(5,479)	(11,370)	(11,366)
Amortization of intangible assets	(146)	(166)	(296)	(329)
Gain on sale of businesses	-	-	22	-
Net interest expense and other	(98)	(121)	(207)	(289)
Equity in the income of investees	66	63	148	115
Restructuring and impairment charges	(134)	(36)	(328)	(61)
Income before income taxes, minority interests and the cumulative effect of accounting changes	616	548	1,438	1,285
Income taxes	(276)	(251)	(673)	(579)
Minority interests	(33)	(20)	(63)	(44)
Income before cumulative effect of accounting changes	307	277	702	662
Cumulative effect of accounting changes:				
Film accounting	-	-	(228)	-
Derivative accounting	-	-	(50)	-
Net income	<u>\$ 307</u>	<u>\$ 277</u>	<u>\$ 424</u>	<u>\$ 662</u>
Earnings per share before cumulative effect of accounting changes:				
Diluted	<u>\$ 0.15</u>	<u>\$ 0.13</u>	<u>\$ 0.33</u>	<u>\$ 0.32</u>
Basic	<u>\$ 0.15</u>	<u>\$ 0.13</u>	<u>\$ 0.34</u>	<u>\$ 0.32</u>
Earnings per share including cumulative effect of accounting changes (diluted and basic) ⁽¹⁾ :	<u>\$ 0.15</u>	<u>\$ 0.13</u>	<u>\$ 0.20</u>	<u>\$ 0.32</u>
Earnings before cumulative effect of accounting changes, excluding restructuring and impairment charges	<u>\$ 391</u>	<u>\$ 294</u>	<u>\$ 908</u>	<u>\$ 695</u>
Earnings per share before cumulative effect of accounting changes, excluding restructuring and impairment charges (diluted and basic)	<u>\$ 0.19</u>	<u>\$ 0.14</u>	<u>\$ 0.43</u>	<u>\$ 0.33</u>
Average number of common and common equivalent shares outstanding:				
Diluted	<u>2,105</u>	<u>2,111</u>	<u>2,108</u>	<u>2,100</u>
Basic	<u>2,089</u>	<u>2,077</u>	<u>2,090</u>	<u>2,075</u>

(1) The per share impacts of the film and derivative accounting changes for the six month period were (\$0.11) and (\$0.02), respectively.

