

DISNEYLAND: WONDERLAND

PREPARED AND PRESENTED BY:

PARY
MANDY
WINKY
SHELSEA
ANDY

WHAT IS DISNEY WORLD?

- Founded 1923, “the happiest place on earth”
- Anaheim, California, 1955
- cartoons and animation studio, theme park...
- “cast members”
- Adventureland, Fantasyland, Frontierland, Tomorrowland, Mickey's Toontown Fair...

THE ORIGINAL DREAM BY DISNEY

- Live adventure
- Forget, feel, enjoy
- Hidden from view
- ...

TWDC INCLUDES:

- Walt Disney Pictures
- Touchstone Pictures
- Hollywood Pictures (BEEN CANCELLED)
- Miramax Films
- Dimension Films
- ESPN
- ...

STOCK HISTORY OF DIS

THE WALT DISNEY COMPANY

STOCK QUOTES 1957

DATE	CLOSE	DATE	CLOSE
12/3/1957	13.50	12/18/1957	14.50
12/4/1957	13.25	12/20/1957	14.00
12/5/1957	13.25	12/23/1957	13.50
12/6/1957	14.38	12/24/1957	13.50
12/9/1957	14.75	12/25/1957	<i>holiday</i>
12/10/1957	14.50	12/26/1957	13.63
12/11/1957	14.50	12/27/1957	13.88
12/12/1957	14.38	12/30/1957	13.88
...		12/31/1957	13.88

-Based on a resource for investors in the Walt Disney Company on corporate.disney.go.com

STOCK EXCHANGE LISTING 2007

DATE	CLOSE	DATE	CLOSE
12/3/2007	33.04	12/19/2007	32.26
12/4/2007	32.75	12/20/2007	32.33
12/5/2007	32.75	12/21/2007	32.94
12/6/2007	32.72	12/24/2007	33.24
12/7/2007	32.79	12/25/2007	<i>Holiday</i>
12/10/2007	32.35	12/26/2007	32.82
12/11/2007	31.76	12/27/2007	32.43
12/12/2007	32.28	12/28/2007	32.42
...		12/31/2007	32.28

-Based on a resource for investors in the Walt Disney Company on corporate.disney.go.com

