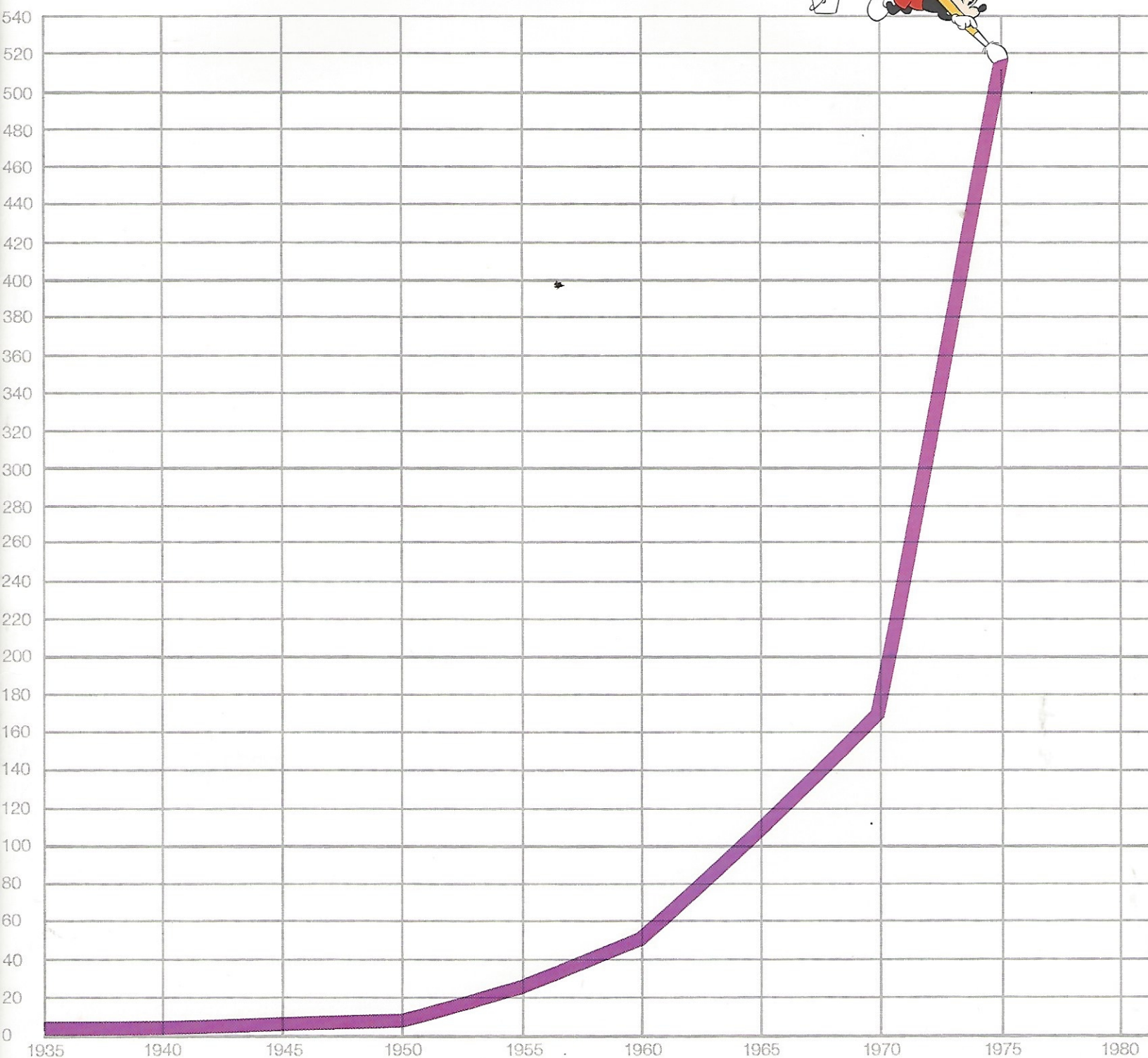


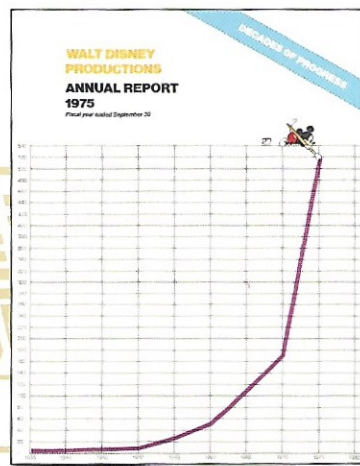
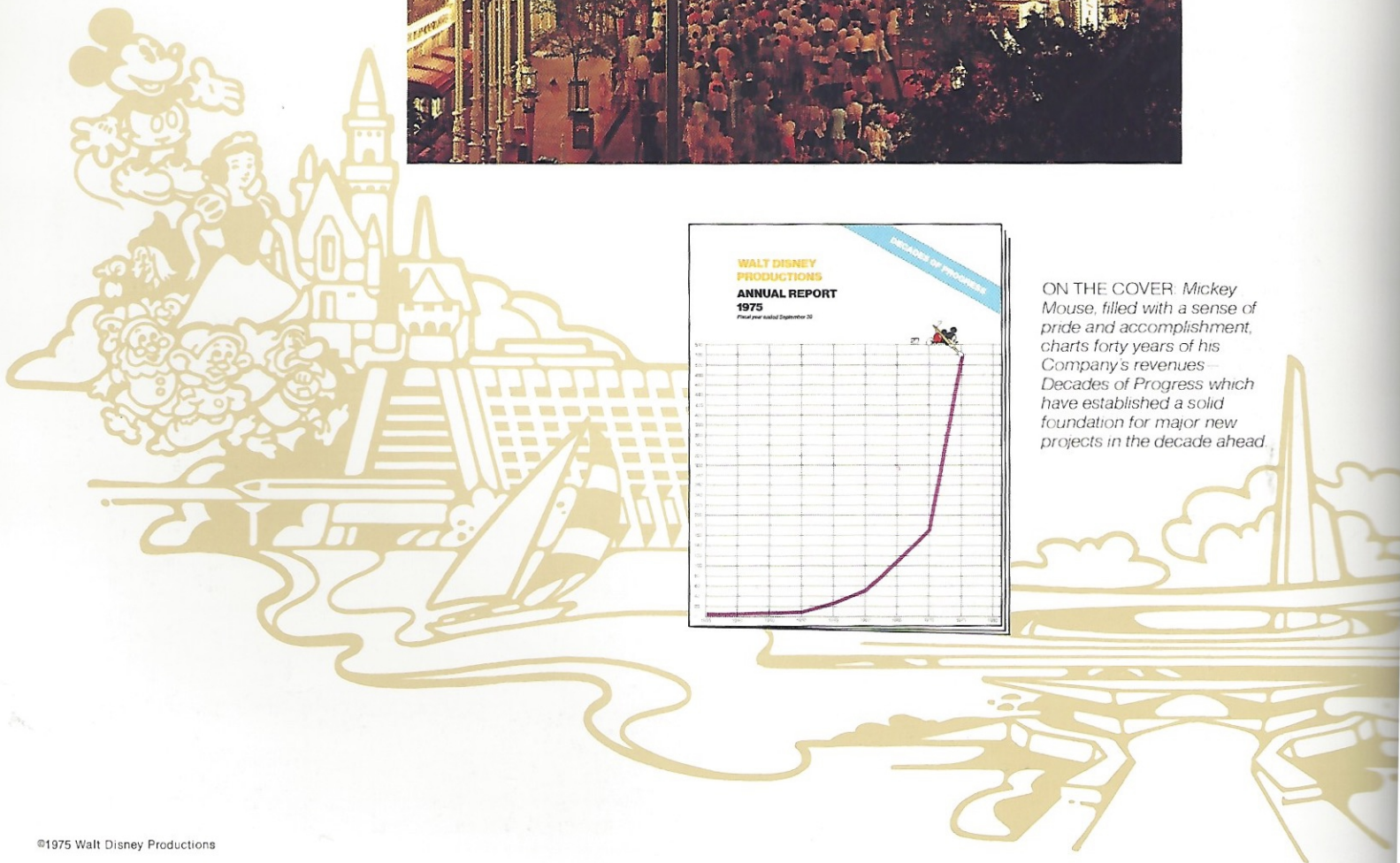
WALT DISNEY PRODUCTIONS

ANNUAL REPORT 1975

Fiscal year ended September 30

DECADES OF PROGRESS





ON THE COVER: Mickey Mouse, filled with a sense of pride and accomplishment, charts forty years of his Company's revenues — *Decades of Progress* which have established a solid foundation for major new projects in the decade ahead.

DECADES OF PROGRESS

A Report by E. Cardon Walker, President

To those who have followed the progress of Walt Disney Productions through the decades, 1975 will be remembered with satisfaction as a milestone in our Company's history.

On July 17, Disneyland celebrated its 20th anniversary, and during the past two decades, it has become the most famous tourist attraction in the world. Since opening day, it has hosted more than 145,000,000 guests.

1975 also marked the completion of Phase I of Walt Disney World, the opening of major new attractions which brought the theoretical rides-per-hour capacity of the "Magic Kingdom" theme park to approximately 70,000, equal to Disneyland in California.

12,515,000 visitors entered our Florida theme park during fiscal 1975—more than 45,000,000 during its first four years of operation.

Ten years ago, on November 15, 1965, when Walt and Roy Disney held a press conference in Orlando, Florida, to announce the purchase of 27,400 acres of land 16 miles southwest of that city, they launched the Company on the most significant decade of growth in its history.

Yet, those of us who worked closely with Walt knew that he had far more in mind than just the site for another theme park. He was planning ahead toward the creation of EPCOT—an Experimental Prototype Community of Tomorrow.

Consumed by the need to find solutions to the problems of our cities, Walt devoted the last years of his life to developing his initial concepts for EPCOT... "a community that would never be completed, but would always be introducing and testing and demonstrating new materials and systems"... "a showcase to the world for the ingenuity and imagination of American free enterprise"... "a living blueprint of the future."

Now, a decade later, having demonstrated the potential of Central Florida as a vacation destination and having achieved the necessary financial strength, we are ready to move forward with confidence to the realization of Walt Disney's greatest dream.

At WED Enterprises, our own creative research and development center in Glendale, California, a dynamic and achievable approach to EPCOT is rapidly coming into focus. We believe that in order to attain Walt Disney's goals for EPCOT, we must avoid building a huge, traditional "brick and mortar" community which might possibly become obsolete, in EPCOT terms, as soon as it is completed. We believe we must develop a community system oriented to the communication of new ideas, rather than to serving the day-to-day needs of a limited number of permanent residents.

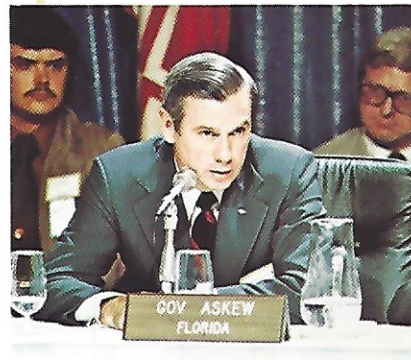
EPCOT's purpose, therefore, will be to respond to the needs of people by providing a Disney-designed and Disney-managed forum where creative men and women of science, industry, universities, government and the arts—from around

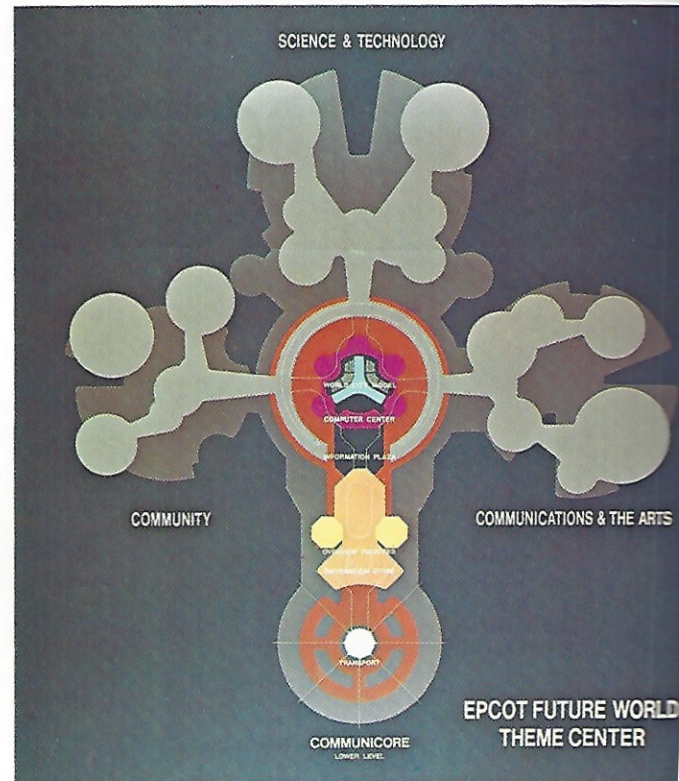
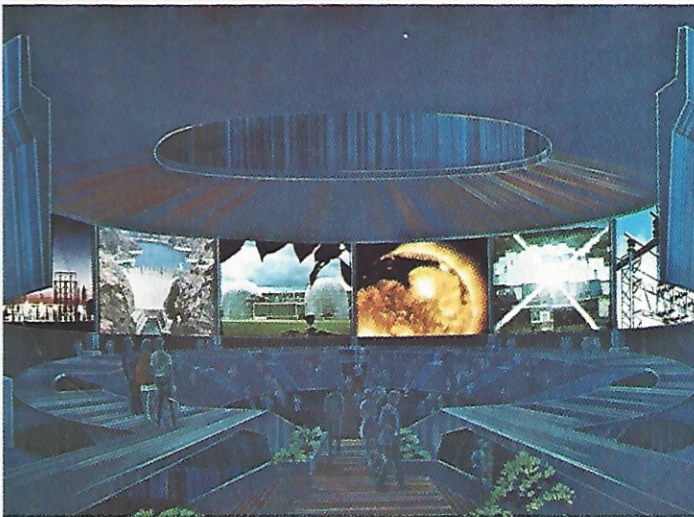
the world—can develop, demonstrate and communicate prototype concepts and new technologies, which can help mankind to achieve better ways of living.

At this writing, we think it will involve three specific areas of activity:

The *EPCOT Institute*, an independent organization which will provide the administrative structure necessary to facilitate participation in EPCOT and its "satellite" research activities by all interested parties. Its goal will be to guarantee that the

NATIONAL ATTENTION: *The selection of Walt Disney World as the site for the Southern Governors' Conference last September gave Card Walker and other Disney executives the opportunity to brief many state and national leaders on the Company's plans for EPCOT and the World Showcase. Through the assistance of Florida's Governor Reubin Askew (below, left), presentations were made to Secretary of State Henry Kissinger (below, right), Senator Mike Mansfield and Russell Train, Administrator of the Environmental Protection Agency, who all expressed their enthusiasm for the concept.*





EPCOT PLANNING. John DeCuir, John Hench and Marty Sklar of WED Enterprises (left) review an initial model of the EPCOT Future World Theme Center. After months of planning, the emerging concept closely patterns Walt Disney's proven design for Disneyland, with the main pavilions radiating from a central hub (see block diagram above). Arriving guests will first visit the EPCOT Overview Theaters (above, left) to learn what is happening in EPCOT on the day of their visit.

maximum benefits from EPCOT-related research will flow to both the sponsors of EPCOT activities and the public, and to establish the technical credibility of projects undertaken through a series of expert advisory boards.

The EPCOT "Satellites" or activity centers, which will be engaged in researching, testing and demonstrating prototype products and systems in such fields as energy, agriculture, education, medicine and communications, in locations best suited for the particular program. These "Satellites" may be located at the Walt Disney World site (as in the case of a specific solar energy project or solid waste recycling system) or off-site, and will undertake projects funded by one sponsor or joint programs funded by industry, government, foundations and universities.