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

	Three Months Ended March 31		Six Months Ended March 31	
	2001	2000	2001	2000
Revenues	\$ 6,049	\$ 6,307	\$ 13,482	\$ 13,247
Costs and expenses	(5,133)	(5,549)	(11,416)	(11,391)
Amortization of intangible assets	(184)	(344)	(477)	(570)
Gain on sale of businesses	-	-	22	243
Net interest expense and other	(98)	(121)	(207)	(293)
Equity in the income of investees	66	63	148	74
Restructuring and impairment charges	(996)	(36)	(1,190)	(61)
Income before income taxes, minority interests and the cumulative effect of accounting changes	(296)	320	362	1,249
Income taxes	(238)	(223)	(624)	(813)
Minority interests	(33)	(20)	(63)	(44)
Income before cumulative effect of accounting changes	(567)	77	(325)	392
Cumulative effect of accounting changes:				
Film accounting	-	-	(228)	-
Derivative accounting	-	-	(50)	-
Net income (loss)	<u>\$ (567)</u>	<u>\$ 77</u>	<u>\$ (603)</u>	<u>\$ 392</u>
Earnings (loss) attributed to:				
Disney Common Stock ⁽¹⁾	\$ (548)	\$ 161	\$ (486)	\$ 517
Internet Group Common Stock	(19)	(84)	(117)	(125)
	<u>\$ (567)</u>	<u>\$ 77</u>	<u>\$ (603)</u>	<u>\$ 392</u>
Earnings (loss) per share before cumulative effect of accounting changes attributed to:				
Disney Common Stock (basic and diluted) ^{(1) (2)}	<u>\$ (0.26)</u>	<u>\$ 0.08</u>	<u>\$ (0.10)</u>	<u>\$ 0.25</u>
Internet Group Common Stock (basic and diluted)	<u>\$ (0.45)</u>	<u>\$ (1.87)</u>	<u>\$ (2.72)</u>	<u>\$ (2.84)</u>
Earnings (loss) per share including cumulative effect of accounting changes attributed to:				
Disney Common Stock (basic and diluted) ^{(1) (2) (3)}	<u>\$ (0.26)</u>	<u>\$ 0.08</u>	<u>\$ (0.23)</u>	<u>\$ 0.25</u>
Internet Group Common Stock (basic and diluted)	<u>\$ (0.45)</u>	<u>\$ (1.87)</u>	<u>\$ (2.72)</u>	<u>\$ (2.84)</u>
Earnings attributed to Disney common stock before cumulative effect of accounting changes, excluding restructuring and impairment charges	<u>\$ 366</u>	<u>\$ 161</u>	<u>\$ 713</u>	<u>\$ 533</u>
Earnings per share attributed to Disney common stock before cumulative effect of accounting changes, excluding restructuring and impairment charges ⁽¹⁾				
Diluted	<u>\$ 0.17</u>	<u>\$ 0.08</u>	<u>\$ 0.34</u>	<u>\$ 0.25</u>
Basic	<u>\$ 0.18</u>	<u>\$ 0.08</u>	<u>\$ 0.34</u>	<u>\$ 0.26</u>
Average number of common and common equivalent shares outstanding:				
Disney				
Diluted	<u>2,098</u>	<u>2,103</u>	<u>2,101</u>	<u>2,092</u>
Basic	<u>2,082</u>	<u>2,069</u>	<u>2,082</u>	<u>2,067</u>
Internet Group (basic and diluted)	<u>42</u>	<u>45</u>	<u>43</u>	<u>44</u>

(1) Including Disney's retained interest in the Internet Group. Disney's as-reported retained interest in the Internet Group reflects 100% of Internet Group losses through November 17, 1999, approximately 72% for the period from November 18, 1999 through January 28, 2001 (the last date prior to the announcement of the conversion of the Internet Group common stock) and 100% thereafter.

(2) Amounts for the current year represent basic earnings per share.

(3) The per share impacts of the film and derivative accounting changes for the six month period were (\$0.11) and (\$0.02), respectively.

THE WALT DISNEY COMPANY SEGMENT RESULTS

For the Quarter Ended March 31

(unaudited, in millions)

	Pro Forma		% Change	As Reported	
	2001	2000		2001	2000
Revenues: ⁽³⁾					
Media Networks	\$ 2,211	\$ 2,397	(8)%	\$ 2,211	\$ 2,397
Parks & Resorts	1,648	1,571	5%	1,648	1,571
Studio Entertainment	1,573	1,662	(5)%	1,573	1,662
Consumer Products	568	609	(7)%	568	609
Internet Group	47	48	(2)%	49	68
	<u>\$ 6,047</u>	<u>\$ 6,287</u>	(4)%	<u>\$ 6,049</u>	<u>\$ 6,307</u>
Segment operating income (loss): ^{(1) (3)}					
Media Networks	\$ 489	\$ 536	(9)%	\$ 489	\$ 536
Parks & Resorts	331	330	-	331	330
Studio Entertainment ⁽²⁾	164	46	257%	164	9
Consumer Products	90	69	30%	90	69
Internet Group	(37)	(72)	49%	(49)	(85)
	<u>\$ 1,037</u>	<u>\$ 909</u>	14%	<u>\$ 1,025</u>	<u>\$ 859</u>

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 and minority interests is as follows:

	Pro Forma		As Reported	
	2001	2000	2001	2000
Segment operating income	\$ 1,037	\$ 909	\$ 1,025	\$ 859
Corporate and unallocated shared expenses	(109)	(101)	(109)	(101)
Amortization of intangible assets	(146)	(166)	(184)	(344)
Net interest expense and other	(98)	(121)	(98)	(121)
Equity in the income of investees	66	63	66	63
Restructuring and impairment charges	(134)	(36)	(996)	(36)
Income before income taxes and minority interests	<u>\$ 616</u>	<u>\$ 548</u>	<u>\$ (296)</u>	<u>\$ 320</u>