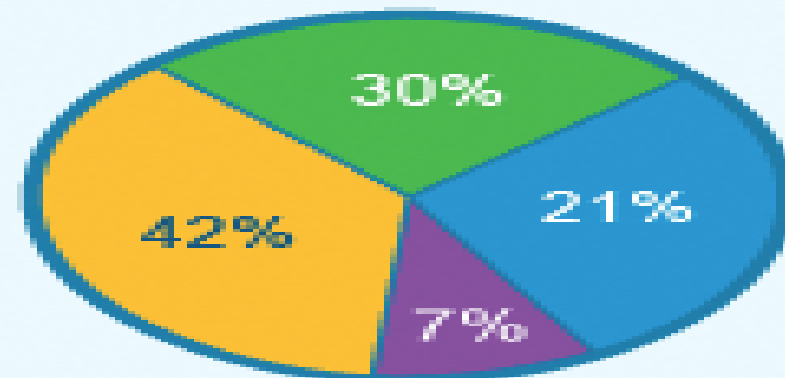
STOCK PERFORMANCE

Revenue: \$35.5b

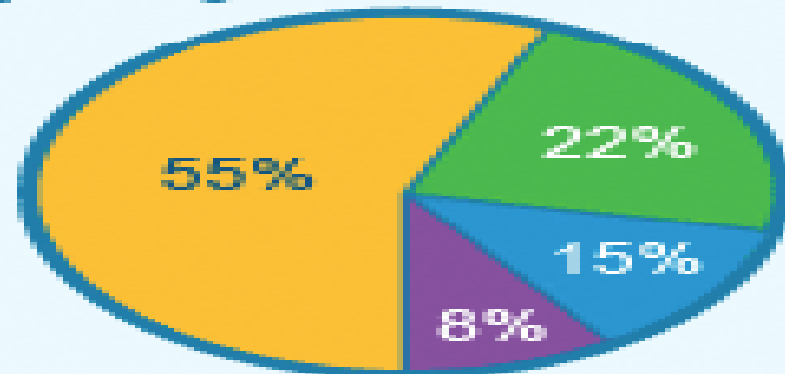
**Segment Operating
Income: \$7.8b**

**Diluted EPS from continuing
operations before the
cumulative effect of
accounting changes: \$2.24**

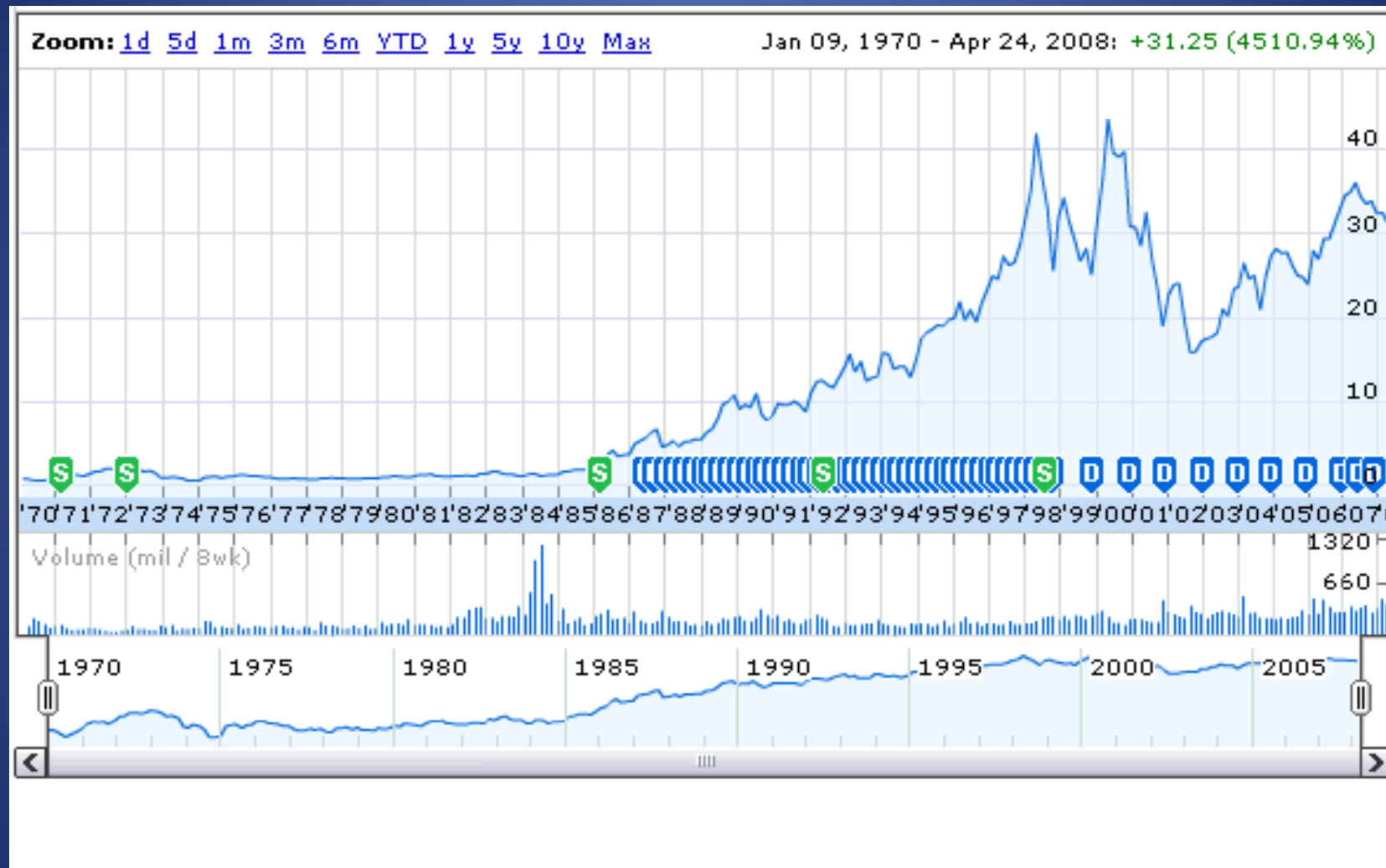
Revenue Breakdown



Operating Income Breakdown



- - Media Networks
- - Parks & Resorts
- - Studio Entertainment
- - Consumer Products



-Based on <http://finance.google.com/finance?q=NYSE:DIS>

DISNEY ONLINE INTERNATIONAL



Americas

Brazil
Disney Latino
U.S.A
Canada

Asia Pacific Countries & Regions

Australia
China
Taiwan
Middle East
Japan
Korea
Disney Channel Asia
Hong Kong
India



European Countries

Belgique
Danmark
Finland
France
Deutschland
Italia
Nederland
Norge
España
Sverige
Polska
Portugal
UK

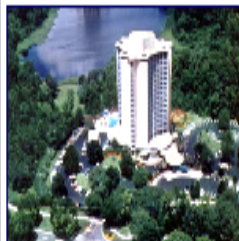
Africa

South Africa

HOTEL!

DISNEY WORLD HOTEL

Best Western Inside Walt Disney World



- All double rooms have two queen sized beds
- Located on Disney World Property
- FREE Shuttle to all Disney Theme Parks every half hour

As Low as:
\$71 / Night

[more info and photos](#)

rating: ★★★★★

Hawthorn Suites Resort



- Only 305 seconds from Disney World
- Luxurious Suites 2.5 times the size of a normal hotel room
- Gorgeous Heated pool
- Free Scheduled Shuttle Service to Disney!

As Low as:
\$79 / Night

[more info and photos](#)

rating: ★★★★★

Holiday Inn Maingate East



- 5 minutes from Disney World
- Fabulous Heated Pool & Pool area
- BRAND NEW...be one of the first to lay your head in bed!
- FREE Scheduled Shuttle to all Disney Theme Parks, Universal Studios and SeaWorld
- 100% Satisfaction Guaranteed

As Low as:
\$47 / Night

[more info and photos](#)

rating: ★★★★★

DISNEY WORLD HOTEL

Omni ChampionsGate Resort



rating: ★★★★★

- Orlando's Newest 5 Star hotel located just minutes from Walt Disney World
- Delightful 850-foot Lazy River Pool
- 2005 J D Power "WINNER" of the Best Orlando Hotel in the Luxury Class!

As Low as:
\$ 160 / Night

[more info and photos](#)

Radisson Worldgate Resort and Convention Center



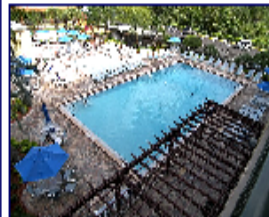
rating: ★★★★★

- Located 11 blocks from Disney World's Main Entrance
- 577 luxurious and spacious rooms
- million spent on renovation
- A refrigerator is in your room!

As Low as:
\$ 55 / Night

[more info and photos](#)

Seralago Hotel & Suites



rating: ★★★

- Only 3 short miles to Walt Disney World
- FREE shuttle service to all four major Disney theme parks
- An Official Walt Disney World Good Neighbor Hotel
- Kids 12 and under eat FREE breakfast!