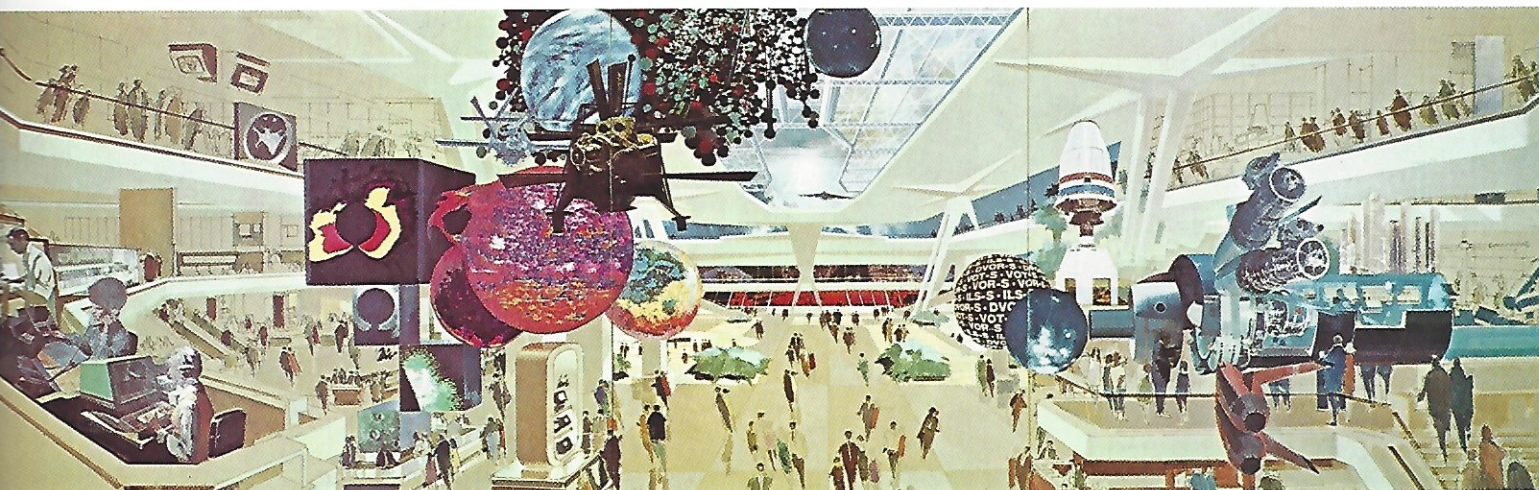
The EPCOT Future World Theme Center, a high-capacity visitor facility which will employ advanced communications techniques, including motion pictures, models, multi-media exhibits and ride-through experiences, to inform millions of people each year about what is being done in the creative centers of science and industry around the world. Most importantly, it will demonstrate how these new technologies and ideas can be applied in a practical way to improving the environment for living in existing communities throughout America and the world.

Here are some of the elements now under consideration for the EPCOT Future World Theme Center:

A *Communications Corridor*, or "Communicore," where visitors will be exposed to a series of entertaining and informative exhibits and communications techniques. These might include:

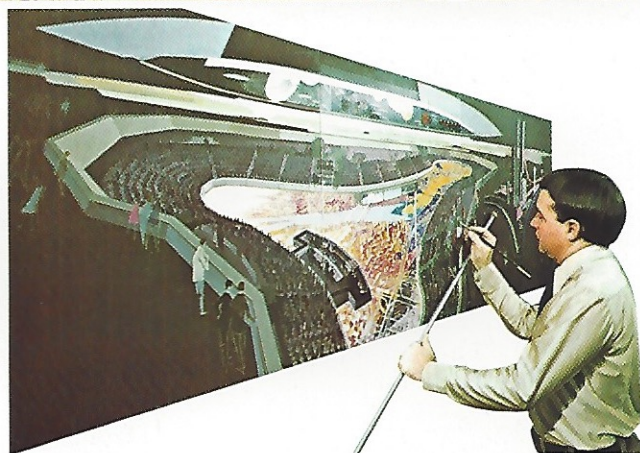
- The *EPCOT Overview Circle-Vision Theaters*, where guests would learn of Walt Disney's goals for EPCOT and how this unique community functions, and where they would receive an overview of what is happening in the EPCOT "Satellites" on the day of their visit,
- The *World City model*, which would combine advanced entertainment techniques—miniaturization, video projection, animation and computer-driven simulations and displays—to trace the evolution of the major cities of the world, and to portray a model community of the future in the process of growth and adaptation, and
- The *Information Gallery*, a sort of "Information Main Street," where leading world communications companies would join in a major exposition to demonstrate their latest information systems and products, and where guests could subscribe to the *EPCOT Information Network*, a wide variety of information media which will make available for school, professional and home use the creative output of the EPCOT "Satellite" activities.

Surrounding the Communicore will be three major Theme Center Pavilions, where American corporations, industry



THE INFORMATION GALLERY: Within the "Communicore" of EPCOT's Future World Theme Center will be a major exposition demonstrating the latest technologies and products of participating organizations.

THE "WORLD CITY" MODEL: Project designer John DeCuir completes an initial concept for the World City model, an amphitheater depicting a future community in the process of growth and adaptation



associations or consortiums, foundations and government will be invited to sponsor major Disney-designed and operated showcase attractions. The *Science and Technology Pavilion* will present the future world of energy, transportation, agriculture and food production, oceanography, and outer space. The *Community Pavilion* will present future concepts in education, health and medicine, and the various and vital components of a community—economics, planning and design, and government services for people. The *Communication and the Arts Pavilion* will simulate and demonstrate the future world of information and communications, and the role of all the arts—performing, visual, design—in our global environment.

These Pavilions will communicate not only the most modern systems and technologies, but futuristic concepts now evolving through research—ideas which could one day help improve the quality of life for all mankind.

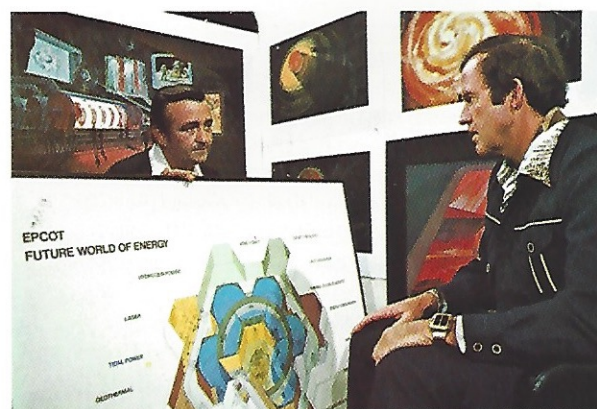
Throughout the planning and construction of the first phase of Walt Disney World, we adopted many new technologies and programs on environmental protection, which eventually could be showcased as part of the "satellite" activities of EPCOT. This policy will continue.

I am pleased that the former Astronaut, L. Gordon Cooper, has joined WED Enterprises as Vice President—Research and Development for EPCOT. Under his guidance, we have already begun the analysis and selection of a number of EPCOT-oriented research and development projects for pos-

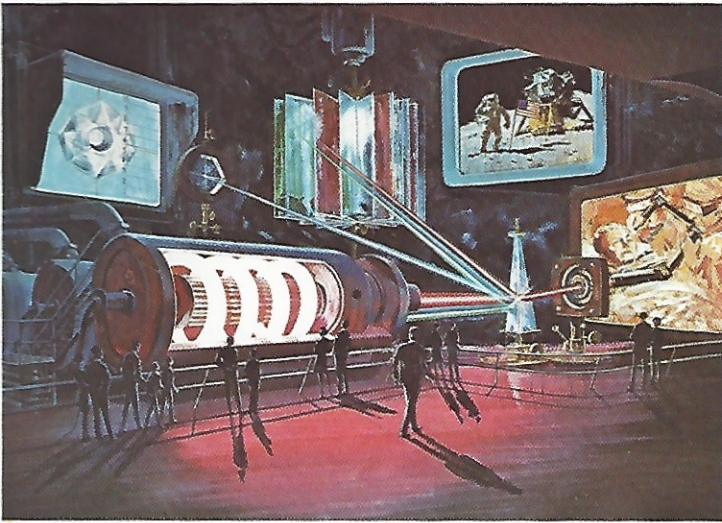
sible application within Walt Disney World. Among them are the following:

- The production and utilization of both alcohol and hydrogen as efficient, pollution-free fuels for automobiles, busses and other vehicles (Walt Disney World vehicles have already been converted to natural gas, but with a shortage of that fuel

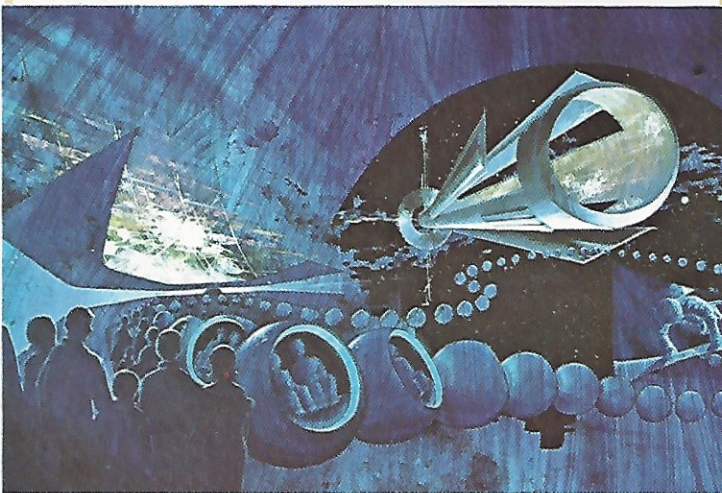
EPCOT RESEARCH: WED's Chief Engineer John Zovich discusses the implementation of new energy technologies at Walt Disney World with former Astronaut L. Gordon Cooper, now WED's Vice President—Research and Development for EPCOT (Cooper flew 22 earth orbits during the Mercury 9 program in 1963, and set a record 122 orbits as command pilot of the Gemini 5 flight with Astronaut Pete Conrad two years later)



COURTYARD OF NATIONS: Here, in the center of the World Showcase, parades, pageants and special events will be staged by dancers, musicians and entertainers from participating nations.



THE SCIENCE AND TECHNOLOGY PAVILION: Initial WED concepts for showcase attractions demonstrating new concepts in energy (above) and outer space.



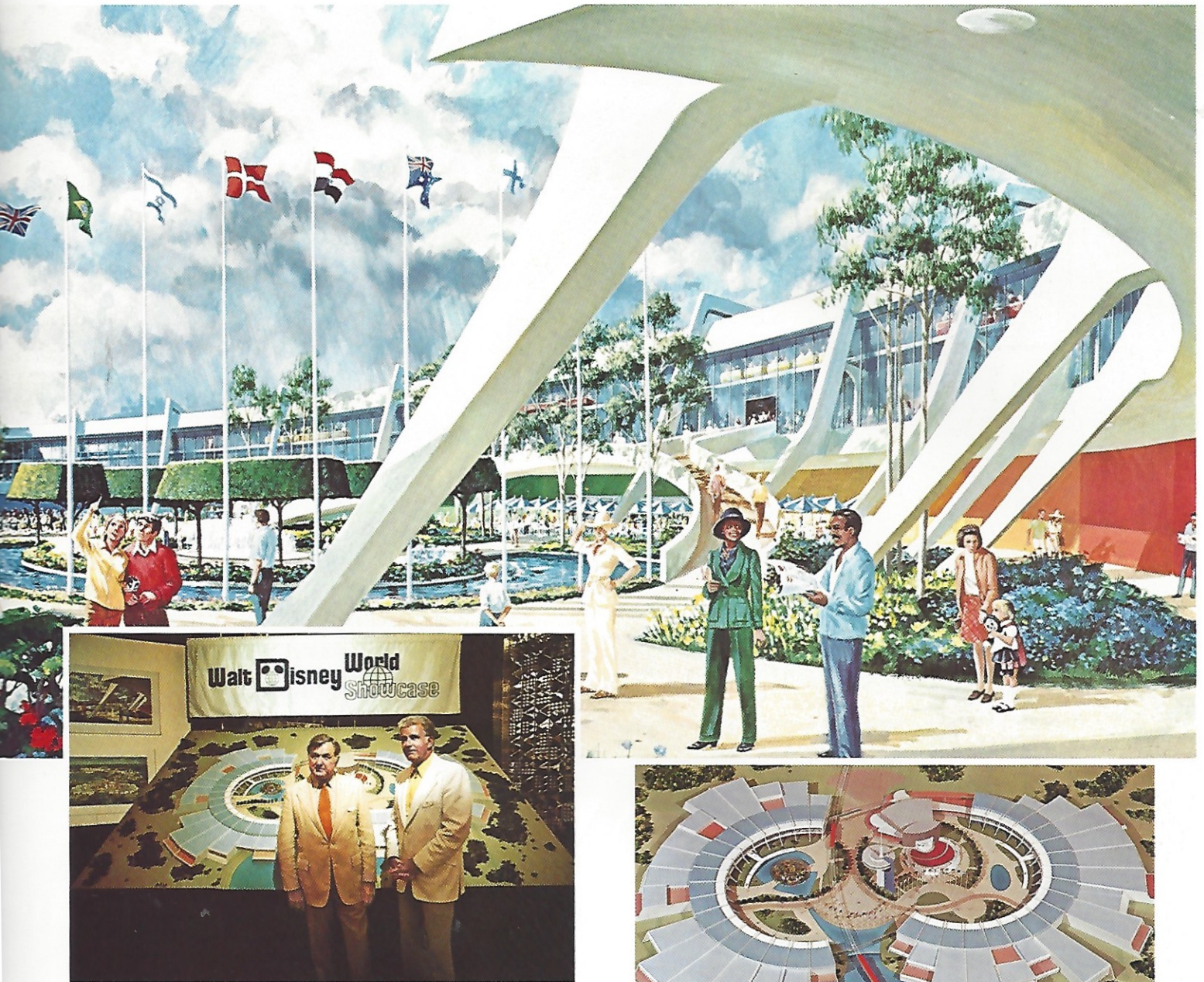
now developing, the first Walt Disney World tram has now been adapted to burn alcohol, which creates even less pollutants than natural gas.)

- The use of water hyacinth as a living filter to purify treated waste water. (Harvested water hyacinth is an excellent source for creating alcohol through pyrolysis, a virtually pollution-free process of heating waste materials to high temperatures in the absence of oxygen, causing the materials to break down into burnable gases and oils.)
- The use of solar power to heat and air condition buildings and homes. (It is planned that a new office building of the Reedy Creek Utility District will be heated and air conditioned with a prototype solar energy collector system. We are also considering the prototype installation of a total energy solar system to provide power for 25 new homes in the Community of Lake Buena Vista. Eventually, our engineers hope to heat and air condition the World Showcase complex through solar



energy, and ultimately, to achieve the goal of "energy self-sufficiency" at Walt Disney World.)

- The application of algae and daphnia mariculture to treated sewage, producing protein for livestock feeding.
- The use of a living filter tree farm to remove nutrients from treated waste water while producing timber and possibly alfalfa and other feed crops for cattle and horses. (Walt Disney World's living filter tree farm has already successfully produced three years of accelerated growth in a variety of timber products, including eucalyptus, a hardwood badly needed by the pulp paper industry.)
- The decomposition of trash—paper, plastics, food wastes, sludge and other materials—through pyrolysis or anaerobic digestion to create methane gas or, by conversion, alcohol or a sulphur-free substitute for coal, which may be used to fuel power plants, automobiles and other basic energy-consuming devices.
- The development of efficient new mass transportation systems like the Disney monorail and the linear motor-propelled WEDway PeopleMover.
- The creation of a prototype hospital day care center, designed to increase the efficiency of medical practice and reduce the cost of medical services to the patient. (We hope that one of the earliest EPCOT projects will be a participatory health practices exhibition, which would motivate people to adopt preventative health practices and change their living habits in order to avoid disease and disability. Of the \$75 billion spent annually for medical, hospital and health care,



THE UNIQUE WORLD SHOWCASE CONCEPT: During a briefing for ambassadors and other representatives of foreign nations at Walt Disney World in July, Donn Tatum and Card Walker tell how the semi-circular design will create equal exposure and public access for each participating nation.

only about one per cent is currently allocated to teaching good health habits.)

We believe that the implementation of projects like these within EPCOT and Walt Disney World will not only demonstrate the worldwide potential of these technologies, but will provide new opportunities for corporate growth and diversification as well.

We envision the EPCOT Future World Theme Center as a long-range, non-profit project, whose pavilions and exhibits will be financed by interested governmental agencies, corporations and foundations. We will contribute whatever land is necessary and make the Theme Center available to Walt Disney World guests free of charge. We believe that the Theme Center will directly benefit our Company by focusing worldwide attention on and attracting new audiences, including

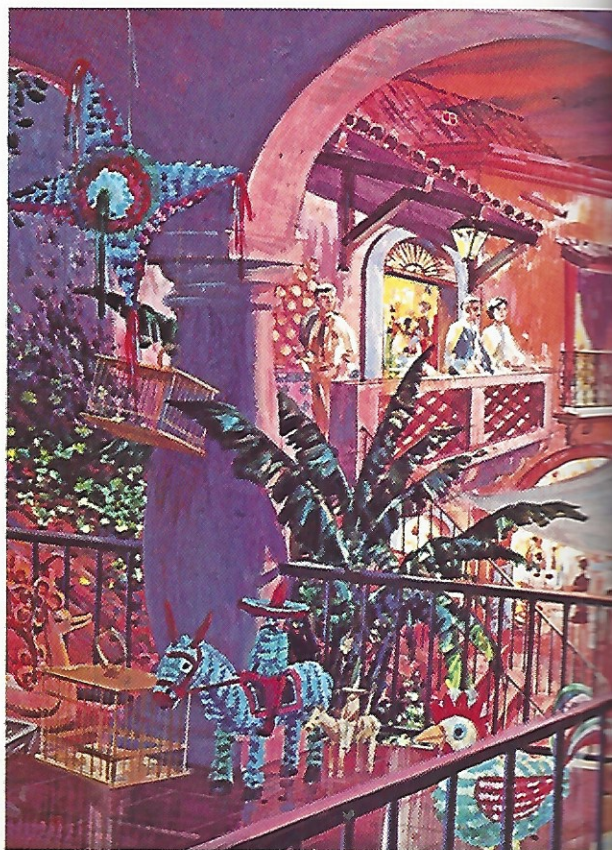
major convention groups, to Walt Disney World. It will result in an increased length of stay for our guests, stimulate a demand for new housing and other services at the site, and indirectly, will create new business opportunities for our Florida project.

