



Morgan Stanley Technology, Media and
Telecom Conference

March 2, 2026

Disney Speakers:

Hugh Johnston

Senior Executive Vice President & Chief Financial Officer

A reconciliation of certain non-GAAP measures referred to in this presentation to the most comparable GAAP measures can be found on our Investor Relations website.

PRESENTATION

Voice Over

This event may include “forward-looking statements,” which are statements that are not historical and are based on management's assumptions regarding the future and are subject to risks and uncertainties, including, among other factors, economic, geopolitical, operating and industry conditions, competition, execution risks, our future financial performance and legal and regulatory developments. Additional information concerning factors and risks that could cause results to differ from those in the forward-looking statements are set forth in the Company's securities filings.

Ben Swinburne – *Morgan Stanley*

Okay, I think that’s done. Now for my quick disclosure. For important disclosures, please see Morgan Stanley research disclosures at morganstanley.com/researchdisclosures.

Really excited to welcome to this conference and the stage: Hugh Johnston, CFO of The Walt Disney Company, and also my future boss.

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

Nice to be here, Ben. Be nice.

Ben Swinburne – *Morgan Stanley*

Absolutely. So, this is the first conference Disney's, I think, participated in, investor conference anyway, since the succession announcement was made.

Josh begins, I think, his CEO tenure in a couple weeks. What's your message to shareholders and investors as they sort of assess the decision to name Josh CEO, Dana Chief Creative Officer, and you could talk a little bit also about the reaction inside the company.

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

Happy to talk about that. A couple of things really that I think is relevant for this audience.

Number one, the Board really went through an extremely thorough process, as some of you may have seen because it was certainly reported all over the media. It probably went on for about a year and a half.

I would tell you they looked internally, externally, they really pushed hard on the candidates, and I think came to a conclusion that is a terrific one. You have Josh, who's a terrific, growth-oriented executive. You have Dana, who's a terrific, growth-oriented executive on the creative side.

And the fact that not only do we have Josh in place and looking forward to his leadership, but we have the entire team staying together is something that I think is a little bit unusual for corporate CEO successions. And frankly inside the company, both of those leaders have tremendous followership and they work incredibly well together.

So, I think it's going to be a fantastic combination and we'll have a lot of fresh eyes on what we do.

Ben Swinburne – *Morgan Stanley*

And what's been the reaction inside of Disney? Obviously this was much anticipated internally as well.

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

Yeah, people are excited because both people really do cut across businesses and they do have strong followership, not just within their own businesses, but more broadly.

There's a lot of energy there in terms of people being excited about Josh, being excited about the fact that this process was also handled so smoothly. You all know some of the history of Disney and CEO successions going all the way back to Michael Ovitz. This couldn't have been more different than that. It was a really smooth, well-run process with minimal drama.

Ben Swinburne – *Morgan Stanley*

That's great. So, the media industry broadly, Hugh, and Disney specifically, has gone through a lot of change over the last decade. You come from outside of media, you obviously spent many years at Pepsi. You're on the board of companies in a whole bunch of different industries. How would you describe Disney's sort of business model and strategy?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

It's interesting because I often hear from investors that Disney's very complicated and it's hard to understand at times. And honestly, once you distill it down, I think it's actually, the business model, is pretty straightforward. Our goal very simply, first, our mission is to entertain the world, no surprise with all the IP we have and all the capability we have.

Beyond that, what we really do is compete for people's entertainment time, right? We produce engaging entertainment. And then we compete to get more and more of their time. How do we do that? Two very simple engines.

Engine number one is the creative engine, and you know we have tremendous IP in the film studios. You know we have tremendous IP in the TV studios. And ESPN in a lot of ways has its own form of IP, in terms of the fact that it produces sports in a different way and it has that one thing that people just can't get enough of, which is sort of live, unskippable entertainment. So, to me, that's the creative engine that really drives the engagement.

And then from that, we have monetization engines, that again I would argue are pretty simple. We have B2B transactions, things like affiliate fees, license fees, and advertising sales, of course. And then we have consumer transactions, which are very simply subscription fees, lodging and park tickets, and cruise tickets. That's it. That's the entirety of the business model.

So, I tend to view it as much more straightforward and I think a lot of times people get caught up in the detail. When you elevate out of it, it's a relatively simple model. In terms of strategy, what is it that we're trying to do? Our goal, as I said, is to engage and try to get more and more of consumers' entertainment time.