As Low as:
\$ 65 / Night

[more info and photos](#)

WALT DISNEY WORLD COLLEGE PROGRAM

Are you a college student who is looking for:

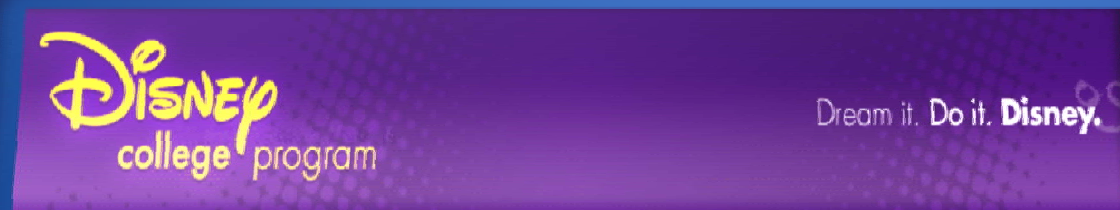
- A paid internship opportunity that will stand out on a résumé?
- A chance to work with world-renowned leadership and gain useful, transferable skills?
- A custom-designed learning curriculum that offers opportunity to gain college credit?
- An opportunity to meet people from around the world, make lifelong friends, and have fun?

As a part of the Disney College Program at the *Disneyland*® Resort in Anaheim, California, or *Walt Disney World*® Resort near Orlando, Florida, participants can take part in the internship of a lifetime.

While working in front line roles at our Theme Parks and Resorts, participants will network with leaders, learn transferable skills, gain real-world experience, and be a part of a team of Cast Members from hundreds of job disciplines.

Participants on the Disney College Program also custom design a learning curriculum that best suits their needs and interests, complete education courses and specialized learning activities, and can possibly earn college credit while doing so.

Each program offers its own unique opportunities, so get started today by exploring which is best suited for you!



PROBLEMS

PROBLEM A: COPYRIGHT INFRINGEMENT

Solution A:

In 1998, Congress enacted the Digital Millennium Copyright Act (DMCA), which strengthened copyright protection in the digital medium. The act will protect copyright materials by enforcing rules and regulations on the internet service providers (ISP). The act will increase the monitoring of copyrighted materials posted on individual's websites because ISP's will have more control over the content users post on their servers.

PROBLEM A: COPYRIGHT INFRINGEMENT

Solution B:

Besides the development of new acts, policies, and regulations, the entertainment industry must incorporate a new business model because their old model is inadequate to address the issues evolving around the digital age. The entertainment industry should incorporate the Digital Rights Management (DRM) model because this model will allow for new strategies to combat copyright infringement and file sharing. DRM refers to protecting ownership/copyright of electronic content by restricting what actions an authorized recipient may take in regard to that content. The two approaches the DRM employs to secure content over the digital medium are listed below.

- A. *“Containment,”* an approach where the content is encrypted in a shell so that it can only be accessed by authorized users.
- B. *“Marking,”* the practice of placing a watermark, flag, or a XrML tag on content as a signal to a device that the media is copy protected.

Note: The two mentioned approaches above are vulnerable to cracking, according to Professor Ed Felten

Song writers and artists benefit from the DRM because they can configure the access of his/her content, for example, a document **maybe viewable but not printable**, or **can only be used for a limited time**.

PROBLEM A: COPYRIGHT INFRINGEMENT

Solution C:

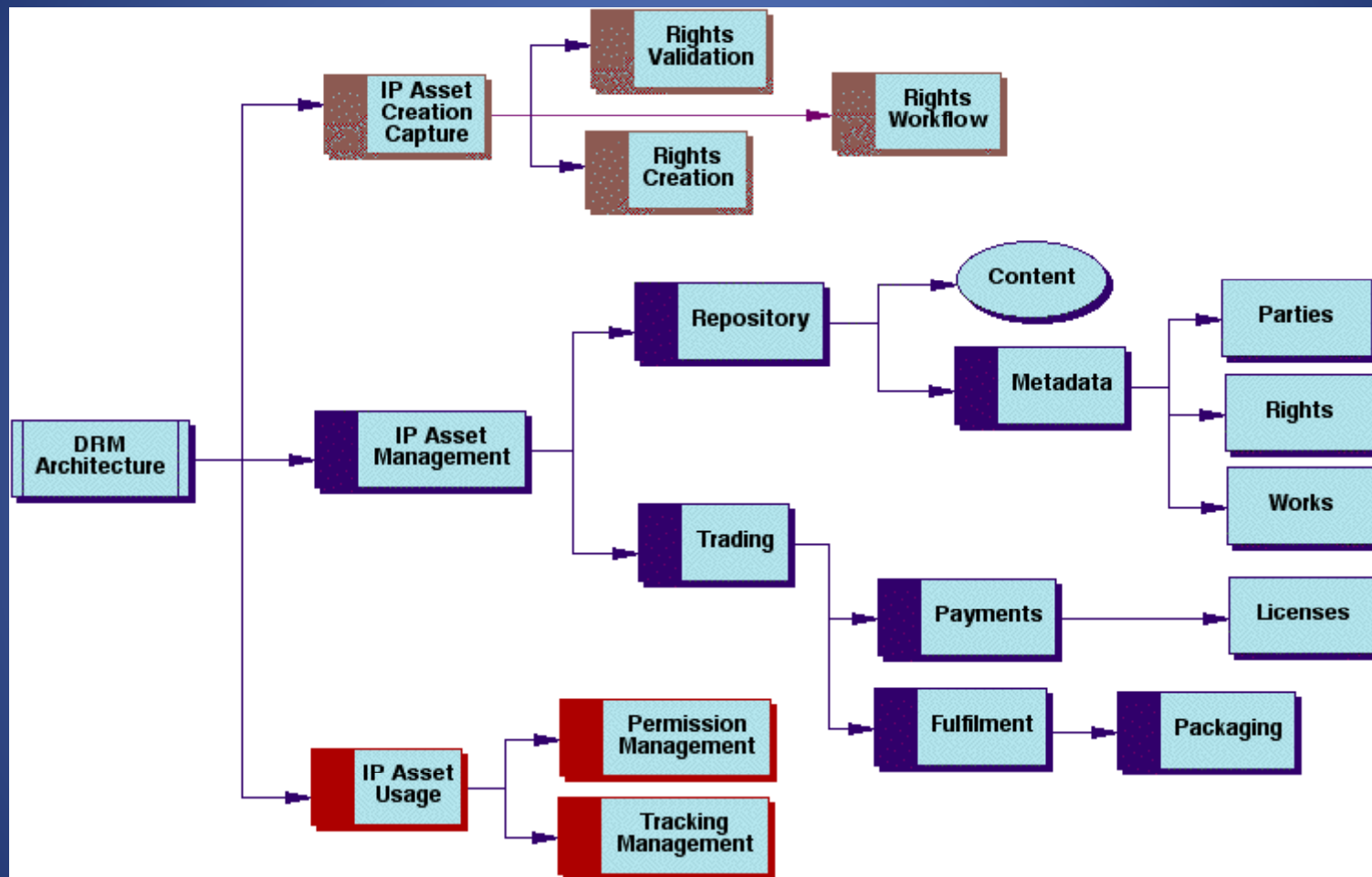
IBM has developed the Electronic Media Management System (EMMS)^(C), which is a software suite helping (in this case) the entertainment industry control the distribution of media and protecting the industries assets. One major benefit of the EMMS software is digital rights management, which protects widely distributed popular digital media assets such as books, video games, music and software. The list below summarizes some of the benefits song writers and artists will receive through the implementation of the EMMS.