THE WORLD SHOWCASE

Beyond the scientific and technological aspects of EPCOT, the project holds great promise for the advancement of international cooperation and understanding. The World Showcase, planned for opening in late 1979, will be devoted to this goal. An on-going international exposition, for which an admission will be charged, the World Showcase will communicate the culture, heritage, history, technology, trade, tourism and future goals of the participating nations.



NATIONAL PAVILIONS: Preliminary concepts created by the Disney staff... for discussion with Mexico, an excursion by boat to Lake Xochimilco (right)... for discussion with Japan, national exhibits followed by a simulated high-speed train ride through the Japanese countryside (below) No matter how large the interior area of a nation's pavilion, the outside exposure will be equal for all.





It will consist of a coordinated series of national pavilions housed side-by-side in two dramatic, semi-circular structures. These dynamic structures will face each other across a Courtyard of Nations, where there will be a major theater for performances by international celebrities and entertainment groups, and where parades, pageants and special events will be staged by entertainers from the participating nations.

Although these national pavilions may vary in size, each will enjoy equal facade exposure to the guest. The entire complex will be tied together by a Disney people-moving system that will offer visitors a preview look into each attraction.

Unlike a world's fair, it will offer participating countries a permanent installation for such features as themed restaurants and shops, product exhibits, industrial displays, cultural presentations, a trade center, and even special facilities for business meetings. A major part of each pavilion will be a Disney-designed ride or attraction which will give guests a foretaste of an actual visit to the country. National musical groups or other performing artists could present special entertainment on a continuing basis.

To be located on a 100-acre tract of Walt Disney World property between the present Transportation-Ticket Center and Florida Highway 192, the World Showcase will be linked by monorail with the EPCOT Future World Theme Center and the "Magic Kingdom's" Main Parking Area.

Although the World Showcase will offer every participant a unique outlet for the development of tourism, trade and other promotional opportunities, its most paramount objective will be increased international understanding. For this reason, it is our plan that each participating nation will send its young

future leaders to operate its own attractions, shows, restaurants and exhibits. We would hope that these young people would be selected for their potential in a wide variety of fields—medicine, science, business, education and international relations.

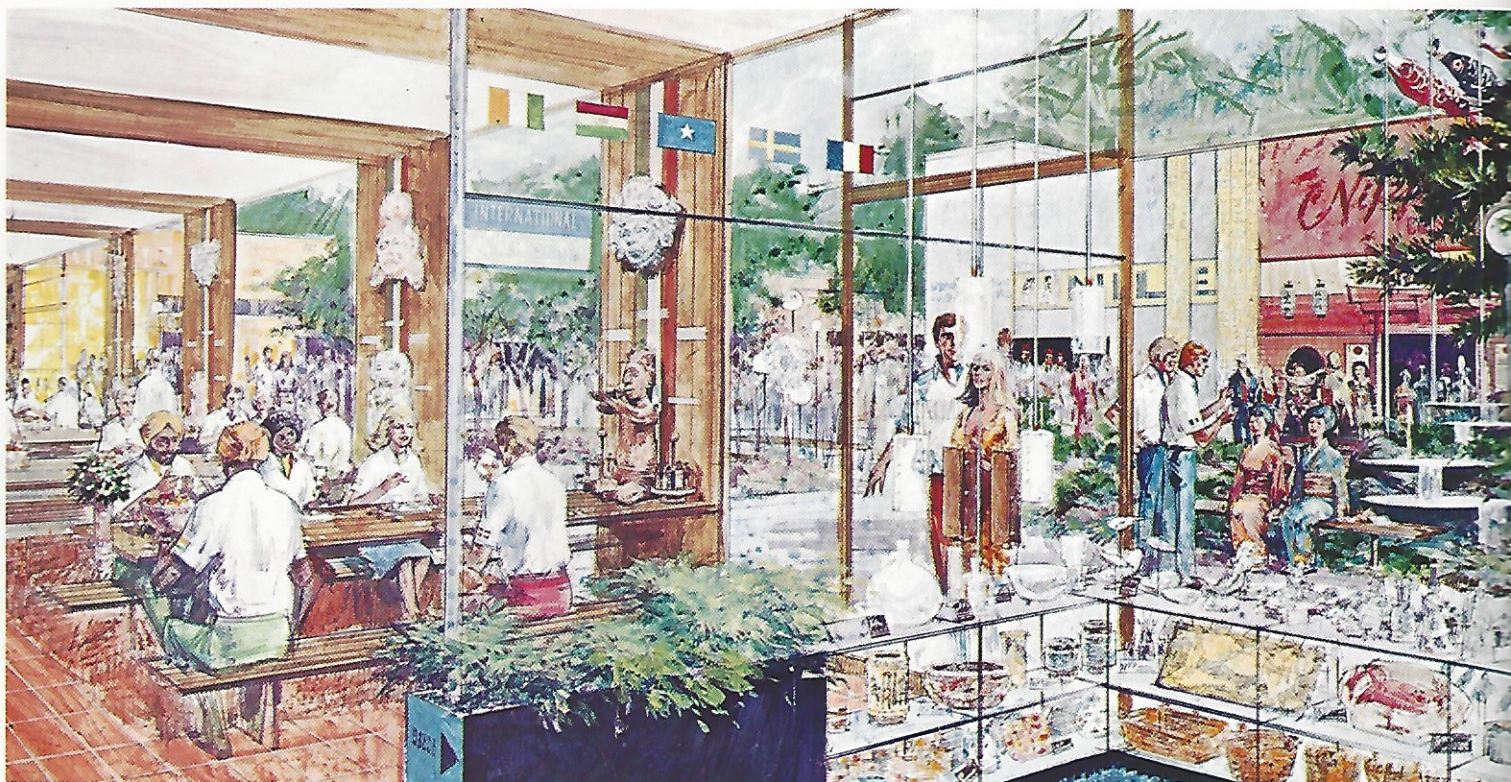
Working in their national pavilions for a specified period, perhaps one year, these young people would be housed in EPCOT's International Village. Here, they would live in the true family of man spirit, gaining increased international understanding and appreciation through daily association with their peers from around the world.

In the World Showcase and International Village, we will have an example of young men and women, as citizens of the world, sharing their cultures, history and aspirations. It will be a true people-to-people exchange.

Each participating nation will be asked to provide the capital to cover the cost of designing, developing and constructing its attraction and/or ride and all exhibits, as well as the Pavilion itself. It will also have the responsibility for funding the housing for its employees in the International Village. Its land lease will cover the cost of maintaining the attraction for a minimum of ten years.

The Disney organization will be responsible for area development, including the construction of transportation systems and utilities. We will also build and operate the internal people-moving system, the Courtyard of Nations and central theater facility.

We plan a one-price admission charge to the World Showcase, but entrance to each individual pavilion will be free. Participant-operated restaurant and merchandising activities



THE INTERNATIONAL VILLAGE: Each participating nation will be invited to send young adults to operate its attractions, shows, restaurants and exhibits. Emphasizing "people to people" contacts between the youth of the world, these young adults will live and learn and play together in EPCOT's International Village.

consistent with the character and custom of each nation will be encouraged, and we will extend to each nation such existing Walt Disney World services as security and fire protection, warehousing, maintenance and wardrobe facilities.

As of this writing, ambassadorial-level officials from some 31 nations have met with us to discuss World Showcase, and we have been extremely encouraged by their response. Major presentations were made at Walt Disney World in July and October, and since last June, additional meetings have been held in various nations and in our World Showcase office in Washington, D.C.

That office is being staffed by C. Langhorne Washburn, who resigned his position as Assistant Secretary of Commerce for Tourism to join the Disney organization as World Showcase Vice President.

Through the enthusiastic support of Florida's Governor Reubin Askew, we were able to expose our concepts for EPCOT to governmental leaders attending the Southern Governors' Conference at Walt Disney World in September.

After our presentation, Governor Mills E. Godwin, Jr., of Virginia was quoted as saying, "The depth of planning and the vision that went into the concept, I am certain, will assure its success."

Georgia's Governor George D. Busbee was quoted as saying, "It is a concept that I feel certain will do a great deal for our own country and for the cause of world peace."

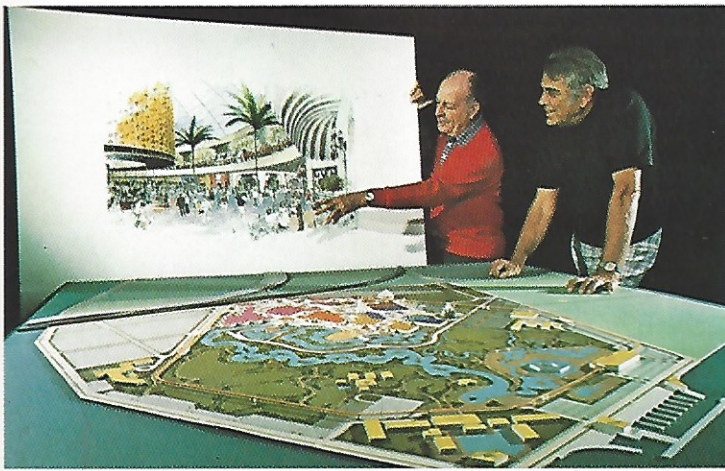
Secretary of State Henry Kissinger, who addressed the conference, graciously made time to view our presentation. He immediately grasped the potentials of the International Village, recalling his days at Princeton when he participated in similar people-to-people foreign exchanges.

Upon his return to Washington, he assigned two of his top aides to view our presentation there, and the State Department assisted in arranging follow-up meetings for our marketing team in Amsterdam, Athens, Copenhagen, Brussels and Paris.

As of this writing, we have arranged to preview our EPCOT-World Showcase concepts before the members of Congress. The presentation, to be hosted by the members of the California and Florida Congressional delegations, will take place on December 12th in the theater of the Rayburn House Office Building.

It is my firm conviction that the need for EPCOT and the World Showcase has never been greater, that the timing is right, and that, in Florida, we have the right location. I am hopeful that by the time we celebrate our Bicentennial on July 4, 1976, we will be confident of enough foreign participation in the World Showcase to make the decision to proceed. If we do, it will become the focal point of our second phase of development at Walt Disney World.

Elsewhere during the past year, we completed preliminary studies for two other new projects which, if they proceed, will challenge our growing organization during the decade ahead.



CONCEPTS FOR JAPAN: WED planners John Hench and Claude Coats review a preliminary master plan for 590 acres of land bordering Tokyo Bay (left). In the theme park, the World Bazaar (below) would be a climatized center for shopping, dining and entertainment.



THE TOKYO BAY PROJECT

We are in continuing discussions with Mitsui & Co., Ltd., the Mitsui Real Estate Development Co., Ltd. and Keisei Electric Railway Co., Ltd. of Japan regarding the possibility of developing an entirely new amusement theme park and related facilities on approximately 590 acres of land bounded on three sides by water at the north end of Tokyo Bay in Japan.

The site, known as Oriental Land, is in the approximate center of the National Capital Region of Japan, an area which contains almost 32 million people. It is 20 minutes from downtown Tokyo via the existing subway and highway systems.

Last September, after almost nine months of marketing and engineering studies and master planning, we delivered to the Japanese interests a detailed 150-page feasibility study and a preliminary master plan for the entire property.

The focal point of our involvement, of course, would be the

theme park. Similar in concept to our American theme parks, it would consist of six themed lands, Adventureland, Tomorrowland, Fantasyland, Westernland, International Land, and the World Bazaar—each emanating from a central hub highlighted by a Fantasyland castle. The World Bazaar would be a climatized center for international shopping and dining, also offering a wide variety of entertainment. It could operate independently of the other "lands," remaining open when other areas of the theme park have been closed for the day.

The remainder of the Oriental Land site would be devoted to other types of recreational activities, possibly to include a boating marina, and hotels, with the theme park and other major activity centers being tied together by a monorail system.

Since September, the Japanese interests have completed an extensive review of our feasibility and engineering studies, and additional meetings were held in the United States in November. We have asked our potential Japanese partners for a percentage of the revenues from those activities in which we are involved, and for quality control over the operation of the theme park, in order to assure that the highest standards are always associated with the Disney name. We have also asked the Japanese to provide all necessary financing.

We hope for a decision before the end of the year, perhaps by the time you receive this report. If an agreement is reached, we would immediately enter a year-long period of master planning, design and architectural work, which would be followed by approximately 18 months to two years of construction activity prior to opening.



INDEPENDENCE LAKE: Approximately 13 miles northwest of the city of Truckee and outside the Tahoe Basin, this alpine lake, 6,900 feet above sea level, has been a site for summer recreational activities since the late 1800's. Skiing consultant Willy Schaeffler (above, right) is developing the winter sports plan for this proposed year-round family destination resort.



THE INDEPENDENCE LAKE PROJECT

In November, we completed 16 months of environmental studies in the Independence Lake-Mt. Lola region of Northern California, where we plan to develop a family-oriented outdoor recreation resort in partnership with the Southern Pacific Land Company and a subsidiary of the Sierra Pacific Power Company.

Independence Lake, a magnificent alpine lake 2½ miles long and one-half mile wide, is surrounded by mountain terrain which is ideal for both winter and summer family recreational use.

The focal point of this year-round destination resort would be a 15-acre village at the northeast end of the lake, where we would locate base facilities and overnight accommodations



to be enjoyed by a projected 1,200,000 guests per year.

Our limited partners, Southern Pacific and Sierra Pacific, have contributed some 9,500 acres of land to the project, only about 10% of which would actually be involved in the development. However, much of this private land alternates in a checkerboarded pattern with adjacent sections owned by the United States Forest Service.

In order to better master plan the visitor facilities according to topographical and environmental considerations, and to guarantee unified control and administration of the development, Sierra Pacific Power Company and the Southern Pacific Land Company have proposed to the Forest Service a program of land exchanges which would consolidate our project area in private ownership, while transferring to public ownership a selection of other highly prized and environmentally sensitive lands in the Sierra and Nevada County regions.

The Forest Service is currently unwilling to make any decisions regarding the Independence Lake area until they have completed their Land Use Study for that region of Tahoe National Forest—perhaps not until June, 1976, a delay of some 18 months from their original schedule.

Therefore, we have suspended our master planning activities and will not file our Environmental Impact Statement until we receive assurances that the requested land exchange will be completed.

In summary, all of our environmental studies have been favorable, the Forest Service itself previously designated the

site as being appropriate for winter recreational development, and we believe that we have the overwhelming support of the residents in the local area. We remain committed to the project and still hope to be able to open to the public by the winter of 1979.

In the meantime, the Forest Service is nearing the completion of its long-delayed Environmental Impact Statement for the proposed Mineral King project in Sequoia National Forest. We expect that the filing of this report will finally bring to trial pending litigation between the Sierra Club and officials of the Federal government. The trial and subsequent appeal could delay a final decision on the Mineral King project perhaps another three years.

Nevertheless, the need for additional winter recreational facilities to serve the residents of Southern California is growing year by year. There is no question that Mineral King could become one of the finest winter recreational areas in North America, and if it could be done properly, we remain committed to this goal.

Elsewhere in the Company, 1976 should be an exciting year.

At the studio, we have begun the construction of a new headquarters building for our worldwide marketing activities, which should vastly increase our efficiency and the vital exchange of ideas which goes on between these divisions.

In recent months, we have seen rough cuts on "No Deposit, No Return," "Ride a Wild Pony," and "Gus," our first three new releases for the 1976 fiscal year, and the reaction has been excellent.

In Florida, construction is already under way for a major swimming and water recreational area in our Ft. Wilderness campgrounds at Walt Disney World.

In California, work began last September on the new "Space Mountain" complex at Disneyland, which is planned for opening on Memorial Day, 1977.

We are encouraged by the attendance trends we have seen at both Disneyland and Walt Disney World since the beginning of the new fiscal year on October 1st, and we believe that an admissions price increase of approximately 10%, scheduled for Walt Disney World in mid-December, will strengthen our entertainment and recreational revenues during the coming year.

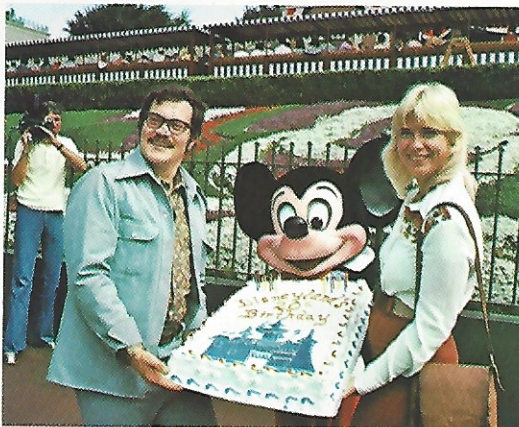
We intend to prepare carefully and thoroughly for our new projects—EPCOT and the World Showcase, the Japanese theme park and Independence Lake—and we will not move forward with any of these until the feasibility and economics are right. Nevertheless, we enter the new year highly confident that the decade ahead will be one of the most challenging and exciting in our Company's history.