(1) Segment earnings before interest, income taxes, depreciation and amortization (EBITDA) is as follows:

	Pro Forma		As Reported	
	2001	2000	2001	2000
Media Networks	\$ 527	\$ 571	\$ 527	\$ 571
Parks & Resorts	470	463	470	463
Studio Entertainment	175	59	175	22
Consumer Products	113	94	113	94
Internet Group	(30)	(69)	(41)	(76)
	<u>\$ 1,255</u>	<u>\$ 1,118</u>	<u>\$ 1,244</u>	<u>\$ 1,074</u>

(2) Pro forma segment operating income has been adjusted to reflect the impact of SOP 00-2. The respective adjustments for the year will (decrease) increase segment operating income as follows:

Quarter ended	
December 31, 1999	\$ (73)
March 31, 2000	37
June 30, 2000	-
September 30, 2000	(14)
	<u>\$ (50)</u>

(3) During the quarter, the Company made certain changes to its business segment classifications. The Disney Store Catalog and the Disney Store Online, which were previously reported in the Internet Group, are now reported in the Consumer Products segment. Prior-year amounts have been reclassified to reflect the current-year presentation.

THE WALT DISNEY COMPANY SEGMENT RESULTS
For the Six Months Ended March 31
(unaudited, in millions)

	Pro Forma		%	As Reported	
	2001	2000		2001	2000
Revenues: ⁽³⁾					
Media Networks	\$ 5,117	\$ 5,150	(1)%	\$ 5,117	\$ 5,150
Parks & Resorts	3,370	3,148	7 %	3,370	3,148
Studio Entertainment	3,423	3,265	5 %	3,423	3,265
Consumer Products	1,460	1,562	(7)%	1,460	1,576
Internet Group	99	90	10 %	112	108
	<u>\$ 13,469</u>	<u>\$ 13,215</u>	2 %	<u>\$ 13,482</u>	<u>\$ 13,247</u>
Segment operating income (loss): ^{(1) (3)}					
Media Networks	\$ 1,079	\$ 1,176	(8)%	\$ 1,079	\$ 1,176
Parks & Resorts	716	693	3 %	716	693
Studio Entertainment ⁽²⁾	316	1	n/m	316	37
Consumer Products	262	265	(1)%	262	266
Internet Group	(84)	(138)	39 %	(117)	(166)
	<u>\$ 2,289</u>	<u>\$ 1,997</u>	15 %	<u>\$ 2,256</u>	<u>\$ 2,006</u>

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 changes is as follows:

	Pro Forma		As Reported	
	2001	2000	2001	2000
Segment operating income	\$ 2,289	\$ 1,997	\$ 2,256	\$ 2,006
Corporate and unallocated shared expenses	(190)	(148)	(190)	(150)
Amortization of intangible assets	(296)	(329)	(477)	(570)
Gain on sale of businesses	22	-	22	243
Net interest expense and other	(207)	(289)	(207)	(293)
Equity in the income of investees	148	115	148	74
Restructuring and impairment charges	(328)	(61)	(1,190)	(61)
Income before income taxes, minority interests, and the cumulative effect of accounting changes	<u>\$ 1,438</u>	<u>\$ 1,285</u>	<u>\$ 362</u>	<u>\$ 1,249</u>

(1) Segment EBITDA is as follows:

	Pro Forma		As Reported	
	2001	2000	2001	2000
Media Networks	\$ 1,155	\$ 1,245	\$ 1,155	\$ 1,245
Parks & Resorts	998	965	998	965
Studio Entertainment	340	29	340	65
Consumer Products	308	317	308	318
Internet Group	(71)	(134)	(101)	(153)
	<u>\$ 2,730</u>	<u>\$ 2,422</u>	<u>\$ 2,700</u>	<u>\$ 2,440</u>

(2) Pro forma segment operating income has been adjusted to reflect the impact of SOP 00-2. The respective adjustments for the year will (decrease) increase segment operating income as follows:

Quarter ended	
December 31, 1999	\$ (73)
March 31, 2000	37
June 30, 2000	-
September 30, 2000	(14)
	<u>\$ (50)</u>

(3) During the quarter, the Company made certain changes to its business segment classifications. The Disney Store Catalog and the Disney Store Online, which were previously reported in the Internet Group, are now reported in the Consumer Products segment. Prior-year amounts have been reclassified to reflect the current-year presentation.