- A. Enables music content owners to implement advanced right-management capabilities to enforce usage of their assets only by authorized users and processes.
- B. Provides enhanced security features for encrypted digital content and usage rights.
- C. Utilizes secure container technology to facilitate downloads of rich media or business data according to license terms specified by content owners.

For years the entertainment industries have battled for control over intellectual assets and property over the digital medium. Now with the implementation of EMMS, the entertainment industry will have more control of what the end – user downloads. The EMMS will increase capital gains for the entertainment industry because the services requested from song writers and artists will be paid for. In addition, the solutions outlined above will increase the control songwriters and artists have over the digital medium but the entertainment industry must first combat the risks associated with the P2P architecture; notably file sharing.

PROBLEM 2 : P2P ARCHITECTURE

- Peer-to-peer (P2P) architecture is a distributed computing network in which each client computer shares files or computer resources directly with others but not through a central server (as in traditional client/server architecture). The diagram below represents a centralized P2P network (one of three basic P2P architectures), which was adopted by Napster. Since the internet boom and Napster, file sharing has become the most common online activity. According to the Recording Industry Association of America (RIAA), the number of CD's shipped in the U.S. fell from 940 million to 800 million or 15% between 2000 and 2002. The decrease in the volume of shipped CD's and the decline in sales of an estimated \$2.5 billion between 2000 and 2003 have all been attributed to file sharing, according to the film and record industry. The entertainment industry has already taken action to stop internet piracy through lawsuits and pressuring congress to pass new laws and regulations. In addition, file sharing will continue to grow unless the entertainment industry adopts the DRM functional architecture to minimize file sharing activities.



ANY OTHER WORLD'S ENTERTAINMENT CORPORATIONS?

- Vivendi Universal
- Viacom
- AOL Time Warner
- Sony
- News Corporation
- ...

DISNEY'S BRAND

- In the end, the company that understands it's proprietary benefit, fills a gap in the market, and addresses the emotional needs of it's customers will create a powerful bond that's price indifferent.*



GENERATING NEW BUSINESS

A. PC Market

B. Indian Market:

- (1) lower labor costs
- (2) second largest customer base
- (3) low competitive environment
- (4) India's interest and investment into the entertainment industry.