Card Walker

November 17, 1975

1975: THE YEAR IN REVIEW

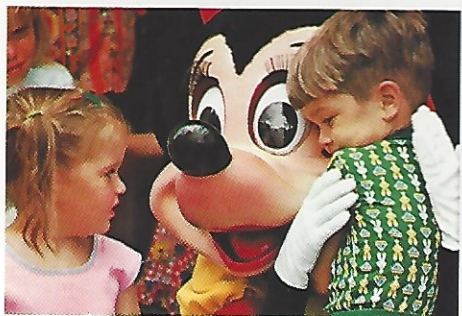
A Look at Corporate Activities by Division



ANNIVERSARY CELEBRATION
Michael Schwartzner and Kristina Vess Watkins, Walt Disney's first guests at Disneyland on opening day in 1955, returned on July 17 to help Mickey Mouse celebrate Disneyland's 20th anniversary

GROSS REVENUES

	1971	1972	1973	1974	1975
Admissions and rides	\$40,221,000	\$42,281,000	\$46,869,000	\$48,947,000	\$ 53,360,000
Merchandise sales	15,765,000	16,881,000	20,134,000	23,061,000	27,152,000
Food sales	15,471,000	16,332,000	18,555,000	19,813,000	22,776,000
Lessee and other rentals	5,797,000	6,040,000	5,126,000	5,214,000	5,487,000
Other	578,000	660,000	505,000	437,000	338,000
Total revenues	\$77,832,000	\$82,194,000	\$91,189,000	\$97,472,000	\$109,113,000
Total attendance	9,416,000	9,646,000	10,152,000	9,694,000	10,062,000



DISNEYLAND

Disneyland celebrated its 20th anniversary on July 17. Since its opening in 1955, this world-famous theme park has hosted 145 million guests.

10,062,000 of these came during fiscal 1975, an increase of 3.8% over the previous year, and the third best year in Disneyland's history, an excellent performance in light of increasing local competition. Disneyland remains the prime destination of vacation visitors to Southern California.

Attendance patterns returned to normal during 1975, after a year in which many people altered their travel plans due to uncertainties regarding the availability of gasoline. For instance, 64% of the Park's summer season attendance came from outside the 8-county Southern California area, a figure in line

with traditional levels, and up from 51% during 1974.

Revenues increased 11.9% to \$109,113,000.

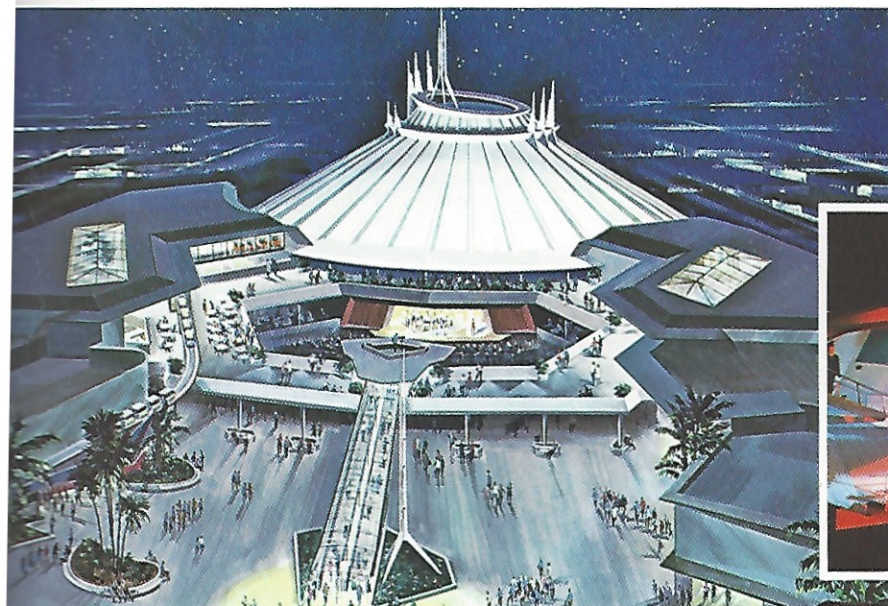
For the first time in its history, Disneyland mounted a major off-season local advertising campaign taking advantage of its 20th anniversary celebration. Newspaper, radio and television advertisements heralded the nostalgic theme: "Disneyland, the happiest part of growing up. Come live it again."

The return of "Great Moments With Mr. Lincoln" and the premiere of "America on Parade" as major Bicentennial attractions, provided a major stimulus to summer season promotions.

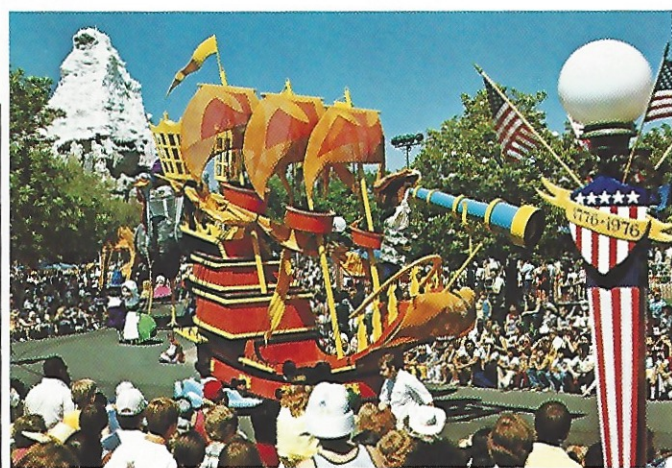
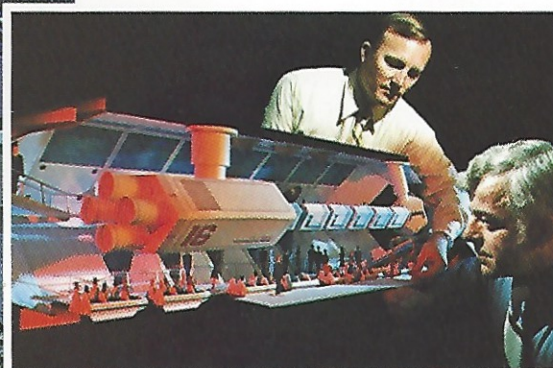
Recognizing the importance of repeat visits by local residents, especially young adults, to the continuing growth of Disneyland, the Company in September began work on a major addition to Tomorrowland which will feature the popular "Space Mountain." Scheduled to open on Memorial Day, 1977, the complex will bring to California an adaptation of the new thrill ride which opened in Florida during January, 1975. Disneyland's "Space Mountain" will be a single-track facility with a capacity of 2,160 per hour, housed in a building 200 feet in diameter and 90 feet high.

In addition, the complex will offer a new, permanent bandstand in a sunken forecourt for both stage shows and dancing, with permanent seating for 1,000 people. An additional 600 guests will be able to view special events from a new fast-food restaurant overlooking the stage.

Also ready for the 1977 opening in the "Space Mountain" complex will be a new arcade featuring a highly creative, space-themed electronic shooting gallery.



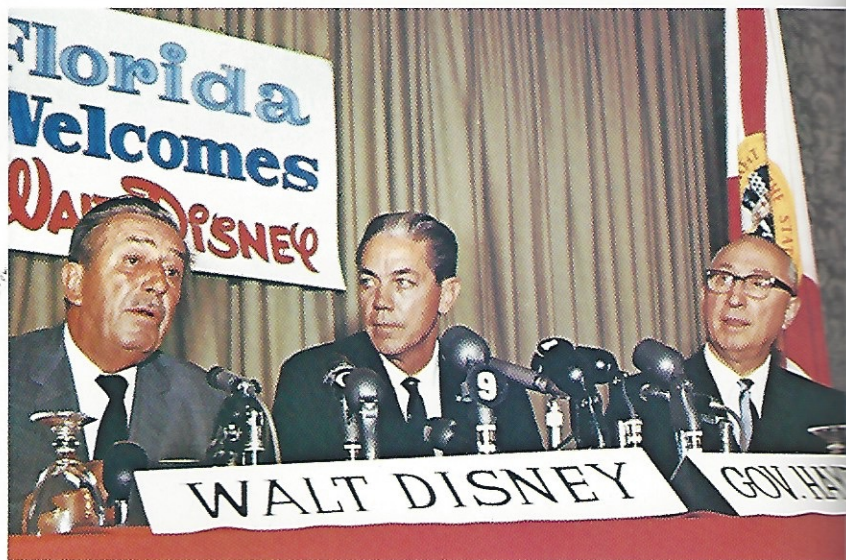
SPACE MOUNTAIN: WED designers Glenn Durlfanger and George McGinnis review a model for the interior of Space Mountain, the key attraction in a new extension of Disneyland's Tomorrowland, scheduled for opening on Memorial Day, 1977



AMERICA ON PARADE: The nation's most extravagant and longest-running Bicentennial pageant, "America on Parade" premiered at both Walt Disney World and Disneyland last June and will continue until September, 1976. Japan's Emperor Hirohito viewed this spectacular during his October visit to Disneyland, telecast live for 90 minutes throughout Japan.



PRESS CONFERENCE. On November 15, 1965, Walt Disney, Florida's Governor Haydon Burns and Roy O. Disney announced plans for a "major attraction" to be built on 27,400 acres of land 16 miles southwest of Orlando. A decade later, Walt Disney World (right) hosted 12,515,000 people, and was firmly established as the world's most popular destination resort.



GROSS REVENUES

	1972	1973	1974	1975
Admissions and rides	\$ 54,518,000	\$ 62,182,000	\$ 64,479,000	\$ 80,057,000
Merchandise sales	29,250,000	36,702,000	40,691,000	49,625,000
Food sales	33,199,000	40,207,000	44,547,000	54,822,000
Lodging	16,518,000	22,443,000	26,633,000	30,257,000
Lessee and other rentals	4,030,000	5,386,000	5,305,000	8,027,000
Other	1,296,000	1,242,000	864,000	2,463,000
Total revenues	\$138,811,000	\$168,162,000	\$182,519,000	\$225,251,000
Total attendance	10,713,000	11,593,000	10,834,000	12,515,000

WALT DISNEY WORLD

Attendance rebounded from the energy crisis-depressed levels of 1974 to a record 12,515,000, up 15.5%. Almost half of the gain was registered during the non-summer, non-holiday operating periods. Out-of-state attendance increased 24% during the year and represented 77% of the total. The year also saw new attendance records set for a single day (82,285 on March 25) and a single week (463,815 during the Easter week ended March 29).

Revenues increased 23.4% to \$225,251,000.

The Company's three resort-hotels—the Contemporary, the Polynesian Village and the Golf Resort—operated at a combined occupancy rate of 95%. As of November 1, 1975, 246,000 room-nights, or 80% of the total capacity available for these hotels during the next six months, had been sold or committed, a number equal to the previous year.

Almost 200,000 room-nights have been reserved for conventions during the three-year period through fiscal 1978, with the overwhelming majority of these conventions meeting during the off-season months.

The occupancy rate at the Fort Wilderness campgrounds increased from 70% in 1974 to 83% in 1975, with the campgrounds virtually filled to capacity from Christmas through August. As of November 1st, 59,000 site-nights had been sold at the campgrounds for the next six months, an increase of 45% over the previous year.

118 additional campsites will be constructed during the

coming year, which will bring the total available to 832 by June, 1976. That same month, a major extensive themed area for water recreation will open at Fort Wilderness. It will enable the Company to establish a new revenue center at Walt Disney World. A variety of new admission tickets is being developed, which should also stimulate additional use of the Fort Wilderness Steam Trains, Treasure Island, and the other recreational activities at Fort Wilderness. These will be available not only to guests of the campgrounds, but to hotel guests and others from all over Central Florida.

In November, members of the Service Trades Council Union ratified a new 5-year contract, which runs through November 1, 1980. Wages and other economic considerations are to be renegotiated at the end of the third year. Approximately 4,300 service-operation permanent employees are covered by the Service Trades Council agreement.

Highlighting Walt Disney World's fourth full year of operation was the grand opening on January 15, of RCA's 176-foot-high "Space Mountain" which immediately established itself as one of the most popular attractions in the Magic Kingdom. The General Electric Carousel of Progress, the Tomorrowland Rocket Jets, and the linear motor-propelled WEDway People-Mover, presented by the Edison Electric Institute for America's Investor-Owned Electric Companies, completed the newly extended Tomorrowland area. Other corporate participants in Tomorrowland are The Coca-Cola Company, The Copper-tone Corporation, Eastern Air Lines, Inc., The Goodyear Tire & Rubber Company and the Monsanto Company.

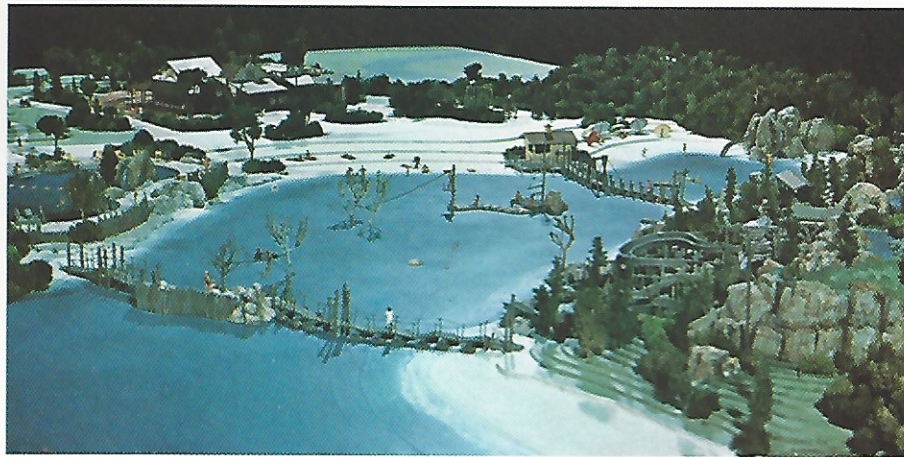


GRAND OPENING: Spectacular dedication ceremonies for RCA's Space Mountain in January, 1975, marked the completion of the "Magic Kingdom's" Tomorrowland, also the new home for the General Electric "Carousel of Progress" (below, left) and the WEDway PeopleMover, presented by the Edison Electric Institute for America's Investor-Owned Electric Companies. The WEDway PeopleMover features the revolutionary Disney-engineered linear motor (below, right).

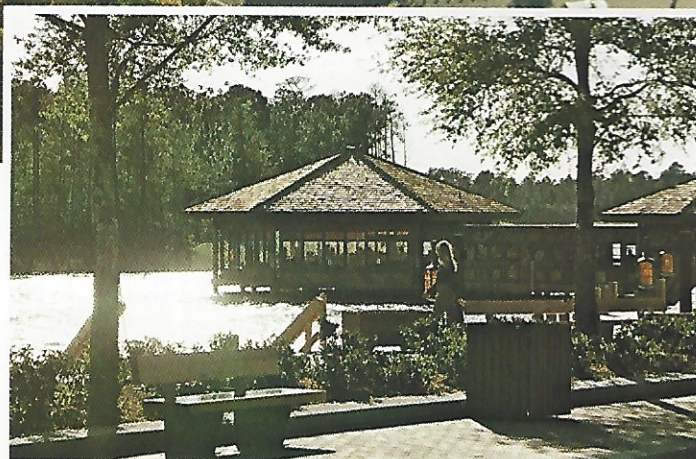
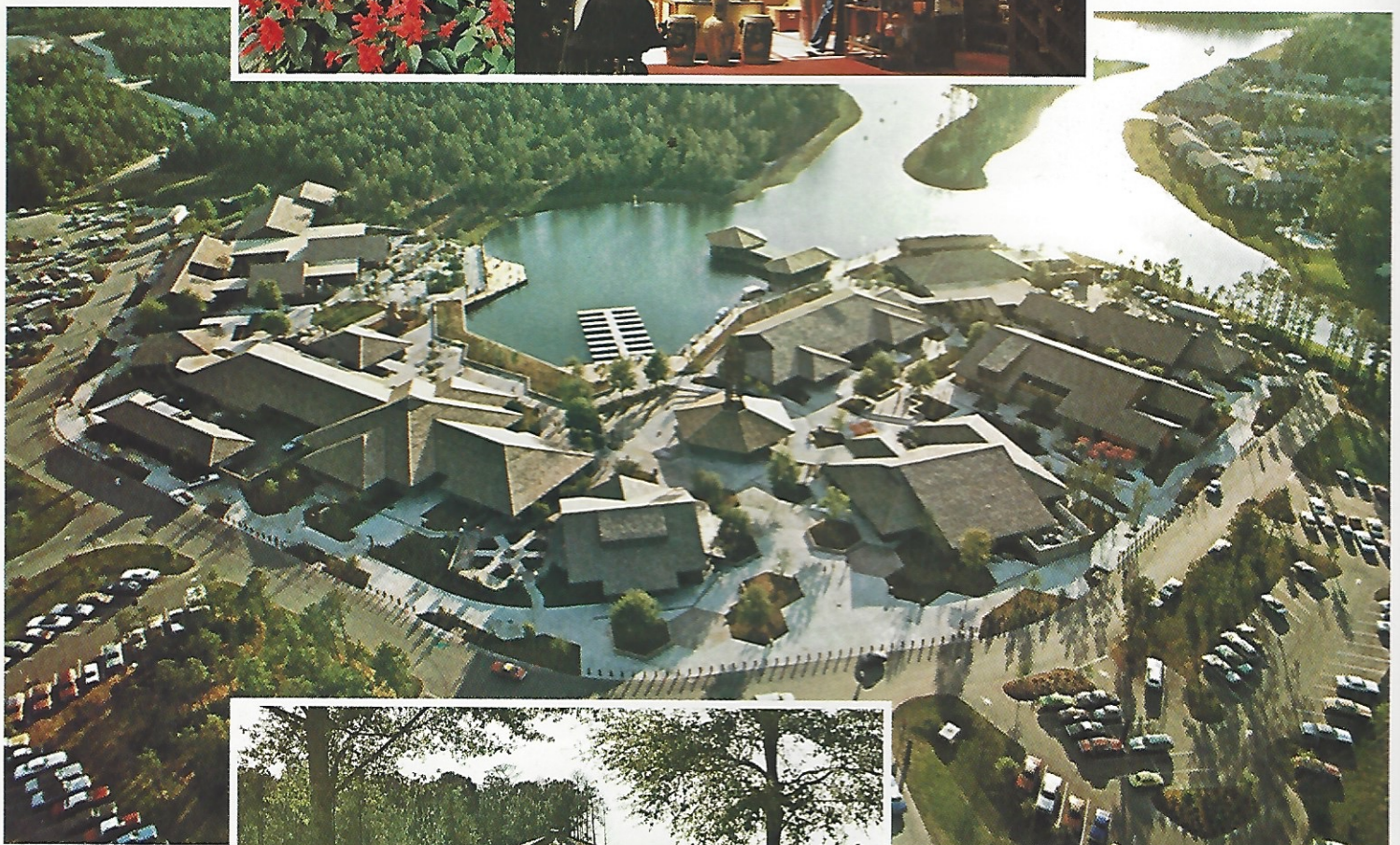


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FORT WILDERNESS: Opening for summer, 1976 at Walt Disney World's 1,000-acre campgrounds will be a major themed swimming and water recreational complex, now under construction and seen in model form at left.



