FOR IMMEDIATE RELEASE

May 1, 2003

THE WALT DISNEY COMPANY REPORTS EARNINGS FOR THE QUARTER AND SIX MONTHS ENDED MARCH 31, 2003

BURBANK, Calif. – The Walt Disney Company today reported earnings for the quarter and six months ended March 31, 2003.

Revenues increased to $6.3 billion from $5.9 billion in the prior-year quarter, while segment operating income decreased to $646 million from $702 million in the prior-year quarter. Net income decreased 12% to $229 million from $259 million in the prior-year quarter. Earnings per share for the second quarter were $0.11 versus $0.13 in the prior-year quarter.

For the six months, revenues increased to $13.8 billion from $12.9 billion in the prior-year period, while segment operating income decreased to $1.4 billion from $1.5 billion in the prior-year period. Net income and earnings per share decreased to $485 million and $0.24, respectively, from $697 million and $0.34, respectively, in the prior-year period. Results for the six months include the first quarter pre-tax charge of $114 million ($0.04 per share) for the write-off of an investment in aircraft leveraged leases with United Airlines. The prior-year six-month period results include a

$216 million ($0.07 per share)[1] pre-tax gain on the sale of investments recorded in the first quarter of the prior fiscal year.

"The military conflict in Iraq and fear of terrorism have clearly had a near-term impact on a number of our businesses. While many of the factors affecting the Company are not within our control, we feel confident that the plans and strategies that we have in place will put the Company in a solid position when economic conditions improve," said Michael Eisner, Disney chairman and CEO. "At the same time, we are pleased with the strong creative and financial success at the Studio and the positive reception of our new product offerings at Disney's California Adventure. As long as we continue to provide great entertainment and manage our businesses well, Disney will prosper over the long run."

Operating Results

Media Networks

Media Networks revenues for the quarter increased to $2.5 billion, versus $2.2 billion in the prior-year quarter, while segment operating income decreased to $232 million versus $309 million in the prior-year quarter. See Table A for further detail of Media Networks results.

[1] Due to rounding, the impact of the Knight-Ridder gain was $0.06 per share for the first quarter of fiscal 2002 and $0.07 for the six months and full year.

Lower Broadcast results were driven by higher programming and production expenses, partially offset by higher advertising revenues. Increased programming expenses were due to higher NFL costs for the Super Bowl broadcast, and higher primetime series costs. Higher production expenses reflected increased news production costs as a result of war coverage.

Increased advertising revenues reflected higher rates attributable in part to the Super Bowl, partially offset by preemptions of regular programming due to war coverage. The Company estimates that the total operating income impact of the war coverage in the quarter was approximately $32 million, resulting from increased costs from the coverage and the loss of advertising revenue as a result of preemptions of regular programming. The war coverage has extended into the Company's third fiscal quarter and the cost for that coverage is estimated at an additional $15 to $20 million.

Cable results increased versus the prior-year quarter, reflecting higher rates and advertising revenues, largely offset by increased sports programming, primarily NBA and NFL, and marketing costs. Cable results were also impacted by the bankruptcy of DirecTV in Latin America, which is the Company's major distributor in that region. Higher marketing costs reflected branding initiatives at the ABC Family Channel.

Parks and Resorts

Parks and Resorts revenues for the quarter of $1.5 billion were down somewhat versus the prior-year quarter and segment operating income decreased to $155 million from $280 million in the prior-year quarter.

Parks and Resorts results primarily reflected lower theme park attendance and hotel occupancy at the Walt Disney World Resort and higher costs at both Walt Disney World and the Disneyland Resort. These attendance decreases and higher costs were partially offset by increased guest spending at Walt Disney World, as well as higher hotel occupancy and theme park attendance at Disneyland. Decreased attendance and hotel occupancy at Walt Disney World reflected disruption in travel and tourism due to concerns about world events and softness in the economy as a whole, as well as the timing of Easter, which occurred during the third quarter of the current year but in the second quarter of the prior year. Higher costs at both resorts were driven by higher spending on information systems and increased costs for refurbishments, employee benefits, insurance, depreciation and marketing, partially offset by ongoing cost management efforts.