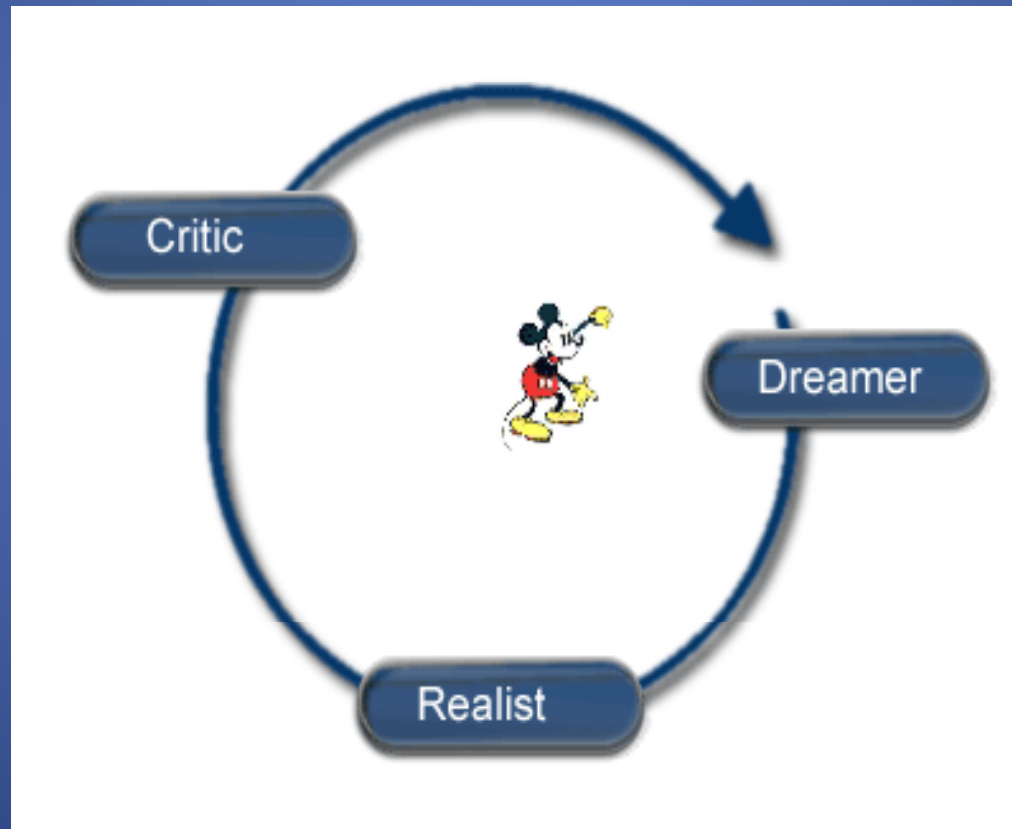
ENVIRONMENTALITY



Ever since Walt Disney expressed his commitment to the environment more than 60 years ago, the Walt Disney Company (TWDC) has upheld a strong commitment and responsibility to conserve natural resources. In 1990, TWDC formed the Environmental Policy Division, which focuses on the education and maintenance of six key priorities: climate protection, energy conservation, green purchasing, waste minimization, water conservation and wildlife conservation. In addition, Disney introduced their environmental brand: Disney's Environmentality™. The brand represents Disney's fundamental ethic that blends business growth with the preservation of nature.

Today, environmental departments Company wide have made progress toward an even stronger environmental commitment by introducing new programs, increasing employee and Guest involvement, and positively impacting our communities.

FOR DREAMERS, REALISTS AND CRITICS



FOR DREAMERS, REALISTS AND CRITICS

- The **DREAMERS** (idea, vision, or outcome creators)
 - Visual Dissociated Does it look right ? Is it what's wanted ?
- The **REALISTS** (implementers, resourcers)
 - Feelings Associated Does it feel right ? Does it work?
- The **SPOILERS** (critics) - Auditory Associated (inner voice)
 - Does it sound right ? Is it interesting or entertaining ?

WHAT WOULD HAPPEN IN
CHINA?

DISNEY'S INTEREST IN CHINA

- Long-term
 - Consistently searching for areas of expansion where there are un-captured markets
- Current
 - Government relations established through the Hong Kong Disneyland project indicate easier entry into the mainland
- Competitive
 - Universal-Vivendi's land purchase in Shanghai and proposed expansion into Beijing

HONG KONG DISNEYLAND

- \$1.8 Billion USD Project
- 60% Debt
 - 80% Government
 - 20% Commercial
- 40% Equity
 - 43% Disney
 - 57% Government (will eventually sell down ownership stake)
- 6 Million Visitors in its first full operating year, and 1.4 Million additional visitors to Hong Kong
- \$148 Billion value added boost to the Hong Kong economy over the next 40 years
- 35,800 jobs created in the next 20 years

BACKGROUND

BACKGROUND: CHINA

- Largest population in the world with relatively slow projected population growth
 - 1.26 B (2001) - 1.5 B (2050F)
 - 63 - 70% Rural
- High growth rates in GDP and foreign direct investment (FDI)
 - Urban income growth of 17.2% in 2002,
 - Growth in FDI of 14.8% in 2002
 - 2003F: US\$58 B
 - 2004F: US\$62 B
- Accession to the World Trade Organization in December 2001
 - Increased support for private and foreign investments
 - Theme parks still fall under Restricted Foreign Investment Industries

THEME PARKS IN CHINA

- Most parks in China were American-themed
- Few have survived mainly because of transportation issues
- Admission Prices: 56 – 100 Yuan (\$6 – \$12)
- Park Sizes: 70 – 150 acres
- Universal-Vivendi December 2002 agreement to build a park in Shanghai
 - Projected park opening in 2006, with more than 8 million visitors in the first year
 - In discussions to build a similar park in Beijing

PARK LOCATION IS KEY

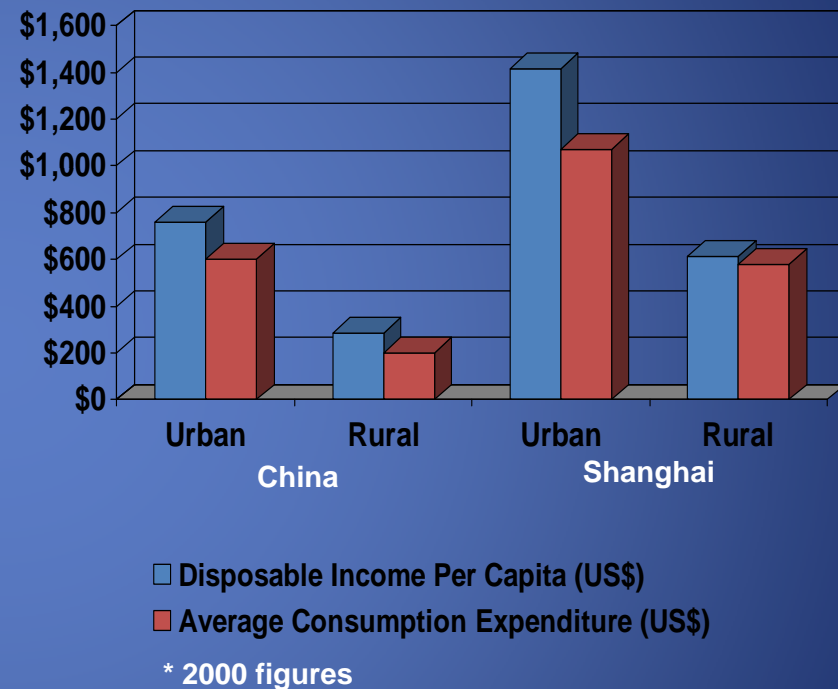


Expo Site
and
Universal
Property

Significant infrastructure
development is occurring to
support the 2010 Expo

BACKGROUND: WHY SHANGHAI?