THE COMMUNITY OF LAKE BUENA VISTA: The Village, a complex of 32 boutique and handicraft shops, convenience food stores and waterfront restaurants, opened to outstanding business last March, drawing leisure shoppers from throughout the central Florida region. The Village has stimulated additional visitation and improved occupancy rates for Walt Disney World's entire host community.

CHARACTER MERCHANDISING: Disney-themed Bicentennial sheets and towels from the Wamsutta and Pacific Home Products divisions of M. Lowenstein & Sons, Inc.



GROSS REVENUES

	1971	1972	1973	1974	1975
Character Merchandising . . .	\$ 5,872,000	\$ 9,360,000	\$13,035,000	\$15,128,000	\$20,811,000
Educational Media Co.	6,509,000	7,530,000	8,556,000	12,534,000	15,809,000
Music and Records	8,517,000	10,846,000	13,655,000	15,233,000	10,203,000
Publications	5,244,000	5,029,000	8,356,000	8,633,000	9,907,000
Other	2,092,000	2,491,000	3,790,000	5,546,000	13,675,000
Total	\$28,234,000	\$35,256,000	\$47,392,000	\$57,074,000	\$70,405,000

CONSUMER PRODUCTS AND SERVICES

A 38% revenue gain in Character Merchandising, a 26% increase in sales by the Walt Disney Educational Media Company, and the opening of the Lake Buena Vista Shopping Village helped to offset a substantial decline in Music and Record sales, and enabled the Consumer Products and Services Division to achieve record revenues of \$70,405,000 up 23.4% over the previous year.

However, operating income for the Division as a whole declined slightly due to a substantial drop in the profitability of record and music publishing activities, and the expensing during the year of all preopening costs for the Lake Buena Vista Shopping Village.

The **Character Merchandising Division** which licenses the Disney cartoon characters for use by third parties and also contracts for the direct manufacture, import and wholesale distribution of other key lines of Disney merchandise, experienced a 37.6% increase in revenues during the past year. Contributing to this revenue growth are long and productive relationships with such companies as Hallmark, which has produced licensed Disney merchandise since the early 1930's, when the company was known as Hall Brothers, Inc. Today, Hallmark markets more than 50 Disney items ranging from greeting cards to party decorations, posters, and calendars. These items are expected to sell in excess of \$8,000,000 at retail during 1976.



PAPER PRODUCTS: Hallmark's shop on Disneyland's Main Street offers a wide range of Disney-themed greeting cards, party decorations and calendars. The Disney-Hallmark relationship spans more than four decades.



MICKEY MOUSE CLUB MERCHANDISING: During 1975, the Company experienced another dramatic example of the stimulating interrelationship between motion picture and television distribution and consumer merchandising. Shown above are just several of the products created in response to the popularity of the Mickey Mouse Club television series, now in syndicated re-release. Our licensee, Benay-Albee, had retail sales of over \$5,000,000 for the year, shipping 2,500 dozen mouse ears each day for a period. The first Mickey Mouse Club record album has already sold more than 700,000 copies, and a second record package featuring a Mouseketeer cast photo album has now been released, with 100,000 copies being sold during the first four weeks.



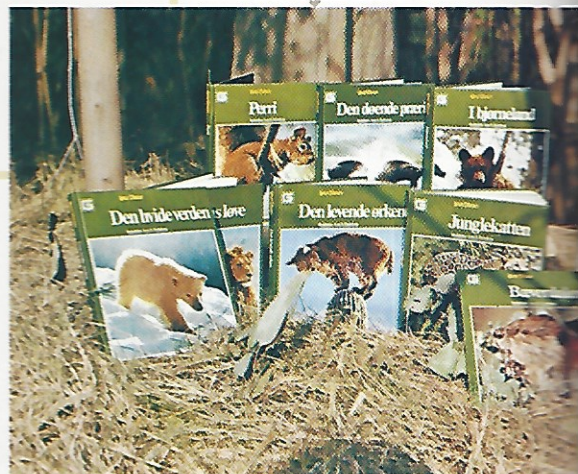
PUBLICATIONS: A new series of paperback books from Pyramid Publications and the New English Library (above), and a new set of True-Life Adventure books from Gutenberghus in Denmark (below).

The Company also values its relationship with the Wamsutta and Pacific Home Products divisions of M. Lowenstein & Sons, Inc., who have produced a series of bright, Disney-themed Bicentennial sheets, towels, bedspreads and curtains. Retail impact for their Disney line in 1976 is expected to exceed \$10,000,000.

The **Educational Media Company** which handles the 16mm non-theatrical rental of Disney films, produces and distributes educational films and materials and home entertainment, experienced a 26.1% increase in revenues during 1975. During the year, this subsidiary began an accelerated program of original production for the educational market, and introduced 181 new products to its worldwide catalogs. WDEMCO now markets in over 100 countries. Its international business increased 37% during the prior year.

Our **Music and Record** subsidiaries were the only areas of Disney activity to suffer measurably from the recessionary business climate of the past year. The general decline in retail record sales caused a 33% drop in revenues and a significant drop in profitability of operations. Nevertheless, this difficult year caused the Company to institute new marketing and administrative policies which will benefit music and record activities in the long run.

The year's most successful new release was the compilation of songs from Walt Disney's Mickey Mouse Club television show, which re-entered syndication early in 1975. More than 700,000 copies of the album have been sold at retail. These companies experienced some firming in sales during September, October and November.



The worldwide network of publishing activities administered by the **Publications Division** is exemplified by the agreement reached during 1975 with Pyramid Publications in the United States and the New English Library in England. Ten new paperback books using material from animated Disney classics, and live-action television properties were published, with the titles being exchanged between the publishers to broaden their product line in both countries. The initial print run of 10 titles exceeded 1,000,000 copies and 6 titles have already gone into reprint. Fourteen additional titles will be added to the series in 1976.

Gutenberghus, Disney's long-time book and magazine publisher in Denmark, has created an exciting set of 8 books based upon the Company's True-Life Adventure photographic files. Publishers in Germany, France and Italy have already contracted to use this material, and Western Publishing is expected to condense the books into a three-volume series for the United States market during 1976.

GRAND REOPENING... In June, with the dedication of the newly redecorated Odeon-St Martin's Lane Theater, London became the world's sixth major city to boast an all-Disney theater. "The Lady and the Tramp" brightened the marquee for twelve weeks, breaking house records.

"The Jungle Book" arrived in October and for three consecutive weeks, this comparatively small 700-seat house was the highest grossing theater in London's famed West End, not normally a strong area for Disney films.

Other major cities with virtually exclusive Disney showcases are Paris, Brussels, Copenhagen, Buenos Aires and Mexico City, where a second all-Disney house is now being planned.



GROSS REVENUES

	1971	1972	1973	1974	1975
Theatrical					
Domestic	\$35,458,000	\$35,525,000	\$40,185,000	\$48,586,000	\$ 61,224,000
Foreign	21,631,000	26,161,000	26,336,000	29,872,000	37,584,000
Television					
Worldwide	7,997,000	9,079,000	9,638,000	11,932,000	13,720,000
Total	\$65,086,000	\$70,765,000	\$76,159,000	\$90,390,000	\$112,528,000

MOTION PICTURE AND TELEVISION DISTRIBUTION

The dramatically strong and consistent worldwide acceptance of family-oriented Disney motion picture entertainment lifted film rentals, including television, to record levels in 1975. Revenues increased 24.5% to \$112,528,000. Both domestic and foreign film rentals were up approximately 26%.

In the United States and Canada, the Company's entire program of new releases performed impressively. By month, the films and their estimated domestic rentals were as follows: "The Bears and I," offered to exhibitors with a reissue of "The Shaggy Dog" in October, 1974 (\$4,200,000); "The Island at the Top of the World," an epic adventure about the discovery of a lost civilization of Vikings, offered for Christmas, 1974, with the new animated featurette, "Winnie the Pooh and Tigger Too," (\$10,000,000); "The Strongest Man in the World," another in the series of Disney's Medfield College comedies, released in February (\$6,800,000); and "Escape to Witch Mountain," the thrilling Easter release about two young orphans with supernatural powers (\$8,300,000).

Three films highlighted the summer schedule: the fourth reissue of the animated classic, "Bambi," which began in June (\$8,100,000); "The Apple Dumpling Gang," a lively western comedy about three children who strike it rich in the gold country (\$13,100,000); and the London spy spoof, "One of Our Dinosaurs is Missing," the last film to be produced by the talented Bill Walsh, offered with a reissue of "Cinderella" (\$5,700,000).



THE APPLE DUMPLING GANG: Don Knotts and Tim Conway teamed for hilarious comedy in this, the Company's highest-grossing domestic release of 1975.



PARIS... Holiday crowds through the famed Rex Theater to see "Robin Hood." In France and Germany, it brought film rentals of \$4,200,000 and \$3,800,000, respectively, and became the highest grossing picture of the year.



The Walt Disney Summer Festival in metropolitan New York and New Jersey was expanded to 65 theaters. Ten weekly programs brought film rentals of approximately \$2,500,000, twice as much as 1974, the program's first year. As a result, our domestic distribution organization, Buena Vista, scheduled an experimental four-week Christmas Holiday Festival for some 55 theaters in the same area.

For the first time in the Company's history, two foreign releases brought film rentals of blockbuster proportions in the same year. "Herbie Rides Again," the comedy sequel about a mysterious Volkswagen with a personality of its own, was released on the European continent in October, 1974, and will bring estimated foreign film rentals of \$13,300,000.

"Robin Hood," the full-length animated cartoon adaptation of the traditional English folktale, should exceed an estimated \$18,000,000 in foreign film rentals, and will become the Company's most successful foreign release of all time. It premiered in Europe and Australia during Christmas, 1974.

Following engagements in the United Kingdom, "The Island at the Top of the World" opened to outstanding box office

grosses in such markets as Spain, Switzerland, Holland, France, Germany and Italy during October, 1975. The film may achieve or slightly exceed the Company's initial foreign estimate of \$10,000,000.

Year by year, Buena Vista International continues to strengthen its worldwide distribution agreements, and during fiscal 1976, it will expand its release program by at least one additional film in each of the 80 nations in which it does business. Nevertheless, it will be very difficult to achieve the same level of foreign revenues in fiscal 1976 which accompanied the successes of "Herbie Rides Again" and "Robin Hood" during the past year.

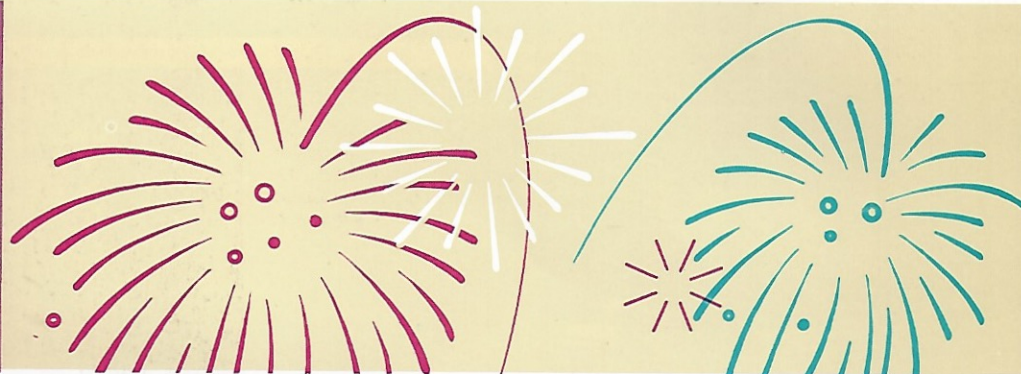
Television revenues benefited from the domestic resyndication of "The Mickey Mouse Club" (currently being seen each weekday afternoon by an average of 4,500,000 Americans in 119 markets) and the completion of a license agreement with NBC Television, under which the network broadcast four films as part of its "Saturday Night at the Movies." During the year, a second agreement was negotiated, which will make available seven additional films for broadcast during fiscal 1976 and the first quarter of 1977.

1976: LOOKING AHEAD

SNOW WHITE AND THE SEVEN DWARFS: Four decades ago, Walt Disney began production of this timeless animated classic, a decision that was to transform the nature of his business and establish Walt Disney Productions as the world's foremost producer of family motion picture entertainment. "Snow White" began its sixth American release during the Christmas holidays.



A year-long celebration of the finest in family entertainment



The fireworks began last October with "The Best of Walt Disney's True-Life Adventures," a full-length compilation of the most memorable scenes ever captured on film by the studio's dedicated nature photographers.

Thanksgiving brought the first theatrical reissue of the Robert Newton, Bobby Driscoll-starring adventure, "Treasure Island."

During the months to come, Walt Disney Productions will bring to theaters across America a colorful display of high-spirited adventure, heartwarming drama and rollicking comedy, plus two of Walt Disney's greatest cartoon classics.

Christmas, 1975: Walt Disney's timeless animated feature, "Snow White and the Seven Dwarfs," returns for its sixth visit to the motion picture screen, and its first since 1967. This lyrical, lighthearted animation classic about a little princess menaced by her jealous stepmother and befriended by seven lovable dwarfs ranks as one of the greatest achievements in motion picture history.

January, 1976: Peter Ustinov, Dean Jones and Suzanne Pleshette star in the first reissue of "Blackbeard's Ghost," a comedy caper about the ghost of an infamous pirate whose invisible trickery spells victory for a young college coach and his hapless track team.

February: David Niven, Darren McGavin, Don Knotts and Barbara Feldon combine their considerable comedy talents in "No Deposit, No Return," a laugh-paced spoof about two precocious children (Kim Richards and Brad Savage), who fake their own kidnapping and hold themselves for ransom. This fun-filled adventure was produced by Ron Miller and directed by Norman Tokar.

Easter: Filmed entirely in Australia, "Ride a Wild Pony" is a remarkable story and an extraordinary motion picture. This touching drama introduces Robert Bettles as a tough farm boy and Eva Griffith as a crippled young heiress, whose dispute over the ownership of a coveted pony divides an entire township. Jerome Courtland produced and Don Chaffey directed this poignant film.

June: "Peter Pan," Walt Disney's delightful cartoon fantasy about the boy who refused to grow up returns to motion picture screens for the fourth time. Based upon the famous play by Sir James M. Barrie, this imaginative flight into Never-Never Land remains an exciting movie-going experience for the young in heart of all ages.

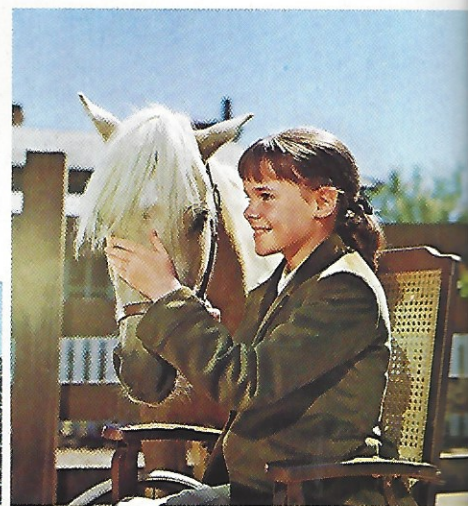
Summer: "Gus," a rollicking comedy about a mule that kicks 100-yard field goals and ends up being drafted by a losing professional football team, offers the finest in Disney fun for the whole family. Starring Edward Asner, Tim Conway, Don Knotts and Gary Grimes, this sports spoof was produced by Ron Miller and directed by Vincent McEveety.