At Walt Disney World, the increase in guest spending reflected ticket and certain other price increases in the fourth quarter of the prior year, as well as a reduction in certain promotional programs. Higher hotel occupancy at Disneyland was driven by promotional programs offered during the current quarter. Increased attendance at Disneyland reflected the continued success of the Annual Passport program, as well as the opening of new attractions and entertainment at Disney's California Adventure, including "a bug's land" in the first quarter of the current year and "Disney's Aladdin – A Musical Spectacular" in the second quarter.

Studio Entertainment

Studio Entertainment revenues increased to $1.9 billion from $1.6 billion in the prior-year quarter and segment operating income increased to $206 million from $27 million in the prior-year quarter.

Studio Entertainment results for the quarter primarily reflected growth in worldwide home video and television distribution. Worldwide home video results reflected strong DVD and VHS performances of *Sweet Home Alabama, Signs* and *Spy Kids 2: The Island of Lost Dreams*. The improvement in television distribution reflected higher network sales from such titles as *Gone in 60 Seconds, Peter Pan II: Return to Never Land* and *Disney's The Kid* as well as higher domestic syndication revenues in the current quarter. Worldwide theatrical motion picture distribution results for the quarter were comparable to the prior-year quarter. The current quarter included strong performances by *Bringing Down the House, Chicago* and *Shanghai Knights,* while the prior-year quarter included Disney / Pixar's *Monsters, Inc.* in the international markets.

Consumer Products

Revenues for the quarter decreased to $500 million from $580 million in the prior-year quarter, and segment operating income decreased to $53 million from $86 million in the prior-year quarter.

Consumer Products results for the quarter were driven by decreased sales at the Disney Stores, reflecting a soft retail market in North America and the sale of the Disney Store business in Japan during the third quarter of the prior year. Merchandise licensing benefited from increased earned royalties in direct-to-retail licenses.

Corporate and Unallocated Shared Expenses

Corporate and unallocated shared expenses were essentially flat from the prior-year quarter as additional costs for new finance and human resource information technology systems, were offset by lower costs from brand promotion initiatives.

Net Interest Expense

Net interest expense was as follows:

(unaudited, in millions)	Quarter Ended March 31, 2003	Quarter Ended March 31, 2002
Interest expense	$ (172)	$ (182)
Interest and investment income (loss)	(6)	24
Net interest expense	$ (178)	$ (158)

Net interest expense increased to $178 million from $158 million in the prior-year quarter, primarily due to a decrease in interest and investment income, partially offset by lower interest expense. Lower investment income reflected investment losses in the current period compared to gains in the prior-year period. Decreased interest expense primarily resulted from lower average debt balances and lower interest rates.

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 to $51 million from $49 million in the prior-year quarter due to increases at the cable equity investments, partially offset by declines at Euro 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, 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 international, political, health concern and military developments that may affect travel and leisure businesses generally; 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 and 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)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2003	2002	2003	2002
Revenues	$ 6,332	$ 5,856	$ 13,798	$ 12,872
Costs and expenses	(5,779)	(5,251)	(12,569)	(11,618)
Amortization of intangible assets	(7)	(2)	(12)	(5)
Net interest expense	(178)	(158)	(474)	(103)
Equity in the income of investees	51	49	141	119
Income before income taxes and minority interests	419	494	884	1,265
Income taxes	(157)	(205)	(344)	(504)
Minority interests	(33)	(30)	(55)	(64)
Net income	$ 229	$ 259	$ 485	$ 697
Earnings per share (basic and diluted)	$ 0.11	$ 0.13	$ 0.24	$ 0.34
Average number of common and common equivalent shares outstanding:				
Diluted	2,043	2,045	2,043	2,043
Basic	2,042	2,039	2,042	2,039

