

Disney's



# ENVIROPORT

Annual Environmental Report for The Walt Disney Company

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Making a Difference

# A LETTER FROM KYM



The power and unpredictability of nature has never been more apparent to our country and the world than during the past two years. As powerful and devastating as these natural events may have been, they are being matched by the courage, compassion, and tenacity of our citizenry. Our Company, along with so many others, has contributed significant financial and tangible resources to the displaced families and to rebuilding efforts here and abroad.

As predictable as the American reaction to adversity is our Company's consistent response to critical issues and concerns. One issue that is of concern to all of us is the consumption of energy and the resulting greenhouse gas emissions that are produced. As most of you know, greenhouse gases, primarily carbon dioxide, are implicated in the phenomenon known as global warming. As a consequence, we have dedicated ourselves to minimizing Disney's contribution to these emissions. To give you some idea of how we (you included) are accomplishing this is the subject of my letter this year.

**Energy Conservation** — Energy conservation is our Company's most powerful tool in the fight to control greenhouse gas (GHG) emissions. Led by one of the most talented energy conservation teams in the country, we have achieved savings of more than 151 million kilowatt hours of electricity, which equates to 216 million pounds of carbon dioxide.

**Waste Minimization** — Another approach to controlling GHG emissions is through waste minimization. Each year we submit our Company's recycling and waste reduction results to the U.S. Environmental Protection Agency (EPA). In return, the EPA provides us with a report that translates our actions into the equivalent reductions in greenhouse gases. You will see a more detailed picture of this interesting aspect of Environmental<sup>TM</sup> on page 12 of this *Enviroport*.

**Design Phase Conservation** — The recent opening of Hong Kong Disneyland epitomizes our Company's dedication to environmentally sound design and operation. This ethic was initiated right from the start of the Hong Kong Disneyland concept development as Imagineers employed design-phase energy modeling to minimize the project's long-term consumption of energy and the associated GHG emissions.

**Financial Benefits** — Not surprising, these well-conceived conservation initiatives that save energy and minimize GHG emissions also have a significant and positive impact on our Company's bottom line. In this edition of *Disney's Enviroport*, you will read about specific successes that reflect millions of dollars in savings — efforts that we can all be very proud of.

I hope you enjoy reading about some of our Company's amazing environmental accomplishments in this year's publication. And don't be surprised if you find yourself or friends and acquaintances mentioned among these pages, because there is no other facet of our global operation that is more dependent on you than our ENVIRONMENTALITY.

Thanks for your support!

Kym Murphy  
Senior Vice President  
Corporate Environmental Policy

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**Editor** Erin Repp | **Contributing Editor** Kristin Loudy | **Graphic Design** Mariya Stepanyan

**This publication would not be possible without tremendous support from our partners around the world.**

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## Awards and Acknowledgements

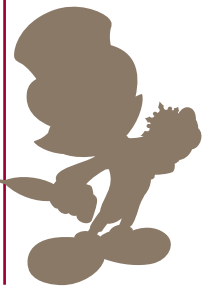
The Walt Disney Company continues to receive accolades for exemplary environmental practices and a steadfast commitment to Disney's Environmental<sup>TM</sup>. These honors reflect an emphasis on environmental initiatives and strong partnerships that drive positive results for the bottom line and foster social responsibility.



- California EPA Waste Reduction Awards Program Winner – Disneyland Resort, El Capitan Theater, ABC Prospect Studios, Walt Disney Feature Animation, Walt Disney Imagineering, and The Walt Disney Studios
- Connecticut Department of Environmental Protection Green Circle Award – ESPN, Inc.
- Environmental Media Association Green Seal Award – Touchstone Television Set Reuse Program, Charles Gooden, supervisor, Back Lot Set Inventory
- The Florida Department of Environmental Protection Green Lodgings Certification – Disney's Caribbean Beach, Port Orleans, and Pop Century Resorts
- Florida Water Environmental Association Customer of the Year Award – Walt Disney World Co.
- Keep Brevard Beautiful Recycle Award – Disney Cruise Line

- LYNX 2005 Regional Transportation Leadership Innovation Award – Linda Ballew, director, Corporate Commuter Transportation, The Walt Disney Company
- Spirit of Take Pride in America Award – Kym Murphy, senior vice president, Corporate Environmental Policy
- U.S. EPA WasteWise Program Gold Achievement Award, Community Involvement – The Walt Disney Company
- U.S. EPA WasteWise Program Gold Achievement Award, Climate Change – The Walt Disney Company
- U.S. EPA WasteWise Program Gold Achievement Award, Organic Material Reduction – The Walt Disney Company
- U.S. EPA WasteWise Program Honorable Mention, Very Large Business – The Walt Disney Company
- WasteReuse Association National Customer of the Year Award – Walt Disney World Co.