Summer: Peter Ustinov, Robert Foxworth, Joan Hackett and Vic Morrow star in "Treasure of Matecumbe," the swash-buckling adventure of a pair of rugged boys, a soldier of fortune and a spirited southern belle on a treasure hunt that takes them from the post-Civil War South to the Florida Keys. An adaptation of Robert Louis Taylor's popular novel, it was produced by William H. Anderson and directed by Vincent McEveety on colorful locations in Kentucky and Florida.

BLACKBEARD'S GHOST:
Peter Ustinov brings to life a
mischievous, conniving pirate.



NO DEPOSIT, NO RETURN:
David Niven stars in this fast-paced
comedy caper.

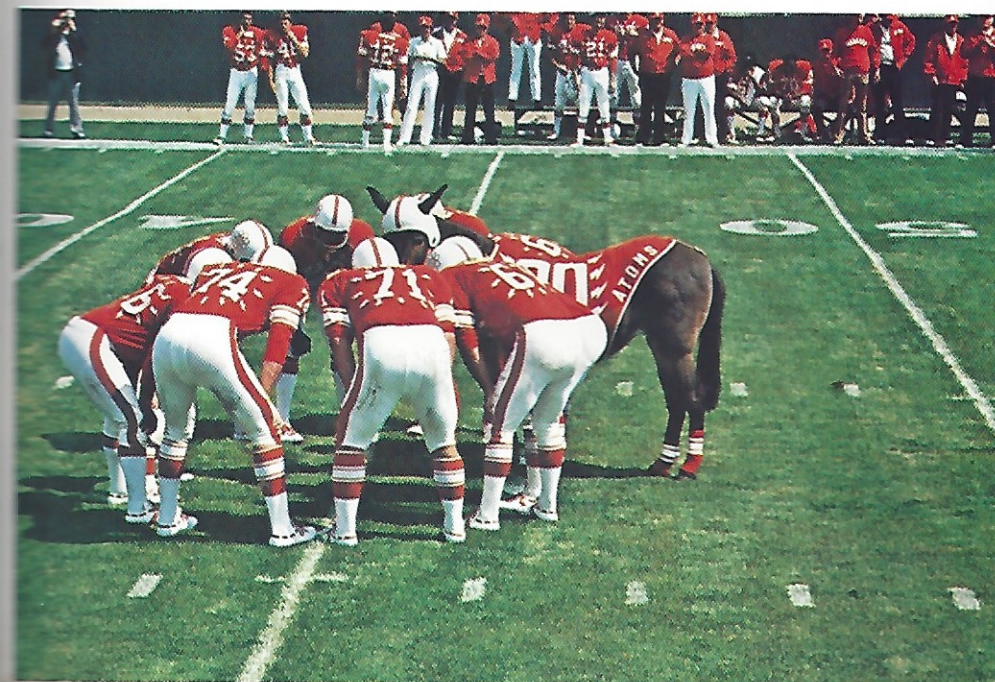


RIDE A WILD PONY:
Poignant drama filmed entirely
in the Australian outback.

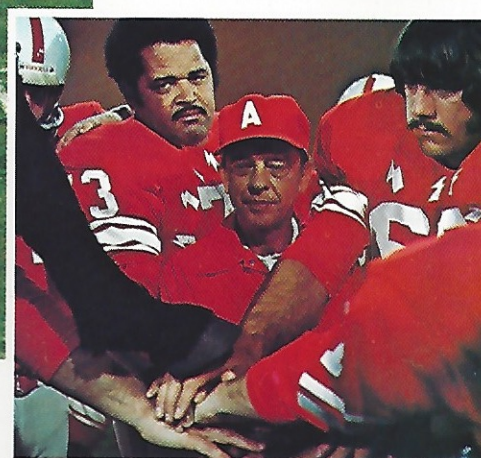




PETER PAN: An encore for Walt Disney's classic animated flight into fantasy



GUS: A fast-kicking mule and an all-star comedy cast spark this spoof on professional sports.

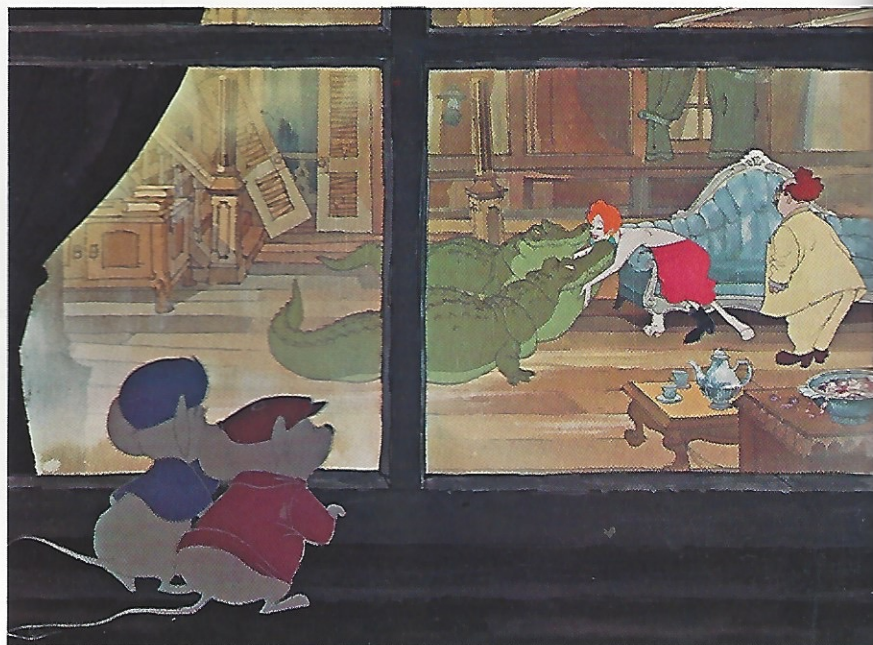


TREASURE OF MATECUMBE: Swashbuckling adventure in the post-Civil War South starring Peter Ustinov, Joan Hackett and Robert Foxworth.



PIT PONIES: *Three children daringly rescue twelve ponies from a Welsh coal mine in this exciting feature which has completed production for Easter, 1977, release.*

THE RESCUERS: *Disney's newest full-length animated feature will premiere during the summer of 1977.*



MOTION PICTURE AND TELEVISION PRODUCTION

*by Ron Miller,
Vice President—Executive Producer*

Production is now virtually completed for fiscal 1976, and we are turning our attention to the development of motion picture and television product which will carry us into 1978.

In mid-February, a comedy sequel to "The Shaggy Dog" entitled "The Shaggy D.A." will begin production for Christmas, 1976 release. Bill Anderson will produce, Robert Stevenson will direct, and Dean Jones will star in this story of a boy, now grown up, who faces a continuing dilemma—the old curse which periodically changes him into a shaggy dog, and on the eve of his election to public office.

In mid-March, Gary Nelson will direct "Freaky Friday," based on Mary Rodgers' book and original screenplay about what happens when a mother and her thirteen-year-old daughter realize their perennial wish to change places for a day. By facing each other's hour-to-hour problems and crises, they create many hilarious situations and develop renewed mutual understanding and respect.

I am pleased to announce that David Swift has returned to Walt Disney Productions to write and direct a compelling and clever adventure tentatively titled "Candleshoe." In the story, to be filmed both in England and Burbank, a young hellion from the ghettos of Chicago poses as the long-lost grandchild of an illustrious British beldame who lives in an impoverished, huge English estate with four adopted children and a devoted butler. In attempting to carry off this larcenous masquerade, the girl discovers true love and a new set of values in this curious family.

Director Charles Jarrott has completed production in Britain on "Pit Ponies," a poignant story of three children who

daringly rescue two Welsh ponies that are about to be replaced by machinery after years of loyal service in a local mine. Based on an original screenplay by Rosemary Anne Sisson, the film stars Alastair Sim and a prominent British cast. It will be released at Easter, 1977.

We are pleased that the two-time Academy Award winners Al Kasha and Joel Hirschhorn, have agreed to write the songs and musical score for "Pete's Dragon," our most ambitious musical project since "Mary Poppins." This musical fantasy will be produced by Jerome Courtland with an all-star cast of musical and comedy performers. Production is scheduled to begin during the summer of 1976.

"Hero from Otherwhere" is another unusual property which will challenge the creativity of the Disney organization. Approximately one-third of this adventure-fantasy will combine animation and live action. It tells the story of two young antagonists who must become a team before they can succeed in their quest for the secret of a mysterious, bizarre land known as Otherwhere. The film is being prepared for production by Jerome Courtland.

"The Love Bug Goes to Monte Carlo" will provide the third starring role for our popular and spunky little Volkswagen, Herbie. This time, he becomes involved in an international espionage plot while taking on the world's fastest racing cars in the Monaco Grand Prix. The comedy will include scenes filmed on location in France and Monte Carlo.

"Space Station One," now in long-range planning for production in 1977, will be our most ambitious live-action feature to date. In this truly fantastic science-fiction story,



TELEVISION: Among the programs to be presented on "The Wonderful World of Disney" during 1976, the Studio's 23rd consecutive year of television production, are the following:

FLIGHT OF THE GREY WOLF: In this two-part drama, produced by Roy E. Disney, nature teaches a boy a serious lesson in survival, for both himself and his pet wolf—the target of a sheriff's posse. Jeff East (left) and Barbara Hale star.

KIT CARSON, FREMONT AND THE MOUNTAIN MEN: A historical adventure recreating the daring and secret California expeditions of Captain John Fremont and Kit Carson, this two-part drama stars Robert Reed as Fremont and Christopher Connelly (above) as Carson, shown with Ike Eisenmann. Winston Hibler produced, with Chris Hibler as his associate.

OPEN WINTER: In the days of depression and draught, when men killed to hoard precious water and small patches of grazing land, two men and 25 horses brave a fierce trek across hostile mountain and desert country (right). James Algar produced this two-part show.



co-produced by Winston Hibler, an incredible robot joins in the daring rescue of the personnel aboard a doomed Earth station which is steadily being drawn into a black hole in outer space. The film will provide a very special challenge for the studio's talented special effects department.

Production on our next animated cartoon feature, "The Rescuers" is progressing well, and the picture has been slated for a summer, 1977, release. Producer-director Woolie Reitherman and his tremendous animation team have created a charming and suspenseful film about an international all-mouse organization called the Prisoners' Aid and Rescue Society, which maintains headquarters in the basement of the United Nations Building. The voices of Eva Gabor, Bob Newhart and Geraldine Page are featured in this story of two little mice, Bianca and Bernard, who track down and save a little orphan girl held captive by a mysterious villain in the swamps along the Gulf Coast.

Two other properties are in preparation as potential full-length animated features. "The Fox and the Hound," based on a novel by Daniel P. Mannix, traces the relationship between two animals who begin life as friends, but later realize they should be enemies.

Rosemary Ann Sisson is writing the screenplay for "The Cauldron," a classical fairytale combining the most exciting elements of "Snow White" and "Fantasia." Based on the first three novels from Lloyd Alexander's five-novel work, "The

Prydain Chronicles," the story depicts the adventures of a boy and girl in pre-historic Wales. Filled with mysterious special effects, the story is ideally suited to challenge the creativity of our animation staff.

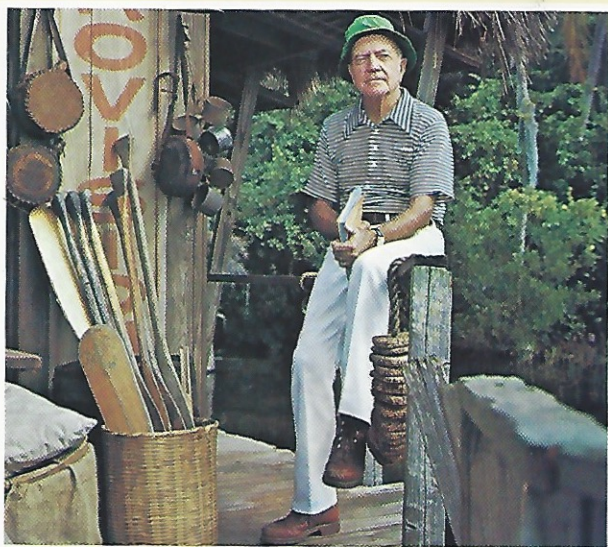
Our Sunday night television series, "The Wonderful World of Disney," is now set to continue on NBC-TV at least through September, 1978. During the current season, six episodes of this anthology series were extended to a two-hour format, in response to a request from NBC for assistance in strengthening their Sunday night programming schedule.

Nevertheless, the series has not experienced the large total audiences it did in years past, because NBC moved the show from 7:30 p.m. on Sunday nights to 7:00 p.m., when the number of sets in use are significantly lower.

In closing, may I say that it is particularly rewarding to note the increasing worldwide public acceptance of Disney motion picture and television entertainment. We have an extremely talented and creative production team, which recognizes the Company's responsibilities as the leading producer of family entertainment. We will do everything possible to maintain that trust in the years ahead.

Ron Miller

Ron Miller

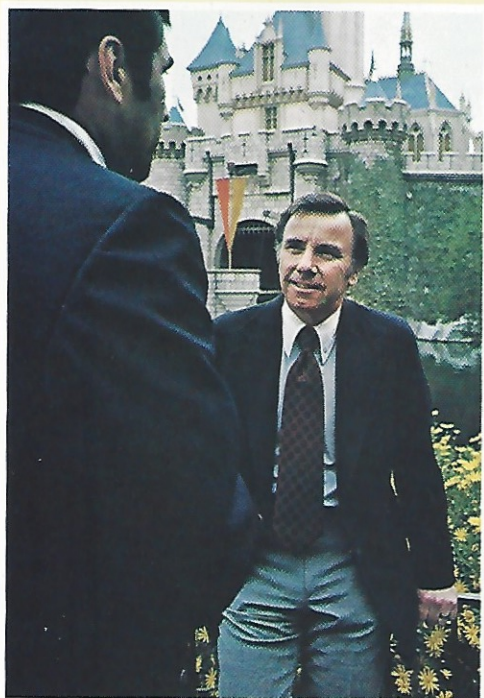


WILLIAM H. ANDERSON
Vice President — Production and Studio Operations



RICHARD T. MORROW
Vice President—General Counsel

ROY E. DISNEY*
Vice President



RAYMOND L. WATSON
President, The Irvine Company
(land planning, development,
management and agriculture)

FINANCIAL HIGHLIGHTS

WALT DISNEY PRODUCTIONS AND SUBSIDIARIES

	1975	1974
Revenues	\$520,006,000	\$429,889,000
Income before taxes on income	\$115,741,000	\$ 88,971,000
Taxes on income	\$ 54,000,000	\$ 40,444,000
Net income	\$ 61,741,000	\$ 48,527,000
Per share	\$2.06	\$1.63
Capital expenditures	\$ 42,565,000	\$ 67,241,000
Total assets	\$782,666,000	\$751,539,000
Long term liabilities	\$ 6,100,000	\$ 60,801,000
Stockholders equity	\$618,743,000	\$560,171,000
Per share	\$20.64	\$18.82
Average number of common and common equivalent shares outstanding during the year	29,975,000	29,765,000
Number of stockholders	59,000	55,000
Number of permanent employees	14,500	14,000

*Member Executive Committee



HON. SHIRLEY TEMPLE BLACK
United States Ambassador to Ghana



RONALD W. MILLER*
*Vice President—
Executive Producer*

E. CARDON WALKER*
*President and Chief
Operating Officer*



DONN B. TATUM*
*Chairman of the Board and Chief
Executive Officer*

PHILIP M. HAWLEY
*President, Carter Hawley Hale Stores, Inc.
(retail merchandising)*

To our Shareholders and Employees:

The close of our Company's 1975 year certainly marks a course of substantial progress. For the first time, revenues have exceeded one half billion dollars. Net income was up by more than 27% over the previous period, and we fully paid off our long-term bank debt, which had stood at \$55,000,000 at the beginning of the year. Revenues, net income, earnings per share, assets, available cash and stockholders' equity all show significant increases.

With this strong financial structure we are well positioned to advance all of the projects in which we are now engaged and to take advantage of the many opportunities which lie before us.

This progress is consistent with our history, which seems to underscore the fundamentals that are working for us in the kind of activities in which we are engaged, the philosophy underlying the manner in which we conduct those activities

45 YEARS OF GROWTH

(in thousands)

	<i>Total Assets</i>	<i>Stockholders Equity</i>	<i>Total Revenues</i>	<i>Net Income</i>
1931	\$ 178	\$ 90	\$ 469	\$ 21
1935	1,018	806	1,548	109
1945	8,696	6,170	4,551	351
1955	21,636	8,889	24,639	1,353
1965	90,792	55,718	109,900	12,434
1970	275,243	225,221	167,103	21,759
1971	505,219	325,698	174,556	26,850
1972	617,239	467,853	329,437	40,293
1973	687,287	513,940	385,065	48,028
1974	751,539	560,171	429,889	48,527
1975	* 782,666	618,743	520,006	61,741

and the great name under which we do business. On this page is a remarkable chart entitled "Forty-five years of growth" which clearly portrays the dynamism of our Company's business.