Table A

MEDIA NETWORKS
(unaudited, in millions)

	Quarter Ended March 31		
	2001	2000	% Change
Revenues:			
Broadcasting	\$ 1,410	\$ 1,652	(15)%
Cable Networks	801	745	8 %
	\$ 2,211	\$ 2,397	(8)%
Segment operating income: ⁽¹⁾			
Broadcasting	\$ 170	\$ 244	(30)%
Cable Networks	319	292	9 %
	\$ 489	\$ 536	(9)%

	Six Months Ended March 31		
	2001	2000	% Change
Revenues:			
Broadcasting	\$ 3,133	\$ 3,367	(7)%
Cable Networks	1,984	1,783	11 %
	\$ 5,117	\$ 5,150	(1)%
Segment operating income: ⁽¹⁾			
Broadcasting	\$ 479	\$ 589	(19)%
Cable Networks	600	587	2 %
	\$ 1,079	\$ 1,176	(8)%

(1) Amounts exclude amortization of intangible assets.

Table B

CABLE TELEVISION ACTIVITIES
(unaudited, in millions)

	Quarter Ended March 31		
	2001	2000	% Change
Operating income:			
Cable Networks	\$ 319	\$ 292	9 %
Equity investments:			
A&E, Lifetime and			
E! Entertainment Television	169	168	1 %
Other	55	33	67 %
	<u>543</u>	<u>493</u>	10 %
Partner share of operating income	<u>(190)</u>	<u>(169)</u>	(12)%
Disney share of operating income	<u>\$ 353</u>	<u>\$ 324</u>	9 %
	Six Months Ended March 31		
	2001	2000	% Change
Operating income:			
Cable Networks	\$ 600	\$ 587	2 %
Equity investments:			
A&E, Lifetime and			
E! Entertainment Television	354	318	11 %
Other	114	51	124 %
	<u>1,068</u>	<u>956</u>	12 %
Partner share of operating income	<u>(391)</u>	<u>(318)</u>	(23)%
Disney share of operating income	<u>\$ 677</u>	<u>\$ 638</u>	6 %

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 "Segment 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 "Equity in the income of investees" in the statements of income

Table C

RESTRUCTURING AND IMPAIRMENT CHARGES
(unaudited, in millions)

Quarter Ended March 31	Pro Forma		As Reported	
	2001	2000	2001	2000
GO.com intangible assets impairment	\$ -	\$ -	\$ 820	\$ -
GO.com severance, fixed asset write-offs and other	-	-	42	-
Themed entertainment assets ⁽¹⁾	61	-	61	-
Disney Store closures	51	-	51	-
Investment impairment	22	36	22	36
	<u>\$ 134</u>	<u>\$ 36</u>	<u>\$ 996</u>	<u>\$ 36</u>

Six Months Ended March 31	Pro Forma		As Reported	
	2001	2000	2001	2000
GO.com intangible assets impairment	\$ -	\$ -	\$ 820	\$ -
GO.com severance, fixed asset write-offs and other	-	-	42	-
Themed entertainment assets ⁽¹⁾	61	-	61	-
Disney Store closures	51	-	51	-
Investment impairment	216	61	216	61
	<u>\$ 328</u>	<u>\$ 61</u>	<u>\$ 1,190</u>	<u>\$ 61</u>

⁽¹⁾ The charge reflects a write-down to the estimated salvage value of property and equipment due to the inability of the related operations to recover the asset costs.