How do we do that? We do that primarily by trying to create terrific entertainment that is engaging and gets more of their time. It pulls more people into our ecosystem.

We then try to increase monetization and then we try to go to new areas to bring more people into our ecosystem, particularly within our streaming ecosystem, both with entertainment that's created inside of Disney and outside of Disney. And that strategy is very effective in driving a lot of cash flow, and as a result of generating that, we have the opportunity to create a real earnings compounder that has many, many layers of competitive advantage and is a really, really durable company in terms of creating earnings growth. So I do tend to view it as very simple.

Ben Swinburne – *Morgan Stanley*

You mentioned streaming and obviously technology plays a huge role in that. Big focus at this conference, all things AI.

How are you thinking about what GenAI can mean for Disney and its business when you think about the organization and how it goes about executing the strategy?

Hugh Johnston – Senior Executive Vice President & Chief Financial Officer

It's incredibly exciting for us from a variety of perspectives. Obviously, it's a game changing technology in terms of the way people engage. But the way I think about it is, five relatively straightforward platforms.

Number one is video creation and production, and that's something that we're obviously digging into in a significant way, and just created a significant relationship with OpenAI. Number two is guest management inside the parks – making their experience better, more personalized, more entertaining. Number three is managing the large cast that we have running the parks. Number four is connecting better, and more personally, with consumers in the streaming service. And then last is making our back-office people more effective and more efficient.

So those five big platforms all have the potential to either drive a lot of revenue for the company or alternatively to reduce costs for the company, which gives us the opportunity to either deliver more earnings to the bottom line or to reinvest back in the company.

In addition to that, the only other thing I would note is, AI does offer the potential to make people more efficient in the way that they do their jobs, and the way that they run their lives, which frees up more time for them to entertain themselves. So, I also view it as a natural tailwind for our category, and it does offer an opportunity for extra growth in our category.

Ben Swinburne – Morgan Stanley

That's great. Before we dive into the businesses, Disney reported its first quarter, fiscal first quarter, relatively recently. You reiterated your full year guidance for adjusted earnings. Can you talk a little bit about how the year is tracking and your priorities for the remainder of 2026?

Hugh Johnston – Senior Executive Vice President & Chief Financial Officer

Yeah, I mean, we feel like we're off to a great start. Just as a reminder, the guidance that we gave was we would achieve double-digit EPS growth in 2026 and in 2027, and we have this weird

nuance called the 53rd week, which comes up about every six years. It's adjusted for that, so it's a clean double-digit EPS growth for both of those years.

If we then get into some of the specifics of the businesses, all of the businesses I think, are performing very well right now. We feel great about where Entertainment is, and we certainly have a good movie slate for the rest of the year. Sports is obviously doing tremendously well, and we feel terrific about the parks and cruises business.

To get a little bit more specific as we think about where Entertainment is for Q2, and again just as a reminder, we said that profits in Q2 operating income would be roughly level. We said we would deliver \$500 million of SVOD operating income¹, which is up \$200 million year-over-year, and that's while we're investing in the business both in technology as well as in content, particularly international content.

We said that the Experiences business would grow revenue about 5%, so roughly 5%, and we said operating income would be up modestly for the quarter. The reason it's only up modestly with the 5% revenue growth is we have some one-time costs with launching ships and dry docks, so there's some timing elements to it.

And then last but not least, we talked about Sports as being really a Q4 story, driven primarily by the timing of rights, in particular the NBA and the WWE, which will be up 8% in Q3². So, the profitability will be skewed more towards Q4.

But overall, we feel like we've got a lot of momentum in the business and really do feel that we're making the right investments and the right moves to continue and sustain that growth for an extended period of time.

¹ Refers to Entertainment SVOD

² Refers to rights costs

Ben Swinburne – *Morgan Stanley*

Hugh, you mentioned the 53rd week and it's a unique aspect to Disney. I think it's only, as you said, every, once every six years. Can you just remind us how that impacts kind of the phasing of earnings?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

Yeah, interestingly too, it is an unusual thing and then we had it back at Pepsi as well. I thought I was going to get away from it and I didn't get away from it unfortunately.

Anyway, the 53rd week on a full year basis is, obviously it's 1/52, so the impact is low single-digits on a full year basis. It's all in Q4 obviously, that's where the extra week occurs. It's a little bit more substantive in Q4, and from an operating income perspective, it has a bit more impact on operating income in the Sports business as well as in the Experiences business. Less so in the Entertainment business.