We have available a revolving line of bank credit in the amount of \$50,000,000 at the prime rate. However, we do not anticipate utilizing this line in the foreseeable future.

The financial statements in this report, and particularly the summary of accounting policies and the notes, contain a wealth of important and informative detail which, to anyone interested in our affairs, is well worth reading carefully.

During the year, S. Clark Beise retired from our Board of Directors after a number of years of very valuable service to our Company. His place was taken by Philip M. Hawley, President of Carter Hawley Hale Stores, and a widely-known and distinguished businessman and community leader.

Recently, Ambassador Shirley Temple Black found it necessary to resign from the Board because of the demanding nature of her responsibilities as our country's representative in Ghana, where she is making a very significant contribution to the Nation. We are grateful for the fine service she has rendered to our Company.

Ambassador Black's place on the Board has been taken by Caroline Leonetti Ahmanson, a well-known businesswoman,

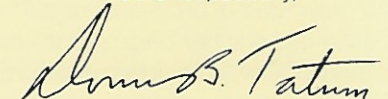
leader in civic and cultural affairs and philanthropist.

On October 1, 1975 our new retirement policy became effective. Approximately 100 members of our staff have retired after many years of fine service. They have made important contributions to our growth and progress and we record here our deep appreciation and wish for many years of happiness and satisfaction.

The new year should see a continued strong performance for our Company and will bring a firming up of some of our numerous project opportunities. It should be a year both of strong consolidation and of a gathering of new momentum to take us to greater heights in the years ahead.

It is a time for prudence, but also for confidence. Our entire organization, to which so much credit for what has come to pass is due, is ready, able and eager to move ahead.

Yours respectfully,



Donn B. Tatum
Chairman of the Board

November 17, 1975

CONSOLIDATED STATEMENT OF INCOME

	Year Ended September 30	
	1975	1974*
REVENUES		
Entertainment and recreational activities	\$337,073,000	\$282,425,000
Film rentals	112,528,000	90,390,000
Consumer products and other	70,405,000	57,074,000
Total revenues	520,006,000	429,889,000
COSTS AND EXPENSES OF OPERATIONS		
Entertainment and recreational activities	272,953,000	236,517,000
Film rentals	55,892,000	44,575,000
Consumer products and other	48,742,000	35,196,000
Total costs and expenses of operations	377,587,000	316,288,000
OPERATING INCOME BEFORE CORPORATE EXPENSES		
Entertainment and recreational activities	64,120,000	45,908,000
Film rentals	56,636,000	45,815,000
Consumer products and other	21,663,000	21,878,000
Total operating income before corporate expenses	142,419,000	113,601,000
CORPORATE EXPENSES		
General and administrative	17,321,000	16,079,000
Projects and preliminary concepts abandoned	6,702,000	1,285,000
Interest	2,655,000	7,266,000
Total corporate expenses	26,678,000	24,630,000
INCOME BEFORE TAXES ON INCOME	115,741,000	88,971,000
Taxes on income (note 3)	54,000,000	40,444,000
NET INCOME	\$ 61,741,000	\$ 48,527,000
EARNINGS PER SHARE	\$2.06	\$1.63

*Reclassified for comparative purposes and restated for interest on investment tax credit refund.
See notes to consolidated financial statements and summary of significant accounting policies.

CONSOLIDATED BALANCE SHEET

ASSETS	September 30	
	1975	1974*
CURRENT ASSETS		
Cash and short term investments	\$ 40,633,000	\$ 16,244,000
Accounts receivable, less allowances	23,035,000	30,605,000
Inventories		
Film production costs (note 1)	24,024,000	23,445,000
Merchandise, materials and supplies	30,368,000	23,392,000
Prepaid expenses	7,314,000	7,397,000
Total current assets	125,374,000	101,083,000
 FILM PRODUCTION COSTS—NON-CURRENT (note 1)	 30,224,000	 27,559,000
 ENTERTAINMENT ATTRACTIONS AND FACILITIES, at cost	 658,366,000	 604,800,000
Less accumulated depreciation	(151,981,000)	(124,170,000)
	506,385,000	480,630,000
 OTHER BUILDINGS AND EQUIPMENT, at cost	 93,363,000	 63,024,000
Less accumulated depreciation	(20,202,000)	(16,826,000)
	73,161,000	46,198,000
 CONSTRUCTION IN PROGRESS, at cost	 20,528,000	 68,292,000
 LAND, at cost	 16,586,000	 16,507,000
 OTHER ASSETS (note 2)	 10,408,000	 11,270,000
	<u>\$782,666,000</u>	<u>\$751,539,000</u>

*Restated for investment tax credit refund and interest thereon.

See notes to consolidated financial statements and summary of significant accounting policies.

Walt Disney Productions and Subsidiaries

LIABILITIES AND STOCKHOLDERS EQUITY	September 30	
	1975	1974*
CURRENT LIABILITIES		
Accounts payable	\$ 20,348,000	\$ 19,285,000
Payroll and employee benefits	14,448,000	10,835,000
Property, payroll and other taxes	4,022,000	3,616,000
Unearned deposits and advances	8,653,000	5,386,000
Taxes on income (note 3)	26,547,000	19,721,000
Total current liabilities	74,018,000	58,843,000
UNEARNED DEPOSITS AND ADVANCES—NON-CURRENT	6,937,000	8,580,000
LONG TERM LIABILITIES		
Notes payable to banks		55,000,000
Other	6,100,000	5,801,000
	6,100,000	60,801,000
DEFERRED TAXES ON INCOME AND INVESTMENT CREDITS		
(note 3)	76,868,000	63,144,000
COMMITMENTS AND CONTINGENCIES (note 6)		
STOCKHOLDERS EQUITY (note 5)		
Preferred shares, \$20 par value		
Authorized—5,000,000 shares; none issued		
Common shares, \$1.25 par value		
Authorized—75,000,000 shares		
Issued and outstanding—29,759,641 and 29,171,924 shares	37,199,000	36,465,000
Capital in excess of par value	386,188,000	373,312,000
Retained earnings	195,356,000	150,394,000
	618,743,000	560,171,000
	<u>\$782,666,000</u>	<u>\$751,539,000</u>

CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY

	<i>Common Shares Number</i>	<i>Common Shares Par Value</i>	<i>Capital in Excess of Par Value</i>	<i>Retained Earnings</i>
Balance at September 30, 1973 (as previously reported)	28,583,779	\$35,730,000	\$337,408,000	\$133,308,000
Investment tax credit refund				6,686,000
Interest thereon (net of income taxes of \$986,000)				808,000
Balance at September 30, 1973 (as restated)	28,583,779	35,730,000	337,408,000	140,802,000
Exercise of stock options (note 5)	16,432	20,000	308,000	
Income tax benefit from sale of option shares by employees			859,000	
Dividends				
Cash (12¢ per share)				(3,483,000)
Stock (2%)	571,713	715,000	34,737,000	(35,452,000)
Net income for the year (as restated) (note 3)				48,527,000
Balance at September 30, 1974 (as restated)	29,171,924	36,465,000	373,312,000	150,394,000
Exercise of stock options (note 5)	4,278	5,000	106,000	
Income tax benefit from sale of option shares by employees			273,000	
Dividends				
Cash (12¢ per share)				(3,553,000)
Stock (2%)	583,439	729,000	12,497,000	(13,226,000)
Net income for the year				61,741,000
Balance at September 30, 1975	<u>29,759,641</u>	<u>\$37,199,000</u>	<u>\$386,188,000</u>	<u>\$195,356,000</u>

MARKET PRICE AND DIVIDEND DATA

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	<i>Market Price*</i>				<i>Dividends</i>	
	<i>1975</i>		<i>1974</i>		<i>1975</i>	<i>1974</i>
	<i>High</i>	<i>Low</i>	<i>High</i>	<i>Low</i>		
First quarter	\$27½	\$16½	\$79¼	\$39	\$.03	\$.03
Second quarter	46¼	21½	53¾	34¾	.03	.03
Third quarter	55¼	44¼	50¼	40½	.03	.03
Fourth quarter	54¾	39¾	43¾	19¾	.03	.03
Year's high and low	55¼	16½	79¼	19¾		

*Adjusted for stock dividends.

See notes to consolidated financial statements and summary of significant accounting policies.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year Ended September 30	
	1975	1974*
FINANCIAL RESOURCES WERE PROVIDED BY:		
Operations		
Net income	\$ 61,741,000	\$ 48,527,000
Expenses not affecting working capital		
Depreciation	32,819,000	29,601,000
Amortization of preopening costs	2,085,000	2,429,000
Amortization of film production costs, non-current	2,162,000	2,761,000
Projects and preliminary concepts abandoned	4,713,000	
Deferred taxes on income and investment credits	13,724,000	11,973,000
Working capital provided from operations	117,244,000	95,291,000
Increase in long term liabilities		
Bank borrowing		36,000,000
Other	960,000	970,000
Proceeds from exercise of stock options and tax benefits	384,000	1,187,000
	<u>118,588,000</u>	<u>133,448,000</u>
FINANCIAL RESOURCES WERE USED FOR:		
Additions to entertainment attractions, facilities, and other depreciable assets and construction in progress, principally Walt Disney World	42,565,000	67,241,000
Additions to non-current film production costs	22,137,000	22,220,000
Less transfer to current film production costs	(17,310,000)	(14,303,000)
Reduction of long term liabilities		
Bank borrowing	55,000,000	20,000,000
Other	661,000	576,000
Cash dividends	3,553,000	3,483,000
Decrease in unearned deposits and advances	1,643,000	739,000
Other	1,223,000	1,253,000
	<u>109,472,000</u>	<u>101,209,000</u>
INCREASE (DECREASE) IN WORKING CAPITAL	\$ 9,116,000	\$ 32,239,000
INCREASE (DECREASE) IN COMPONENTS OF WORKING CAPITAL:		
Cash and short term investments	\$ 24,389,000	\$ 6,680,000
Accounts receivable	(7,570,000)	5,328,000
Inventories	7,555,000	8,513,000
Prepaid expenses	(83,000)	2,111,000
Notes payable to bank		12,000,000
Accounts payable	(1,063,000)	1,809,000
Payroll and employee benefits	(3,613,000)	(2,270,000)
Property, payroll and other taxes	(406,000)	727,000
Unearned deposits and advances	(3,267,000)	(5,386,000)
Taxes on income	(6,826,000)	2,727,000
	<u>\$ 9,116,000</u>	<u>\$ 32,239,000</u>

*Reclassified for comparative purposes and restated for investment tax credit refund and interest thereon.
See notes to consolidated financial statements and summary of significant accounting policies.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's principal business is the production and distribution of theatrical and television films and the operation of two amusement theme parks, "Disneyland," California, and "Walt Disney World," Florida, which are referred to as entertainment and recreational activities. In addition, the Company has operations including music and records, character merchandising, publications and educational media materials, all referred to as consumer products and other. To more fully inform the reader, the following summary of the Company's significant accounting policies is presented as an integral part of the financial statements.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its domestic and foreign subsidiaries, all wholly owned. The Company's investments in joint ventures are recorded at equity in their underlying net assets and are included in other assets.

The accounts of foreign subsidiaries have been translated into U.S. dollars at appropriate rates of exchange and the resulting net unrealized gain, which is minor, has been deferred.

INVENTORIES

Inventories are stated at the lower of cost or market*. Costs of merchandise, material and supply inventories are generally determined on the moving average basis.

FILM DISTRIBUTION AND AMORTIZATION

Costs of completed theatrical and television film productions (negatives), together with applicable capitalized exploitation costs, are amortized by charges to income in the proportion that gross revenue received by the Company during the period for such production bears to the estimated total gross revenue to be received from all sources. Estimates of total gross revenue are reviewed periodically and amortization is adjusted accordingly.

ENTERTAINMENT ATTRACTIONS, FACILITIES AND OTHER DEPRECIABLE ASSETS

The Company classifies the costs of its two amusement theme parks (rides, attractions, exhibits, shops), recreational facilities (lake, lagoon, golf courses), theme resort hotels and direct support properties including buildings (warehouses, maintenance shops, administration), trans-

portation systems and roads as entertainment attractions and facilities. Other buildings and equipment consist of properties at the Burbank studio, The Village shopping complex and other properties not directly related to entertainment and recreational activities.

Depreciation is provided principally on the straight line method using estimated service lives ranging from 4 to 50 years. Depreciation and maintenance and repairs are charged either directly to costs and expenses as incurred or to film production costs which are then amortized against income; major replacements and betterments are capitalized. The cost and related accumulated depreciation of property sold or retired are removed from the accounts and any resulting gain or loss is recorded in income.

PREOPENING COSTS

Deferred preopening costs and expenses relating to Walt Disney World are being amortized over five years, commencing in 1971.

TAXES ON INCOME

Deferred taxes on income represent deferred investment tax credits and taxes which will not become payable until future years due principally to differences between financial and tax reporting of depreciation. Investment tax credits, accounted for by the deferral method, are amortized as a reduction of the provision for taxes on income over the average service lives of the related assets.

STOCK OPTIONS

Proceeds from the sale of common stock issued under stock option plans are accounted for as capital transactions and no charges or credits are made to income in connection with the plans.

EARNINGS PER SHARE

Earnings per common and common equivalent share are computed on the basis of the average number of shares outstanding during each year, retroactively adjusted to give effect to all stock splits and stock dividends. It is assumed that all dilutive stock options are exercised at the beginning of each year and that the proceeds are used to purchase shares of the Company's common stock at the average market price during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1

INVENTORIES—FILM PRODUCTION COSTS:

Inventories of theatrical and television film productions consist of the following components:

	1975	1974
Released, less amortization	\$26,250,000	\$20,678,000
Completed, not yet released	5,008,000	6,377,000
In process	22,990,000	23,949,000
	<u>54,248,000</u>	<u>51,004,000</u>
Less: Non-current film production costs	30,224,000	27,559,000
Current film production costs	<u>\$24,024,000</u>	<u>\$23,445,000</u>

NOTE 2

OTHER ASSETS:

At September 30, 1975 other assets include the Company's majority interest in a joint venture with a subsidiary of United Telecommunications, Inc. of \$5,518,000 (\$4,758,000—1974) which approximates its underlying equity, and unamortized deferred pre-opening costs of \$2,464,000 (\$4,549,000—1974).

NOTE 3

TAXES ON INCOME:

The provision for taxes is composed of the following:

	1975	1974
Current—Federal	\$33,116,000	\$23,546,000
—State	4,671,000	2,476,000
—Foreign	2,489,000	2,449,000
Deferred—Federal	15,500,000	13,454,000
—State	1,024,000	820,000
—Investment credits amortized	(2,800,000)	(2,301,000)
	<u>\$54,000,000</u>	<u>\$40,444,000</u>

The significant components of deferred taxes on income included in the provision for taxes on income are as follows:

	1975	1974
Excess of tax over book depreciation and amortization	\$12,873,000	\$12,224,000
Investment credit claimed for tax purposes in excess of amortization under deferral method for financial reporting purposes	3,232,000	946,000
Excess of book over tax amortization of preopening costs deferred for financial reporting purposes	(1,499,000)	(1,209,000)
Other	(882,000)	12,000
Total provision for deferred taxes on income	<u>\$13,724,000</u>	<u>\$11,973,000</u>

The difference between the U.S. federal income tax rate of 48% and the Company's effective income tax rate is explained below:

	1975	1974
Federal income tax rate	48.0%	48.0%
State income taxes, net of federal income tax benefit	2.6	1.9
Reduction in taxes resulting from:		
Investment tax credits	(2.4)	(2.6)
Tax benefit from domestic international sales corporation	(1.5)	(1.5)
Other		(.4)
Effective income tax rate	<u>46.7%</u>	<u>45.4%</u>

Investment tax credits under the Revenue Act of 1971 amounting to \$16,679,000 at September 30, 1975 (\$13,447,000—1974) related to qualifying asset additions (including theatrical and television productions) are deferred.

During the fiscal year 1975 the Company received \$9,944,000 from the United States Government in payment of judgments in the Company's favor based on claims filed by the Company for investment tax credits of \$6,686,000, together with interest thereon, with respect to theatrical and television films placed in use during the Company's fiscal years 1962 through 1969.

* Substantially all of the proceeds of this recovery have been reflected in the Company's accounts as an adjustment to income previously reported for the fiscal years 1962 through 1973; net income for the year ended September 30, 1974 has been increased by \$199,000 (1/2 cent per share) representing the interest applicable to that year net of income taxes.

In response to a motion filed by the Company, the United States District Court on October 15, 1975 handed down a Decision and a Summary Judgment in favor of the Company in the amount of \$715,000 plus interest. The decision and judgment resulted from the Company's claim for a refund of tax attributable to investment tax credits on theatrical and television productions for its fiscal year 1970. This judgment will not be reflected in the Company's accounts until collection is assured.

NOTE 4

PENSION PLANS:

The Company contributes to various domestic trustee pension plans under union and industry-wide agreements. Contributions are based on the hours worked by or gross wages paid to covered employees. The Company has no past service liability under these plans.

The Company has pension plans covering substantially all of its domestic employees not covered by union

or industry pension plans. The plans are funded by Company and employee payments to a trust administered by a bank. At June 30, 1975, the date of the latest actuarial evaluation, the market value of the funds assets exceeded the actuarially computed vested benefits by \$2,033,000. During 1972 the Company established a non-qualified and unfunded key employee retirement plan providing for Company and domestic employee contributions.