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

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002	Change	Six Months Ended March 31, 2003	Six Months Ended March 31, 2002	Change
Revenues:						
Media Networks	$ 2,485	$ 2,196	13 %	$ 5,725	$ 5,172	11 %
Parks and Resorts	1,485	1,525	(3)%	3,033	2,958	3 %
Studio Entertainment	1,862	1,555	20 %	3,753	3,328	13 %
Consumer Products	500	580	(14)%	1,287	1,414	(9)%
	$ 6,332	$ 5,856	8 %	$ 13,798	$ 12,872	7 %
Segment operating income:						
Media Networks	$ 232	$ 309	(25)%	$ 457	$ 551	(17)%
Parks and Resorts	155	280	(45)%	380	467	(19)%
Studio Entertainment	206	27	n / m	344	176	95 %
Consumer Products	53	86	(38)%	243	261	(7)%
	$ 646	$ 702	(8)%	$ 1,424	$ 1,455	(2)%

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:

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002	Six Months Ended March 31, 2003	Six Months Ended March 31, 2002
Segment operating income	$ 646	$ 702	$ 1,424	$ 1,455
Corporate and unallocated shared expenses	(93)	(97)	(195)	(201)
Amortization of intangible assets	(7)	(2)	(12)	(5)
Net interest expense	(178)	(158)	(474)	(103)
Equity in the income of investees	51	49	141	119
Income before income taxes and minority interests	$ 419	$ 494	$ 884	$ 1,265

Depreciation expense is as follows:

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002	Six Months Ended March 31, 2003	Six Months Ended March 31, 2002
Depreciation expense:				
Media Networks	$ 43	$ 45	$ 85	$ 91
Parks and Resorts	170	161	340	322
Studio Entertainment	10	10	19	21
Consumer Products	18	16	33	29
Segment depreciation expense	241	232	477	463
Corporate	28	24	53	43
Total depreciation expense	$ 269	$ 256	$ 530	$ 506

Segment depreciation expense is included in segment operating income and corporate depreciation expense is included in corporate and unallocated shared expenses.

Table A

MEDIA NETWORKS
(unaudited, in millions)

Three Months Ended March 31,	2003	2002	Change
Revenues:			
Broadcasting	$ 1,407	$ 1,240	13 %
Cable Networks	1,078	956	13 %
	$ 2,485	$ 2,196	13 %
Segment operating income (loss):			
Broadcasting	$ (105)	$ (13)	n / m
Cable Networks	337	322	5 %
	$ 232	$ 309	(25)%
Depreciation expense:			
Broadcasting	$ 24	$ 24	—
Cable Networks	19	21	(10)%
	$ 43	$ 45	(4)%

Six Months Ended March 31,	2003	2002	Change
Revenues:			
Broadcasting	$ 2,971	$ 2,704	10 %
Cable Networks	2,754	2,468	12 %
	$ 5,725	$ 5,172	11 %
Segment operating income (loss):			
Broadcasting	$ (67)	$ (90)	26 %
Cable Networks	524	641	(18)%
	$ 457	$ 551	(17)%
Depreciation expense:			
Broadcasting	$ 44	$ 49	(10)%
Cable Networks	41	42	(2)%
	$ 85	$ 91	(7)%

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:

	Three Months Ended March 31,		Six Months Ended March 31,	
(unaudited, in millions, except per share data)	2003	2002	2003	2002
Net income:				
As reported	$ 229	$ 259	$ 485	$ 697
Pro forma after option expense	159	184	345	553
Diluted earnings per share:				
As reported	0.11	0.13	0.24	0.34
Pro forma after option expense	0.08	0.09	0.17	0.27

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. The dilution from employee options increases as the Company's share price increases, as shown below:

Disney Share Price	Total In-the-Money Options	Incremental Diluted Shares (1)	Percentage of Average Shares Outstanding	Hypothetical Q2 2003 EPS Impact (3)
$ 17.00	10 mil	-- (2)	--	$ 0.00
25.00	123 mil	15 mil	0.74%	(0.00)
30.00	152 mil	27 mil	1.32%	(0.00)
40.00	222 mil	53 mil	2.59%	(0.00)
50.00	230 mil	71 mil	3.48%	(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 March 31, 2003 total 2,043 million and include the dilutive impact of in-the-money options at the average share price for the period of $17.00. At the average share price of $17.00, the dilutive impact of in-the-money options was 1 million shares for the quarter.

(3) Based upon Q2 2003 earnings of $229 million or $0.11 per share.