Ben Swinburne – *Morgan Stanley*

Great. Why don't we talk a little bit more about streaming. Obviously a huge focus in the market and at the company.

So, your SVOD assets today, north of a \$20 billion business, you're growing revenues double-digits. Last time you reported subscribers, you had a business approaching 200 million subscriptions. That's real scale. But what's the growth opportunity from here? Like, how do you size up the opportunity and how do you go about getting it?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

We do feel good about what we've built. If you take a big step back, the global television market is about \$500 billion and we only have about \$20 billion of it. Now we feel great that we built

this \$20 billion business for SVOD, but it's still only \$20 out of the \$500, so we feel like there's an awful lot of opportunity left for us to go and get.

Where specifically does that opportunity lie? Domestically, US and Canada. The opportunity is much more about engagement. Household penetration is pretty high, but getting number of hours per week watched is the opportunity that we have, and the way we'll get after that is primarily through product improvements, and we'll talk a little bit more about that later.

Internationally, the penetration is much lower, so we have a significant opportunity to achieve higher penetration internationally. But with that, it will require some investment. That investment won't be disruptive to the overall algorithm of the business, but it is something that we're going to do to ensure that we take advantage of that growth opportunity as well.

Ben Swinburne – *Morgan Stanley*

Does Disney, on that last point on international, does the company have the kind of global infrastructure, kind of local presence you need to really execute well on international streaming?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

We've really built it over the course of the last couple of years. We've got new teams in Europe, we've got new teams in LATAM, we actually have new teams in Canada. And we've really kind of built up the capability both in terms of getting content created, but then in addition to that, marketing that content and getting it produced such that we could really take advantage of the opportunity that we see internationally.

Now we're not going to do that by just trying to sort of spend money all over the world. We're fairly focused on how we're looking to do that. In particular, I'll mention a couple of markets. Japan and Korea, we expect to focus on, particularly with Japanese anime and with Korean dramas where we've been very successful.

Latin America, we'll be leaning heavily into reality, into sports TV, and then of course the telenovelas that are so popular down in Latin America. And then last but not least, in Europe we'll be doing a fair amount in general entertainment, both scripted and unscripted, primarily focused on Western Europe.

So put all of that together, what we're really doing is, the Disney content actually plays very well as tentpoles internationally. So, when we launch a big movie we clearly get a surge in demand, but then you do get some churning out. By virtue of filling in with international content, we'll stop the gaps between the tentpoles such that we retain and we maintain the penetration that we've achieved with the tentpoles.

Ben Swinburne – *Morgan Stanley*

So that's on the content side, let's talk about product. That's another area you guys have highlighted as an investment focus in streaming. What's happening there? I know you have a new home page for Disney+. What are some of the big product initiatives?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

As you mentioned, the homepage and increased personalization is a huge opportunity for us. If you look at our history, we had Hulu, which was sort of its own independent entity, and then we had Disney+, which was launched on BAMTech technology. We're really now bringing all of that together in a much more substantive and effective way.

So, by virtue of combining the watch histories, right, it makes the recommendation engines that much more powerful. We get to know consumers much more deeply. In addition to that, launching things like, on Disney+, a vertical capability—which obviously unlocks mobile in a more significant way is an opportunity for us. And in addition to that, we've really redone our ad tech stack in a way that allows us to target for advertisers much, much more effectively.

And then beyond that, without getting into some of the specifics, we're certainly, we look at Disney+ as not just a platform for Disney content. It certainly is that, but it's got the potential to do so much more as a platform more broadly for entertainment. So when I talk about us having the mission of trying to entertain the world, that's what I'm talking about—is the ability to basically use it as the place where people go daily for entertainment.

Ben Swinburne – *Morgan Stanley*

Sticking with technology, we talked about AI before, but Disney made a pretty big announcement with OpenAI, I think that was last year, investing in the company but a partnership with Sora. Maybe you could talk a little bit about your ambition there and sort of why that agreement makes sense for Disney.

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

Yeah, I mean, for a variety of reasons. Obviously, what's happening in AI and the ability for people to generate their own content is super exciting for us. But there's a lot of demand for using our IP as they do those types of things, so the agreement we reached with Sora was we'd give them a limited number of characters, it's not the entire Disney portfolio of characters, but a limited amount of IP, which could then be featured as people produce video inside Sora.