The aggregate cost of all these plans was \$3,108,000 and \$2,613,000 for fiscal years 1975 and 1974, respectively, including amortization of actuarially computed prior service costs, where applicable, over periods ranging to thirty-seven more years.

The Employee Retirement Income Security Act of 1974 has required certain revisions to the Company's pension plans. Management believes these revisions will not have a material effect on future pension expense or funding requirements.

NOTE 5

STOCKHOLDERS EQUITY:

A 2% stock dividend was issued to stockholders of record on December 5, 1974, resulting in a \$13,226,000 transfer from retained earnings to invested capital.

Under the Company's 1967 and 1973 stock option plans, options are granted to key executive, management and creative personnel at prices equal to market price at date of grant.

Pursuant to an offer by the Company on November 26, 1974, holders of options to purchase 533,862 shares at prices ranging from \$40.75 to \$87.04 per share exchanged such options for new non-qualified options to purchase 567,962 shares at \$22.36 per share, the market price on that date.

Transactions under the plans during fiscal year 1975 were as follows:

		Number of Shares	
		Options Granted	Available For Grant
36	Outstanding September 30, 1974 (\$21.20 to \$93.24 per share)	587,351	253,924
	Added for 2% stock dividend	11,487	5,338
	Cancelled, including options surrendered in connection with exchange offer	(598,630)	598,630
	Granted (\$22.36 to \$50.31 per share)	602,191	(602,191)
	Exercised (\$21.20 to \$40.75 per share)	(4,278)	
	Outstanding September 30, 1975 (\$22.36 to \$93.24 per share)	<u>598,121</u>	<u>255,701</u>

Options are exercisable beginning not less than one year after date of grant. Qualified options expire five years after date of grant and non-qualified options expire ten years after date of grant. At September 30, 1975, 10,410 shares granted under the 1967 plan were exercisable at \$33.21 to \$93.24 per share and 10,468 shares granted under the 1973 plan were exercisable at \$22.36 to \$87.04 per share.

NOTE 6

COMMITMENTS AND CONTINGENCIES:

Pursuant to an agreement for the use of the name of Walt Disney, Retlaw Enterprises, Inc. (a company owned by the family of the late Walter E. Disney) received royalty payments of approximately \$2,659,000 and \$1,734,000 from the Company for fiscal years 1975 and 1974, respectively; in accordance with such name agreement, the payments in fiscal year 1975 included \$1,146,000 (\$415,000 in 1974) as a participation by Retlaw of 5% in the profits, as defined in that agreement, of Walt Disney World Phase I operations.

Under an agreement with a bank the Company has available an unsecured revolving line of credit of \$50,000,000 under which the Company maintains on deposit 10% of the committed funds plus 10% of any borrowings. At September 30, 1975 the Company had no borrowings.

The Company is a defendant with other motion picture producers or distributors in a number of private treble damage actions asserting claims under the federal anti-trust laws. These actions, which seek damages aggregating hundreds of millions of dollars, are in various stages of pre-trial proceedings. The Company has denied the material allegations of the complaints in these actions and in the opinion of management the Company will not suffer any material liability by reason thereof.

REPORT OF INDEPENDENT ACCOUNTANTS



606 SOUTH OLIVE STREET
LOS ANGELES, CALIFORNIA 90014

November 17, 1975

To the Board of Directors and Stockholders
of Walt Disney Productions

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, stockholders equity and changes in financial position present fairly the financial position of Walt Disney Productions and its subsidiaries at September 30, 1975 and 1974 and the results of their operations and the changes in financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse & Co.

QUARTERLY FINANCIAL SUMMARY

(In thousands of dollars, except for per share data)

(All quarterly data is unaudited)

	<u>December 31</u>	<u>March 31</u>	<u>June 30</u>	<u>September 30</u>	<u>Total</u>
1975					
Revenues	\$90,771	\$120,197	\$136,130	\$172,908	\$520,006
Costs and expenses	77,556	93,071	106,659	126,979	404,265
Income before taxes on income	13,215	27,126	29,471	45,929	115,741
Net income	7,140	14,201	15,671	24,729	61,741
Earnings per common and common equivalent share24	.47	.53	.82	2.06
1974*					
Revenues	78,875	92,206	108,231	150,577	429,889
Costs and expenses	68,076	75,588	85,231	112,023	340,918
Income before taxes on income	10,799	16,618	23,000	38,554	88,971
Net income	5,939	9,258	12,540	20,790	48,527
Earnings per common and common equivalent share20	.31	.42	.70	1.63

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*Reclassified for comparative purposes and restated for interest on investment tax credit refund.

FIVE YEAR REVIEW

(In thousands of dollars, except for per share data)

	1975	1974*	1973*	1972*	1971*
Summary of Operations by Lines of Business					
REVENUES					
Entertainment and recreational activities	\$337,073	\$282,425	\$261,514	\$223,416	\$ 81,236
Film rentals	112,528	90,390	76,159	70,765	65,086
Consumer products and other	70,405	57,074	47,392	35,256	28,234
Total revenues	<u>520,006</u>	<u>429,889</u>	<u>385,065</u>	<u>329,437</u>	<u>174,556</u>
COSTS AND EXPENSES OF OPERATIONS					
Entertainment and recreational activities	272,953	236,517	211,883	185,618	61,426
Film rentals	55,892	44,575	40,163	35,107	38,311
Consumer products and other	48,742	35,196	27,789	19,285	14,968
Total costs and expenses of operations	<u>377,587</u>	<u>316,288</u>	<u>279,835</u>	<u>240,010</u>	<u>114,705</u>
OPERATING INCOME BEFORE CORPORATE EXPENSES					
Entertainment and recreational activities	64,120	45,908	49,631	37,798	19,810
Film rentals	56,636	45,815	35,996	35,658	26,775
Consumer products and other	21,663	21,878	19,603	15,971	13,266
Total operating income before corporate expenses	<u>142,419</u>	<u>113,601</u>	<u>105,230</u>	<u>89,427</u>	<u>59,851</u>
CORPORATE EXPENSES					
General and administrative	17,321	16,079	15,224	13,219	12,385
Projects and preliminary concepts abandoned	6,702	1,285			
Interest*	2,655	7,266	4,262	1,815	(1,342)
Total corporate expenses	<u>26,678</u>	<u>24,630</u>	<u>19,486</u>	<u>15,034</u>	<u>11,043</u>
INCOME BEFORE TAXES ON INCOME					
Taxes on income	<u>54,000</u>	<u>40,444</u>	<u>37,716</u>	<u>34,100</u>	<u>21,958</u>
NET INCOME					
	<u>\$ 61,741</u>	<u>\$ 48,527</u>	<u>\$ 48,028</u>	<u>\$ 40,293</u>	<u>\$ 26,850</u>
EARNINGS PER SHARE**					
	<u>\$2.06</u>	<u>\$1.63</u>	<u>\$1.61</u>	<u>\$1.39</u>	<u>\$.98</u>
CASH DIVIDENDS PER SHARE					
	<u>\$.12</u>	<u>\$.12</u>	<u>\$.12</u>	<u>\$.10</u>	<u>\$.09%</u>

Financial Position

Current assets	\$125,374	\$101,083	\$ 78,451	\$ 67,268	\$ 84,665
Less current liabilities	74,018	58,843	68,450	52,720	46,659
Working capital	51,356	42,240	10,001	14,548	38,006
Entertainment attractions and facilities	506,385	480,630	453,747	444,610	307,950
Other assets	150,907	169,826	155,089	105,361	112,604
	708,648	692,696	618,837	564,519	458,560
Less other liabilities	89,905	132,525	104,897	96,666	132,862
Stockholders equity	<u>\$618,743</u>	<u>\$560,171</u>	<u>\$513,940</u>	<u>\$467,853</u>	<u>\$325,698</u>
Stockholders equity per share	<u>\$20.64</u>	<u>\$18.82</u>	<u>\$17.27</u>	<u>\$16.16</u>	<u>\$11.91</u>
Average number of common and common equivalent shares outstanding during the year					
	<u>29,975</u>	<u>29,765</u>	<u>29,757</u>	<u>28,960</u>	<u>27,348</u>

*Reclassified for comparative purposes and restated for investment tax credit refund and interest thereon.

**See summary of significant accounting policies.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE SUMMARY OF OPERATIONS

The following information is presented to assist in an understanding and evaluation of material periodic changes in the various items on the Summary of Operations. Reference should also be made to discussion of the various aspects of the Company's business and to statistical data set forth elsewhere in this Report and to the section on the Summary of Significant Accounting Policies.

ENTERTAINMENT AND RECREATIONAL ACTIVITIES

Revenues and Operating Income (before corporate expenses) increased in 1975 over 1974 due primarily to increased attendance and per capita spending (which was influenced by price increases effected in June 1974) at both Disneyland and Walt Disney World. Costs and expenses for the same period were up due to increases in labor rates and costs of materials and services. Additional operating costs were also incurred in 1975 in connection with the opening of three major new attractions at Walt Disney World and the presentation of America on Parade at both Disneyland and Walt Disney World.

During 1974, attendance at both Disneyland and Walt Disney World was adversely affected by the energy shortage, which affected both the confidence of the public in and the actual availability of gasoline, as well as its price, the general decline in tourism, and adverse weather conditions during the Christmas holiday season in Southern California and during the latter half of June in Florida. Although revenues were greater than in the prior fiscal year, higher direct labor costs and other fixed expenses (including high utility costs occasioned by the energy shortage) resulted in a decrease in Operating Income as compared to 1973.

The substantial increase in revenue in fiscal year 1972 is attributed principally to the opening of Walt Disney World on October 1, 1971. Although Operating Income also increased substantially in 1972, the rate of such increase was less than that of revenues due principally to the somewhat lower profit margin at which Walt Disney World then operated.

FILM RENTALS

Revenues and Operating Income increased in 1975 and 1974 due to increased worldwide theatrical film distribution resulting from both continuing public acceptance of the Company's films and increased marketing efforts. The resyndication of "The Mickey Mouse Club" and the Company's license agreement with a television network for feature pictures contributed to revenues in 1975 and 1974 and the license agreement also produced a higher margin of Operating Income. Costs and expenses in each year increased primarily as a result of increased amortization and distribution expenses. In 1974 the Company put into effect the required implementation of new accounting guidelines for motion pictures which resulted in deferring certain distribution expenses.

CONSUMER PRODUCTS AND OTHER

Revenues in both 1975 and 1974 increased due to greater marketing efforts and expanded operations in character merchandising, publications and educational materials, and as a result of the opening of The Village shopping complex in Lake Buena Vista, Florida in March 1975 and the Lake Buena Vista Club in October 1974. These factors, together with increased revenues from music and record operations, resulted in increased Operating Income in 1974. However, the Company experienced a decline in its music and record operations in 1975 which adversely affected its Operating Income from its Consumer Products line of business in that year. Costs and expenses in 1975 and 1974 increased primarily as a result of the opening of The Village shopping complex and Clubhouse, which included the expensing of preopening and startup costs, and increased manufacture and import costs due to expanded operations in distributing character merchandise.

PROJECTS AND PRELIMINARY CONCEPTS ABANDONED

Costs of Projects and Preliminary Concepts abandoned during the last two years represent a recognition, after evaluation, that certain projects in the concept and design stages which had been in work for varying periods of time had no foreseeable future use. It is a normal ongoing practice for the Company to dispense with all such work which has no immediately discernible future value. During 1975, with the placing in service of four major projects, the first phase of Walt Disney World was completed. This contributed to the abandonment in the current and prior year of a number of projects in the concept and design stages which had been in progress for varying periods of time but which were determined to have no immediate foreseeable use.

INTEREST EXPENSE

Interest expense in 1975 is represented primarily by a long-term bank debt that was prepaid in July 1975. In 1974, interest expense is represented by both the long-term debt and a revolving bank loan that was paid in July 1974. The Company's maximum indebtedness amounted to \$86,500,000 in 1974 and interest rates varied up to 12%. In addition to interest charged or credited to income, deferred preopening costs include \$2,200,000 of interest expense paid through completion of major construction of Walt Disney World during fiscal year 1972. In 1970, the Company had credited to preopening costs interest income of \$4,109,000.

TAXES ON INCOME

A full explanation of the provisions for taxes on income for 1975 and 1974 is given in Note 3 of Notes to Consolidated Financial Statements.

PARENT COMPANY

WALT DISNEY PRODUCTIONS
500 S. Buena Vista Street, Burbank, California
*Produces motion pictures for theatrical and television distribution
—operates Disneyland Park—operates Celebrity Sports Center—
conducts ancillary activities.*

PRINCIPAL SUBSIDIARIES

BUENA VISTA DISTRIBUTION CO., INC.
Irving H. Ludwig—President
*Distributes, syndicates and sells domestically the product of Walt
Disney Productions, including 35mm theatrical film, television
shows and records and albums.*

BUENA VISTA INTERNATIONAL, INC.
Harold P. Archinal—President
*Supervises the distribution of Walt Disney Productions 35mm
theatrical film, 16mm film and television shows in foreign
countries except the Western Hemisphere.*

CANASA TRADING CORPORATION
Harold P. Archinal—President
Western Hemisphere trading corporation.

WALT DISNEY MUSIC COMPANY
E. Cardon Walker—Chairman of the Board
Merrill C. Dean—Vice President—Administration
Music Publishing—ASCAP affiliate.

WONDERLAND MUSIC COMPANY, INC.
E. Cardon Walker—Chairman of the Board
Merrill C. Dean—Vice President—Administration
Music Publishing—BMI affiliate.

WALT DISNEY EDUCATIONAL MEDIA COMPANY
James P. Jimirro—Executive Vice President
*Distributor—16mm film, audio-visual educational materials and
8mm home movies.*

WALT DISNEY WORLD CO.
Donn B. Tatum—Chairman of the Board
E. Cardon Walker—President
Richard A. Nunis—Executive Vice President
Robert C. Allen—Vice President—Resorts
James P. Armstrong—Vice President—Food
Carl G. Bongiorno—Vice President—Treasurer
Edward B. Crowell—Vice President—Facilities
Robert F. Jani—Vice President—Entertainment
Jack B. Lindquist—Vice President—Marketing
Robert K. Matheison—Vice President—Operations
Jack W. Olsen—Vice President—Merchandising
James P. Passilla—Vice President—Employee Relations
Philip N. Smith—Vice President—Legal and Secretary
Charles Ray Maxwell—Controller
Luther R. Marr—Assistant Secretary
Donald A. Escen—Assistant Treasurer
Operates Walt Disney World.

WALT DISNEY TRAVEL CO., INC.
Jack B. Lindquist—President
Markets wholesale and retail tour packages.

LAKE BUENA VISTA COMMUNITIES, INC.
Jack W. Olsen—President
Real Estate development.

VISTA COMMUNICATIONS, INC.
(a partner in Vista-Florida Telephone System)
Telephone and related communications services.

CORPORATE OFFICERS

Donn B. Tatum
Chairman of the Board
E. Cardon Walker
President
William H. Anderson
Vice President—Production and Studio Operations
Michael L. Bagnall
Vice President—Finance
Ronald J. Cayo
Vice President—Business Affairs
Roy E. Disney
Vice President
Vincent H. Jeffers
Vice President—Marketing—Consumer Products Division
Ronald W. Miller
Vice President—Executive Producer
Richard T. Morrow
Vice President—General Counsel
Richard A. Nunis
Vice President—Operations—Disneyland and Walt Disney World
James L. Stewart
Vice President—Corporate Relations
George A. Sullivan
Vice President—Tax Administration
Lawrence E. Tryon
Vice President and Treasurer
Franklin Waldheim
Vice President and Eastern Counsel
Luther R. Marr
Secretary—Legal
Bruce F. Johnson
Controller
Leland L. Kirk
Assistant Secretary-Treasurer
William Allen Jones
Assistant Secretary
Donald A. Escen
Assistant Treasurer and Assistant Controller
Douglas E. Houck
Assistant Controller
Donald E. Tucker
Assistant Controller

STOCK TRANSFER AGENTS

Bank of America, N.T. & S.A., San Francisco;
Bankers Trust Company, New York.

STOCK REGISTRARS

Bank of America, N.T. & S.A., San Francisco;
Morgan Guaranty Trust Company of New York, New York

STOCK EXCHANGES

The common stock of the Company is listed for trading on the
New York and Pacific Coast Stock Exchanges.

INDEPENDENT ACCOUNTANTS

Price Waterhouse & Co., Los Angeles.

ANNUAL MEETING OF STOCKHOLDERS

First Tuesday in February

This report is distributed for the information of stockholders and employees of the Company. It is not to be considered either as a prospectus or circular in connection with the purchase and/or sale of securities nor is it to be considered a part of the proxy soliciting material of the Company for the annual meeting of its stockholders.

A copy of the Company's annual report to the Securities and Exchange Commission (Form 10-K) will be furnished without charge to any stockholder upon written request to the Corporate Secretary, Walt Disney Productions, 500 S. Buena Vista Street, Burbank, California 91521.





Look to the name **Walt Disney** for the finest in family entertainment