# FISCAL RESPONSIBILITY



Disney's Environmental™

“Through both a wide range of entertainment products and experiences and our integrated approach to ecological issues, Disney strives to have a positive effect on our guests and consumers. We have even devised a word to encapsulate this approach: Environmentalism. This word reflects our belief that the environment deserves a holistic view on the part of all of us who work at Disney so that everyone can benefit from a cleaner, healthier world.”

~Tom Staggs  
Senior Executive Vice President and Chief Financial Officer  
The Walt Disney Company



## Compelling Business Reasons

ENVIRONMENTAL INITIATIVE	CUMULATIVE SAVINGS
Use of reclaimed water for irrigation	\$15,400,000
Water conservation	\$7,560,000
Energy conservation	\$5,741,760
Paper minimization	\$4,649,291
Studio television set reuse programs	\$1,706,430
Reusable mug programs	\$416,169
Reduced disposal from reuse and recycling*	\$1,122,247
Avoided purchasing from waste prevention and reuse*	\$1,019,036
Recycling revenue	\$910,776
Pretax commuter benefits*	\$85,000
Energy-efficient roofing*	\$24,000
<b>TOTAL</b>	<b>\$38,634,709</b>

\* Indicates first-year calculated savings



## The Business of Environmentalty

The Walt Disney Company is committed to balancing environmental stewardship with corporate goals and strategic plans for the future. Disney’s Environmentalty represents the Company’s ability to blend financial goals with a continuous adherence to exemplary environmental ethics. Environmental initiatives in place throughout The Walt Disney Company integrate this philosophy into all aspects of daily operations, leading to strategic business decisions that positively impact the environment and the Company’s bottom line.

### Compelling Business Reasons

Disney continues to demonstrate that the use of technology and creativity within the global Environmentalty arena can deliver consistent financial successes. Business units throughout the Company contribute to these efforts, showing that every little bit makes a very big difference. Through 2004, a variety of environmental initiatives produced more than \$38 million in cost avoidance for the Company as demonstrated in the snapshot pictured left and highlighted throughout the pages of this section.

### Energy Conservation

Disneyland Resort Paris is demonstrating a comprehensive approach toward resource conservation through consistent action, education, and effective management. Cast Members measure and record energy and water consumption on a daily basis, enabling managers to analyze results, detect usage abnormalities, and adjust the systems to provide enhanced efficiencies. In addition, ongoing events such as “Living with Energy 2005” feature speakers who educate participants about common topics of interest, including energy and transportation. Looking forward to 2006, 15 percent of the electricity bought by Disneyland Resort Paris will come from renewable sources, such as biomass, wind, and solar power.

### Paper Use Reduction

Electronic communications provide a quick, environmentally friendly, and fiscally responsible method of





sharing information. Employees at The Walt Disney Company have implemented a significant number of initiatives that will reduce paper consumption by nearly 19 million sheets per year, saving an estimated \$134,000 in avoided purchasing costs, \$1.9 million in reduced printing costs, and more than 2,500 trees. Minimizing paper usage also reduces environmental impacts, such as water consumption, greenhouse gas emissions, and solid waste disposal.

At Tokyo Disney Resort, the Oriental Land Co., Ltd. Environmental Committee initiated an effort to reduce the use of copier and printer paper following a survey that identified a 10 percent increase in paper consumption from the previous year and a Cast Member per capita consumption of more than 10,000 sheets per year. Subsequently, Cast Members were asked to use both sides of the paper for photocopying and for note taking, and some divisions encouraged Cast Members to log their use of copy machines. An audit form was also created to help divisions identify waste reduction opportunities and track their progress. As a result, paper consumption was reduced by 10 percent in the second quarter alone. The committee's goal for one year is a 20 percent reduction.

When the World of Disney store in New York City reopened in October 2005, the environmental team put an emphasis on reducing and reusing waste. For example, Cast Members used recycled office paper to create notepads, thereby reducing the quantity of wire-bound memo books purchased. As a result, the store will save \$1,100 annually while eliminating materials that are not recyclable. The Environmental team also partnered with the Receiving team to examine shipping procedures and they identified an assortment of empty boxes that were available for reuse in external shipments. This effort will save the store approximately \$12,000 per year. The chart to the right outlines some additional paper use reduction initiatives currently in place throughout the Company.