The other interesting part for us, though, is with that content we can now incorporate those Sora videos into our Disney+ app, so there'll be a new feature that enables that. By virtue of doing that, it allows us to get access to short form in a significant way and in a way that's authentically Disney.

And in addition to that, that takes advantage of the vertical capability that we have, because people do want to watch those things on mobile and they typically do it on their phones. So, when you put it all together it offers us the opportunity to engage consumers again in a different way and achieve that goal of driving number of hours per week watched up on the Disney+ side, which obviously has multiplier effects for the rest of the business.

Ben Swinburne – *Morgan Stanley*

That's great. Last thing I wanted to ask you on the streaming front, you have announced plans to bring Disney+ and Hulu together into a single app. This is not a small project, I'm sure, internally. How is the team planning on executing that in a way that's not disruptive to the customer and additive to the business?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

In a couple of ways. One, obviously we're going to overcommunicate to customers what's going on with that. That said, our view is we're going to make it so much of an enhanced experience for our customers that in fact they're going to want to be a part of this new Disney+ app.

Now what does that mean? From the inside of the company we're going to combine watch histories, combine a lot of the data. That enables us to create much more sharp recommendations in terms of things that you may like, or things that you would want to watch, and we'll do that both with things that people have authenticated themselves for, but other things that they haven't subscribed for, with the hope that we can also market and upsell to them.

Our view of it is, it will be a much, much friendlier app. The home page will be much more customized for the individual. And over time, we're hoping that people will sort of – we'll be able to increase monetization for consumer by virtue of offering them features that they're interested in and they're interested in subscribing in as well.

Now that said, if you're really someone who only wants one thing, you just want Disney+, you just want Hulu, you'll still have the opportunity to do that, but as you might imagine with price points and with marketing, we're going to encourage people to bundle and take more and more of the content that's on Disney+. So, we are really, really excited about it and that's something that'll be on our doorstep at year end.

Ben Swinburne – *Morgan Stanley*

Great. Okay, let's shift over to the film business, which plays a really significant role at Disney, much more than just simply box office results. How would you describe the company's film strategy? How does it connect to the broader mission or broader goal of growing earnings double-digits?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

Yeah, if you go back to where we started on, with the basically having the IP engine, the film studios are one of the keys to the IP engine, right? Whether it's generating new creativity or whether it's building on some of the existing stories we have. And our goal is to do a balance of both. That value creation in the form of coming up with new, highly engaging content is what lets the ecosystem really work well.

In terms of specifics on the content, obviously we've got a broad array of studios, some of the biggest brands in entertainment, and we've got a terrific creative team that's capable of leveraging those assets to create new and better and more refreshed and interesting stories.

The other piece to keep in mind on that is, once we do create a new piece of content, our ability to monetize it has never been greater, much more so than it might have been 5 or 10 years ago. I'll use an example to talk about that: *Zootopia 2*, the film. If you have kids, you're probably familiar with it. *Zootopia 2* was a huge hit, global box office unto itself: \$1.9 billion in global box office. But on top of that, it was also the biggest foreign film in the history of China, and that was great because it obviously created a global market for us.

But in addition to that, we've got a *Zootopia* land inside of Shanghai Disney. That *Zootopia* land, literally people were flocking to as we, as the movie came out, and people were so energized and excited about it. So that's yet another monetization opportunity.

In addition to that, before the film even came out, we saw the original *Zootopia* get watched an awful lot on Disney+, so people kind of came back to the franchise and wanted to refresh themselves on the first *Zootopia*. And then with that, obviously *Zootopia 2* came on and that was watched quite frequently as well, and that gave us the opportunity to market the rest of Disney+ as well.

And then on top of that, even consumer products and the other global parks were the beneficiaries of the film. So, overall, the film studio is sort of a multiplier effect or a flywheel, so to speak, that generates an awful lot of revenue for the company.

Ben Swinburne – Morgan Stanley

I know you're the finance guy at Disney, but any top film recommendation? Or what's coming for the rest of this year?

Hugh Johnston – Senior Executive Vice President & Chief Financial Officer

I don't know. You know that that's a little bit like asking "Who's your favorite kid?"

I'll say it this way, we have four big ones coming in the balance of the year: *Moana* Live Action, *Mandalorian*, *The Devil Wears Prada 2*, and *Toy Story 5*.