- Shanghai leads in GDP and FDI in China
 - GDP US\$4,512 (2001)
 - 9% of total FDI in China
- Shanghai residents (2002)
 - 18.4 M, including floating population
 - Average household size is 2.9
- Tourist population (2000)
 - 64.7 mainland domestic
 - 1.5 million foreign overseas
 - 0.5 million



TARGET MARKET

Target Local Market	(million)
By Income Level (yuan)	
30,000 – 60,000	2.44
60,000 – 90,000	1.62
> 100,000	1.14
Total Local Market (based on income)	5.20
Tourist Market	(million)
Domestic (Mainland)	64.7
Overseas - Foreign	1.5
Overseas - Domestic	0.50
Total Target Market	71.90

* Based on 2008F Population numbers

PROJECT STRUCTURE

- 1.27 Billion US\$ total capital investment
- 60% Debt
 - 80% Government
 - 20% Commercial
- 40% Equity
 - 43% Disney
 - 57% Government
- 10.6 Million Visitors in its first full operating year and average annual growth of 1.5%
- Corporate tax rate of 30%, with tax loss carry-forwards permitted for five years

OPERATING CASH FLOWS

Revenues

- Admissions (50%)
- Food and beverage (24.5%)
- Merchandise (24.5%)
- Main entrance (1%)

Costs

- Park labor and overhead
- Maintenance materials
- Entertainment (costuming, labor, etc.)
- Food and beverage COGS
- Merchandise COGS
- Support labor
- Miscellaneous

RISK ANALYSIS

RISK ANALYSIS - SOVEREIGN

- Currency risk is not mitigated by this project since the majority of cash inflows and outflows are in local currency
- Expropriation risk is mitigated some with the government taking a controlling equity stake
- No other commercial or multi-lateral agency partners are involved in the project
- Because the project is in the tourism industry and involves an American cultural icon, the susceptibility to strikes or terrorism is slightly higher than average
- The project's location in Shanghai reduces the overall risk of natural disasters when compared to country averages

RISK ANALYSIS – OPERATING & FINANCIAL

- The technology for this project will be provided by Disney and is proven in other locations
- Potentially lengthy negotiations with the Chinese government increases start-up risks slightly
- Given the project is very service oriented, there is some risk associated with the level of control assumed by the government, but this is difficult to quantify
- There are no financial mitigating factors — rather, this project is closely tied to the government
- Real option: A minor amount of cannibalization from the Hong Kong property may be expected

COST of CAPITAL

- ICCRC 16.10%
 - U.S. Risk Free 4.00%
 - U.S. Risk Premium 4.00%
 - China's Country Credit Rating 58.9
 - Anchored to U.S. cost of equity
- Adjustments
 - Industry beta adjustment -0.80%
 - Expropriation -0.97%
 - Start-up risks assoc. with Gov't negotiations +0.12%
 - Sensitivity to strikes, terrorism +0.08%
 - Sensitivity to natural disasters -0.12%
 - Real option: Cannibalization from HK Disney +0.08%
- Project Cost of Capital 16.09%

CASH FLOW ANALYSIS

	2003	2004	2005	2006	2007	2008	2009
Admissions	\$0	\$0	\$0	\$0	\$0	\$283,179,483	\$296,060,956
Merchandise	\$0	\$0	\$0	\$0	\$0	\$53,532,494	\$55,967,619
Food & Beverage	\$0	\$0	\$0	\$0	\$0	\$53,532,494	\$55,967,619
Main Entrance	\$0	\$0	\$0	\$0	\$0	\$500,000	\$515,000
Hotel Revenues	\$0	\$0	\$0	\$0	\$0	\$13,687,500	\$14,098,125
Total Revenue	\$0	\$0	\$0	\$0	\$0	\$404,431,972	\$422,609,319
Park Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$133,951,636	\$138,405,572
Hotel Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$8,896,875	\$9,163,781
Start Up Costs	\$0	\$0	\$0	\$0	\$0	\$20,000,000	\$0
Royalty Expenses	\$0	\$0	\$0	\$0	\$0	\$20,221,599	\$21,130,466
Total Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$183,070,109	\$168,699,819
EBIT	\$0	\$0	\$0	\$0	\$0	\$221,361,863	\$253,909,500
Depreciation	\$0	\$6,350,000	\$20,637,500	\$42,862,500	\$57,150,000	\$63,500,000	\$63,500,000
EBITDA	\$0	(\$6,350,000)	(\$20,637,500)	(\$42,862,500)	(\$57,150,000)	\$157,861,863	\$190,409,500
Interest on Debt	\$0	\$0	\$0	\$0	\$0	\$46,908,093	\$50,028,135
Taxable Income	\$0	(\$6,350,000)	(\$20,637,500)	(\$42,862,500)	(\$57,150,000)	\$110,953,769	\$140,381,366
Adjusted Taxable Income	\$0	\$0	\$0	\$0	\$0	\$0	\$124,335,135
Less: Taxes	\$0	\$0	\$0	\$0	\$0	\$0	(\$37,300,540)
Less: Debt Principal	\$0	\$0	\$0	\$0	\$0	(\$75,679,404)	(\$72,559,362)
Less: Capital Expenditures	\$0	(\$50,800,000)	(\$114,300,000)	(\$177,800,000)	(\$114,300,000)	(\$50,800,000)	(\$38,520,000)
Plus: Depreciation	\$0	\$6,350,000	\$20,637,500	\$42,862,500	\$57,150,000	\$63,500,000	\$63,500,000
Less: NWC	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Free Cash Flow	\$0	(\$50,800,000)	(\$114,300,000)	(\$177,800,000)	(\$114,300,000)	\$47,974,365	\$55,501,463
PV FCF	\$0	(\$43,759,152)	(\$84,811,864)	(\$113,644,212)	(\$62,931,341)	\$22,752,817	\$22,674,387
NPV	\$19,242,097						
IRR	17%						