### Clean Air Commuting

Most companies in Southern California are required



Paper Use Reduction			
Annual Savings			
Environmental Initiative	Sheets of Paper Saved	Avoided Costs for Paper and Copying/Printing	Trees Saved (Estimated)
Posted <i>The Daily News Summary</i> online	6,072,000	\$462,686	850
Implemented imaging system and cold storage for customer files and collection reports	5,400,000	\$411,480	756
Implemented measures to eliminate unwanted mail	5,020,000	\$9,176	502
Implemented online system to manage Disney VolunTEARS event publicity	429,000	\$37,941	60
Posted pay stub advices online	2,000,000	\$880,000	280
Reduced distribution quantity of <i>Disneyland Line</i>	163,280	\$76,461	23
Utilized PC Tablets instead of printed scripts for a television show	300,000	\$22,860	42
<b>TOTAL</b>	<b>19,384,280</b>	<b>\$1,900,604</b>	<b>2,513</b>



by the South Coast Air Quality Management District to provide commuter assistance programs to employees. These efforts are designed to improve the quality of life throughout the region by enhancing air quality and minimizing traffic congestion. Disney has developed an award-winning program that benefits our employees and Cast Members, the communities that we serve, and our corporate profitability.

While concern for air quality and traffic congestion may be key motivating factors for the development of commuter assistance programs, once implemented, these efforts positively impact employee recruiting and retention, parking requirements, crisis response, land use planning and development, employee morale, and much more.

As our commuter assistance programs in Southern California continue to positively impact our employees and the corporate bottom line, the opportunity to expand these programs nationally has evolved. Most recently, programs that provide pretax incentives were expanded. This initiative has saved Disney employees across the country more than \$3 million since implementation in 2002, while administrative costs have been completely offset by payroll tax savings for The Walt Disney Company. Disney has become a respected leader in the field of commuter assistance.

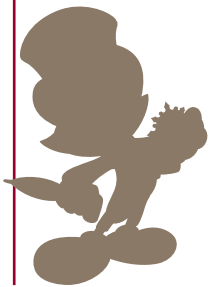
### Recycling Revenue

A recycling program for aluminum cans began at Disneyland Park in 1988 and has grown into a comprehensive effort that benefits the Park's bottom line and the local community. Through a successful partnership with Canine Companions for Independence (CCI), five cents collected from each of the aluminum cans and plastic bottles recycled in Backstage areas is donated to this nonprofit organization that provides assistance dogs to persons with a developmental or physical disability. The initiative has also led to an increased quantity of recyclables collected throughout the Parks. This increased volume allows the Disneyland Resort to ship in bulk, thereby generating even greater recycling revenues.

# RESOURCE CONSERVATION

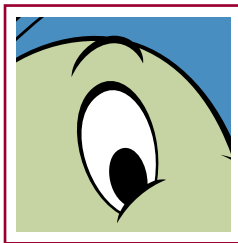
"We are all tasked with making complex decisions on a daily basis to manage the use of our natural resources responsibly while making our businesses more productive. To accomplish this head-on, we have to formulate proactive plans that balance fiscal objectives with environmental impacts and government regulations. At work, I am proud to play a role in these efforts and at home, I am continually reminded by my six year-old son that we each have a responsibility to preserve the environment."

*~ Manny Grace  
Senior Vice President, Counsel  
The Walt Disney Company*



Disney's Environmental™





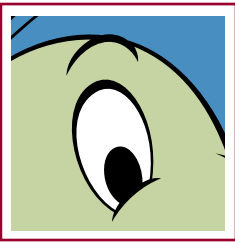
## Resourceful Business Practices

Resource conservation encompasses a broad array of initiatives and actions, as well as a spirit of innovation that enables new programs to arise from virtually any business unit or individual. Waste prevention, reuse, recycling, clean air transportation, and water and energy conservation are just a few ways The Walt Disney Company is contributing to saving natural resources. By championing best practices, employees and Cast Members around the world are leaving a positive environmental legacy for future generations.