I do think *Mandalorian* and *Toy Story 5* are, they look like they're going to be big hits, but the other two I think are extremely promising films. So, I'm excited about all of them, and I think they'll help us a lot in the balance of the year.

Ben Swinburne – Morgan Stanley

Let's shift over to Sports and ESPN. Sports remains as popular and culturally relevant sort of as ever. We saw that with the Olympics, certainly, recently.

When Bob came back, he talked about transitioning ESPN to sort of a digital future. That's sort of started with the launch last year. How would you assess where ESPN is in that kind of technology evolution, and what is the role of this business in the overall Disney strategy?

Hugh Johnston – Senior Executive Vice President & Chief Financial Officer

Yeah, it's interesting. Let's go digital first on that.

If you sort of look at ESPN and the history of it, ESPN's always been sort of the digital source of sports information, right? It really is sort of the record, where you go if you're looking for information on sports, more than anywhere else.

To me, the direct-to-consumer product, which we launched last year, is just a logical extension of ESPN's sort of place in the sports ecosystem as being the place of record for all things sports. But in addition to that, if you sort of think about ESPN, we weren't going to do DTC simply by saying, "Okay, let's take what we put on linear television and now move it into a streaming ecosystem." We wanted it to be more substantial. We wanted it to be more engaging. And I think we've actually pretty well accomplished that.

So, particularly for a younger sports consumer, they like to be engaged. They don't just sit and watch sports. They want to socialize around it. They want to bet on it. They want to engage in fantasy on it. They actually want to engage in e-commerce on it, and that's exactly what we built with ESPN DTC was the ability to do all of those things. So, I do feel like we've made very good progress on that front.

And then in addition to that, created some specialty features that you can only find on mobile. In particular, I mentioned Verts for, basically a vertical screen, for Disney+. We launched that first on ESPN and it's proven to be incredibly popular as people watch highlights.

And if you are a sports fan, the one recommendation I do have for you on sports is: watch what we have on there called “SportsCenter For You.” The more the ESPN app knows you, the more it will deliver a tailored SportsCenter, about 5 to 6 minutes, that is literally your teams, and it will be the announcers that you recognize describing the action, along with the analysts that we have. So, it's a superb product. You couldn't do it without artificial intelligence, but by virtue of using AI, we literally have a SportsCenter for Ben, and a SportsCenter for Hugh, and Carlos, and Christian, and hopefully all of you before the end of the day.

Ben Swinburne – *Morgan Stanley*

You guys recently closed your NFL agreement, and the NFL is a big focus of investors right now given some of the comments they've made about their rights payments. Can you talk about what this agreement entails for Disney? How does it, how does being in business with the NFL even more, help ESPN?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

I mean, certainly for one, the NFL is obviously one of the best sports properties in the world right now, right? I mean, the level of enthusiasm, the level of engagement for NFL football, is terrific.

What we've done by virtue of getting closer to the NFL is a couple of things. Number one, we picked up a couple of valuable assets, which will actually make ESPN even more engaging. We've taken over the NFL Network, and over time you'll see NFL Network content integrate its way into ESPN. So, certainly, very excited about that.

Number two, we merged their fantasy football business with ESPN's fantasy football business. So, we really will have kind of the mega fantasy football business, which obviously offers a lot of opportunity for engaging because if you're into fantasy football, it's something that you're doing pretty much on a daily basis. And then in addition to that, we also have the opportunity to

market RedZone, which is a super popular product through linear channels. So, it gives us, again, another opportunity to monetize the relationship that we created with the NFL.

On top of that, we created a commercial agreement with them, which entitled us to pick up some more games, also extended our agreement on the NFL Draft which, obviously, is coming up in a couple of months and people are super enthusiastic about the NFL Draft. And just gives us the opportunity to work more and more with the NFL on coming up with creative ideas to sort of generate more growth for ESPN. So, in terms of that agreement, it does a great job with allowing us to get even more deeply into what's obviously an incredibly popular sport.

Beyond that, in terms of “Where does ESPN sit in the ecosystem for The Walt Disney Company?”, frankly, it's important unto itself. It's a great business. It has high engagement. But in addition to that, if you think about sports as being one of the things that you really just have to tune in because it's your team and the things that you like to watch, having that as a part of our streaming service is a competitive advantage that really no one can match. There's others who are dabbling in sports. No one's got the level of engagement that we do at ESPN.