* Cash flows analyzed through 2029 (per Disney, typical 20-25 year financial analysis time horizon)

REAL OPTIONS

- Option to wait until Universal Studios opens
 - Already losing any first mover advantage
 - Universal's track record at opening resorts is not on par with Disney's — lessons learned from Universal may be minimal
- Build a resort hotel in conjunction with the park
- Build a "Downtown Disney" entertainment center adjacent to park
- Build another gate after several years of operation (double park size)

RECOMMENDATION

RECOMMENDATION

- Begin negotiations with Chinese government
 - Government equity stake and debt provisions
 - Land and infrastructure provisions
- Disney must make the argument that a Shanghai Park would not substantially damage Hong Kong
- Escalating political tensions on the Korean peninsula could change the risk assessment

DEMAND PROJECTIONS

Captured 2008 Market (million)		
30000 - 60000	1.83	1.84
60000 - 90000	1.30	1.23
>100,000	0.97	0.86
Captured Market Based on Income Level	4.09	3.94
Market From Tourism		
Local - Domestic Tourists	6.47	7.764
Overseas - Foreign Tourists	0.075	0.075
Overseas - Domestic Tourists	0.005	0.005
Total Captured 2008 Market for Disney-Shanghai	10.64	11.78
		1.14
Total 2008 Market (million)		
30000 - 60000	2.44	
60000 - 90000	1.62	
>100,000	1.14	
Total Market Based on Income Level	5.20	
Market From Tourism		
Local - Domestic Tourists	64.7	
Overseas - Foreign Tourists	1.5	
Overseas - Domestic Tourists	0.50	
Total 2008 Market for Disney-Shanghai	71.90	

REVENUE PROJECTIONS

Revenue Assumptions

	2008	2009	2010	2011	2012	2013
Year	0	1	2	3	4	5
Expected Demand (Mil)	10.64	10.80	10.96	11.13	11.29	11.46
Admissions (\$ Mil)	\$283.18	\$296.05	\$305.49	\$315.31	\$325.50	\$336.10
Merchandise (\$ Mil)	\$53.53	\$55.97	\$58.51	\$61.17	\$63.95	\$66.85
Food and Beverage (\$ Mil)	\$53.53	\$55.97	\$58.51	\$61.17	\$63.95	\$66.85
Main Entrance (\$ Mil)	\$0.50	\$0.52	\$0.53	\$0.55	\$0.56	\$0.58
Total Revenue	\$390.74	\$408.50	\$423.04	\$438.19	\$453.96	\$470.39

	2003 USD	2008 USD
F&B Per Cap	\$4.34	\$5.03
Merch Per Cap	\$4.34	\$5.03

- Assume Expected Demand Grows 1.5% Annually (Based on Attendance Figures at Other Disney Parks)

OPERATING COSTS

Operating Expenses

	USD (Millions)	Adjusted (2003 Dollars)	Adjusted (2008 Dollars)	% Revenue
Park Labor (Salaried & Hourly)	\$50.00	\$20.00	\$23.19	
Costs Associ. w/ Park Labor	\$25.00	\$25.00	\$28.98	
Maintenance	\$15.00	\$15.00	\$17.39	
Entertainment	\$25.00	\$24.30	\$28.17	
F&B	\$10.62	\$9.77	\$11.33	21.16%
Merchandise	\$17.55	\$14.48	\$16.78	31.35%
Support Labor	\$5.00	\$2.00	\$2.32	
Miscellaneous	\$5.00	\$5.00	\$5.80	
Total Expenses	\$153.17	\$115.55	\$133.95	

	2008	2009	2010	2011	2012
Park Labor (Salaried & Hourly)	\$23.19	\$23.88	\$24.60	\$25.34	\$26.10
Costs Associ. w/ Park Labor	\$28.98	\$29.85	\$30.75	\$31.67	\$32.62
Maintenance	\$17.39	\$17.91	\$18.45	\$19.00	\$19.57
Entertainment	\$28.17	\$29.02	\$29.89	\$30.78	\$31.71
F&B	\$11.33	\$11.84	\$12.38	\$12.94	\$13.53
Merchandise	\$16.78	\$17.55	\$18.34	\$19.17	\$20.04
Support Labor	\$2.32	\$2.39	\$2.46	\$2.53	\$2.61
Miscellaneous	\$5.80	\$5.97	\$6.15	\$6.33	\$6.52
Total Expenses	\$133.95	\$138.41	\$143.01	\$147.76	\$152.70

CAPITAL STRUCTURE

Capital Structure Assumptions

Park Investment	\$1,200,000,000
Hotel Investment	\$70,000,000
Total Investment	\$1,270,000,000
% Debt	60%
% Equity	40%
Debt	\$762,000,000
Equity	\$508,000,000
% Disney	43%
% Government	57%
Disney Equity	\$218,440,000
Government Equity	\$289,560,000

Investment Schedule

Year	Percent	Total	Debt	Equity
2004	0.1	\$127,000,000	\$76,200,000	\$50,800,000
2005	0.225	\$285,750,000	\$171,450,000	\$114,300,000
2006	0.35	\$444,500,000	\$266,700,000	\$177,800,000
2007	0.225	\$285,750,000	\$171,450,000	\$114,300,000
2008	0.1	\$127,000,000	\$76,200,000	\$50,800,000

On-Going Capital Expenditures

Assumptions:

- US Parks spend approximately \$100 Million every 3 years for new attractions
- Assume 10% is local labor
- Labor costs are 1/3 of US
- Estimate Shanghai Disneyland will spend approximately \$93 Million every 3 years (Current Dollars)
- With inflation, translates to \$37.02 Million for 2009, Grow at rate of inflation
- Assume hotel will have \$1.5 Million in Cap Ex every year beginning in 2009, Grow at rate of inflation
- Total Cap Ex in 2009 is \$38.52 Million

DEPRECIATION

Year	Cap Ex	Depreciation Expense					Total
		2004 Cap Ex	2005 Cap Ex	2006 Cap Ex	2007 Cap Ex	2008 Cap Ex	
2004	\$120,000,000	\$6,000,000	\$0	\$0	\$0	\$0	\$6,000,000
2005	\$270,000,000	\$6,000,000	\$13,500,000	\$0	\$0	\$0	\$19,500,000
2006	\$420,000,000	\$6,000,000	\$13,500,000	\$21,000,000	\$0	\$0	\$40,500,000
2007	\$270,000,000	\$6,000,000	\$13,500,000	\$21,000,000	\$13,500,000	\$0	\$54,000,000
2008	\$120,000,000	\$6,000,000	\$13,500,000	\$21,000,000	\$13,500,000	\$6,000,000	\$60,000,000
2009	\$0	\$6,000,000	\$13,500,000	\$21,000,000	\$13,500,000	\$6,000,000	\$60,000,000
2010	\$0	\$6,000,000	\$13,500,000	\$21,000,000	\$13,500,000	\$6,000,000	\$60,000,000
2011	\$0	\$6,000,000	\$13,500,000	\$21,000,000	\$13,500,000	\$6,000,000	\$60,000,000
2012	\$0	\$6,000,000	\$13,500,000	\$21,000,000	\$13,500,000	\$6,000,000	\$60,000,000
2013	\$0	\$6,000,000	\$13,500,000	\$21,000,000	\$13,500,000	\$6,000,000	\$60,000,000
2014	\$0	\$6,000,000	\$13,500,000	\$21,000,000	\$13,500,000	\$6,000,000	\$60,000,000
2015	\$0	\$6,000,000	\$13,500,000	\$21,000,000	\$13,500,000	\$6,000,000	\$60,000,000
2016	\$0	\$6,000,000	\$13,500,000	\$21,000,000	\$13,500,000	\$6,000,000	\$60,000,000
2017	\$0	\$6,000,000	\$13,500,000	\$21,000,000	\$13,500,000	\$6,000,000	\$60,000,000
2018	\$0	\$6,000,000	\$13,500,000	\$21,000,000	\$13,500,000	\$6,000,000	\$60,000,000
2019	\$0	\$6,000,000	\$13,500,000	\$21,000,000	\$13,500,000	\$6,000,000	\$60,000,000
2020	\$0	\$6,000,000	\$13,500,000	\$21,000,000	\$13,500,000	\$6,000,000	\$60,000,000
2021	\$0	\$6,000,000	\$13,500,000	\$21,000,000	\$13,500,000	\$6,000,000	\$60,000,000
2022	\$0	\$6,000,000	\$13,500,000	\$21,000,000	\$13,500,000	\$6,000,000	\$60,000,000
2023	\$0	\$6,000,000	\$13,500,000	\$21,000,000	\$13,500,000	\$6,000,000	\$60,000,000
2024	\$0	\$0	\$13,500,000	\$21,000,000	\$13,500,000	\$6,000,000	\$54,000,000
2025	\$0	\$0	\$0	\$21,000,000	\$13,500,000	\$6,000,000	\$40,500,000
2026	\$0	\$0	\$0	\$0	\$13,500,000	\$6,000,000	\$19,500,000
2027	\$0	\$0	\$0	\$0	\$0	\$6,000,000	\$6,000,000

TICKET PRICE PROJECTION

Source: <http://www.time.com/time/europe/magazine/article/0,13005,901020325-218398,00.html>

All Currency in USD

	Orlando	Paris	Anaheim/Los Angeles	Tokyo	Hong Kong	Shanghai
Ave Annual Temperature (F)	72.4	67	73	60.1	73	60
Population (2000) in Millions	0.185984	2.1	3.7	28	7.116	13.216
2002 Attendance in Millions	33	12	39.7	0		
% of Attendance vs. Local	17743%	571%	1073%	0%	0%	0%
Ticket Price (1 Day 1 Park Adult) No Tax Included	\$ 50	\$ 39	\$ 47	\$ 46		
Ticket Price Base MultiDay	\$ 192	\$ 106	\$ 119	\$ 81		
Ticket Price Premium MultiDay	\$ 307		\$ 166	\$ 143		
Ticket Price (Annual Pass) No	\$ 369	\$ 248	\$ 225	\$ 332		
Percentage of 1D1P to Annual	14%	16%	21%	14%		
Annual Income (2000)	\$ 42,148	\$ 32,660	\$ 42,148	\$ 37,661	\$ 20,832	\$ 5,542
Annual Disposable Income	\$ 25,939	\$ 5,128	\$ 25,939	\$ 3,924	\$ 13,244	\$ 1,400
DI % of Annual Income	61.54%	15.70%	61.54%	10.42%	63.58%	25.26%
1D1P % of Disposable Income	0.19%	0.76%	0.18%	1.17%		
Annual Pass % of Disposnable	1.42%	4.84%	0.87%	8.46%		
Potential 1D1P Price					155.25	16.41
Potential Annual Park Price					1,120.44	118.45
Potential Attendance (in Millions)					0.00	7
Average Attendance Per Day					0	19178

Q&A

A. What kind of advertisements do you like or dislike?

B. What's your expectations about Disney theme park in Shanghai?