Ben Swinburne – *Morgan Stanley*

Why don't we talk about the Experiences portfolio and segment? I mean, in general, the market, I think, is quite optimistic on experiential assets and certainly this AI wobble we've seen over the last few months has made people gravitate even more towards real experiences.

Talk a little bit about what makes Disney's Experiences segment unique within the broader experiential marketplace and why putting \$60 billion of capital into it is a good thing.

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

Yeah, it's a significant investment, only \$30 incremental though, just to be clear. No, the thing, the reason I have confidence that the incremental capital going into the Experiences business is actually going to pay back successfully is two things.

Number one, if I look at demand and capacity utilization for our Experiences assets, whether it's cruise ships or whether it's parks, capacity utilization is super high, and there's more demand than there generally is supply of the ability to go and tune into those, certainly at certain times of the year. So, I know we can fill the capacity if we build it, so to speak.

The second reason is the return profile both of the entire Experiences business, and the returns are quite high in that business, and if I look at the return profile of the projects that we're initiating, that puts us in a place where I've got high confidence that this notion of "Turbocharging Experiences" is something that's going to pay back for not just years to come, but probably a couple of decades to come.

In particular, there's just so much demand outside the US for experiences. And then inside the US, as Ben just noted, people are seeking more in-person, physical experiences, and there's really nothing like a Disney park or a Disney cruise ship. The scale of those operations, the characters and the IP, the quality of the service and execution. It's pretty well unmatched. So, in terms of layers of advantage, I would argue that these have more layers of competitive advantage than almost anything that exists within The Walt Disney Company. So, I'm super optimistic on where that can go.

Ben Swinburne – *Morgan Stanley*

We've seen nice growth in US Parks revenues in OI over the last several quarters, etc. But there's a lot of focus on attendance trends for sure. Can you talk about the drivers of the business in fiscal '26 and your overall growth expectations?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

Certainly right now because of the nature of, frankly, the capacity situation we have, there's less opportunity for attendance growth because we're filling up the parks pretty well.

That said, as we add more and more through '27 and into '28 and '29, I would expect some balance of price realization, along with attendance growth, is what's going to drive that business. Now one of the constraints that we've had this year, and we talked about it on our recent earnings call, is international visitation to Domestic Parks has been a little bit softer than what we've previously experienced. But as a result of that, and it's been going on for a couple of quarters already, we've actually pivoted our marketing more to a domestic audience and by virtue of doing that we're doing a good job really filling up the park and finding other sources of demand.

I do expect that will persist through '26. Beyond that, I'm hopeful that things will somewhat renormalize.

Ben Swinburne – *Morgan Stanley*

In the minutes we have left Hugh, let's talk about sort of capital allocation and how you guys are thinking about putting the balance sheet to work. What's kind of Disney's M&A philosophy? Where might you be willing to look to deploy capital inorganically?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

Yeah, well, we're very fortunate in that with the moves that Bob Iger made during his tenure as CEO, whether it was acquiring Pixar, Lucasfilm, Marvel, and then the Fox acquisition, we were kind of in front of the curve in terms of generating a large collection of IP and obviously with some of the recent activity you've seen in our sector, other people are starting to do that now.

For us, it started really going all the way back to about 2006 / 2007. So, we don't, we like the portfolio, we like the hand that we have right now. We don't need to do any substantive M&A.

It seems some of our competitors are signaling they do. We clearly don't need to do anything. We can leverage what we have and build it out. Now, might we do some small tuck in acquisitions or something to add a capability or an acqui-hire or something like that to add some talent? Yeah,

but we don't need to do substantive M&A. And by virtue of that, we can really focus ourselves not on integrating M&A, but just running the company and building the products and leveraging the IP better and better.

Ben Swinburne – *Morgan Stanley*

You guys announced your plans last year to buy back a lot of stock, I think about \$7 billion this year. How do you think about the right level of share repurchase and capital?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

I mean, the way that we think about capital allocation in that regard is, obviously we need to do the basics. So, we need to service the debt, pay the dividend, all of those things. M&A, as I said, we don't feel like we need a lot. Tuck-ins will not be very significant in size. It won't be disruptive to our overall capital allocation.

And we like our debt levels where they are right now. We don't feel the need to change. We're at a highly rated debt level, so we don't feel the need to make a significant change there. And as a result, with the cash generation the company is coming up with right now, \$7 billion was just sort of what was left over. We don't want to build big cash balances. We don't feel the need to do it. So, the \$7 billion was sort of the outcome of that.

And as we think forward, there's no reason to think that those numbers will change. We're going to continue to generate a lot of cash. Obviously, we'll be in a position where we still don't want to pay down debt. We don't want to generate cash for the balance sheet, so my expectation is you're going to continue to see strong cash returns to shareholders.

Ben Swinburne – *Morgan Stanley*

That's great. Well, we got about a minute left. Hugh, anything you want to wrap up with at this time when Disney's bringing on a brand new CEO?

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

Yeah, it's funny, I actually just got off a Disney cruise and had never been on a cruise before. And it was just my wife and me because our kids are older, but boy, what a fabulous experience that is.

So, what I would encourage you all to do is, number one, if you have kids, you have grandkids, between the kids' clubs and the entertainment and all of that, it's just a spectacular experience.

You might want to also go to a park, subscribe to Disney+, and, oh by the way, if you think about it, buy some Disney stock too. It's not a bad idea and a pretty good buy these days.

Ben Swinburne – *Morgan Stanley*

All right, that's a perfect way to wrap. Thank you, Hugh. Thank you, everybody.

Hugh Johnston – *Senior Executive Vice President & Chief Financial Officer*

Thank you guys.

Forward-Looking Statements

Certain statements in this presentation may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our expectations, beliefs, plans, financial prospects, trends or outlook and guidance; financial or performance estimates and expectations (including estimated or expected revenues, earnings, operating income, cash position, margins and timing) and expected drivers; business plans and opportunities; strategies and strategic priorities and opportunities; future programming and production costs, capital expenditures and investments, including opportunities for growth and expansion; plans, expectations or drivers for growth of our streaming services, including product acceptance and enhancements, changes to subscription offerings and margins; anticipated demand and drivers, timing, availability or nature of our offerings; impacts of competition; shareholder returns, including share repurchases, and capital allocation; consumer or advertiser sentiment, behavior or demand; benefits of AI and other technologies; timing, availability, nature, completion and expected benefits, as applicable, of our content, product offerings, new initiatives and transactions, including transactions and projects for which definitive agreements have not been entered into or conditions to close or completion have not been satisfied; value of our intellectual property, content offerings, businesses and assets; estimates of the financial impact of certain items, accounting treatment, events or circumstances; benefits of management and other personnel decisions; and other statements that are not historical in nature. Any information that is not historical in nature is subject to change. These statements are made on the basis of management’s views and assumptions regarding future events and business performance as of the time the statements are made. Management does not undertake any obligation to update these statements.

Actual results may differ materially from those expressed or implied. Such differences may result from actions taken by the Company, including restructuring or strategic initiatives (including capital investments, asset acquisitions or dispositions, new or expanded business lines or cessation of certain operations), our execution of our business plans (including the content we create and IP we invest in, our pricing decisions, our cost structure and our management and other personnel decisions), our ability to quickly execute on cost rationalization while preserving revenue, the discovery of additional information or other business decisions, as well as from developments beyond the Company’s control, including:

- the occurrence of subsequent events;
- deterioration in domestic and global economic conditions or a failure of conditions to improve as anticipated;
- deterioration in or pressures from competitive conditions, including competition to create or acquire content, competition for talent and competition for advertising revenue;
- consumer preferences for and acceptance of our content offerings and the distribution channel (including pricing and bundling of our streaming services and impact on churn and subscriber additions) and our travel destinations;
- the market for advertising sales on our streaming services and linear networks;
- health concerns and their impact on our businesses and productions;
- international, including tariffs and other trade policies, political or military developments;
- regulatory and legal developments;
- technological developments;
- labor markets and activities, including work stoppages;
- adverse weather conditions or natural disasters; and
- availability of content.

Such developments may further affect entertainment, travel and leisure businesses generally and may, among other things, affect (or further affect, as applicable):

- our operations, business plans or profitability;
- demand for our products and services;
- the performance of the Company’s content;
- our ability to create or obtain desirable content at or under the value we assign the content;
- the advertising market for programming;
- taxation; and
- performance of some or all Company businesses either directly or through their impact on those who distribute our products.

Additional factors are set forth in the Company’s most recent Annual Report on Form 10-K, including under the captions “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business,” subsequent quarterly reports on Form 10-Q, including under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and subsequent filings with the Securities and Exchange Commission.

The terms “Company,” “Disney,” “we,” and “our” are used above and in this presentation to refer collectively to the parent company and the subsidiaries through which our various businesses are actually conducted.