### Waste Minimization

This year, business units throughout The Walt Disney Company helped recycle and donate more than 66,000 tons of materials, reaching a 14-year total of nearly 800,000 tons. To help you visualize this figure, imagine filling *Spaceship Earth* with recyclables 13 times over. The following examples show how employees and Cast Members around the globe continue to make a difference:

- Construction and demolition waste recycling figures for the entire Company increased more than 70 percent in one year to 8,643 tons. The Walt Disney World Resort led the effort by recycling more than 7,000 tons of materials such as wood, concrete, and metal.
- ABC business units nationwide collected and recycled more than 40 tons of electronic equipment, an increase of more than 400 percent compared to the previous year.
- A pilot program to recycle plastic stretch wrap at the Disneyland and Walt Disney World Resorts continued in 2005, increasing the overall total by 100 percent compared to 2003.
- At Tokyo Disney Resort, 3.5 tons of misplaced umbrellas and 11.5 tons of office equipment are reused, recycled, or donated annually. The Walt Disney Studios in California also has an active donation program that helped redistribute 466,000 pounds of surplus office supplies and furniture to schools and nonprofit organizations.



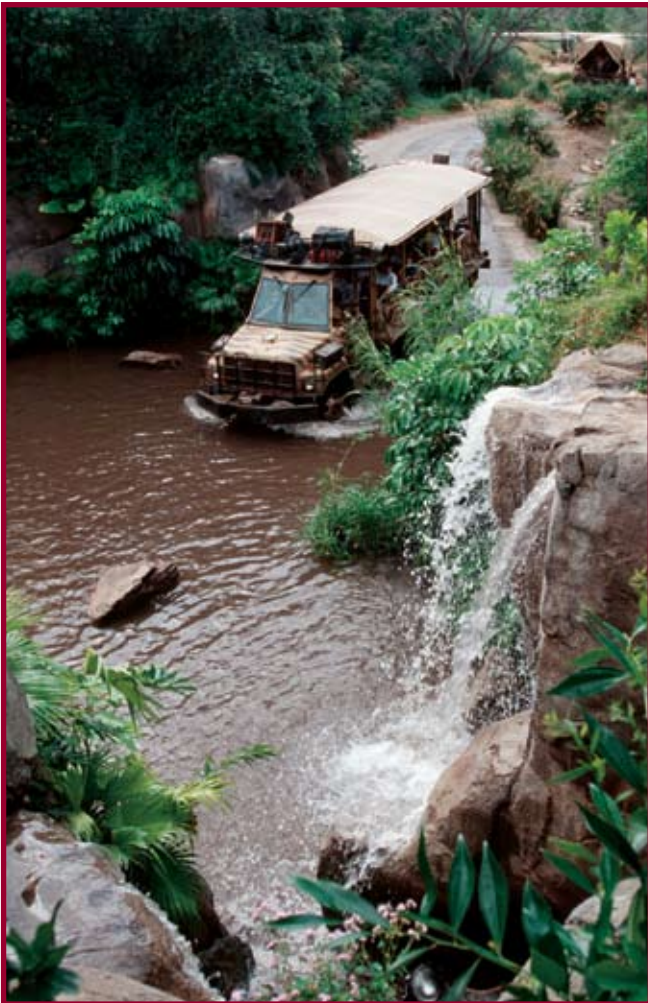
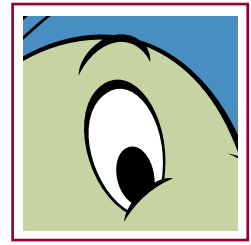
- Cardboard diversion at ESPN, Inc. increased by 25 percent, for a total of more than 282 tons. In addition, paper diversion at ESPN, Inc. and Disneyland Resort Paris increased by 14 tons and 178 tons respectively, an increase of nearly 70 percent for each site.
- Recycling figures for videotape, CD, DVD, and computer data storage disks reached 133 tons across the Company.
- Efforts to promote recycling and to reduce waste generated at Tokyo Disney Resort featured a more effective waste separation program, which included the deployment of trashcans that allow Guests to remove liquid waste from cups before recycling them.
- More than 449 tons of paper were recycled at Disneyland Resort Paris this year, reflecting an increase of 178 tons from last year.
- Online advances used to disseminate communication pieces will reduce paper usage by nearly 20 million sheets and save more than 2,500 trees per year.
- Nearly 330 tons of edible surplus food from kitchens and commissaries at the Walt Disney World and Disneyland Resorts were donated to local food banks, reducing annual disposal costs by \$14,000.
- The Touchstone Television Set Reuse program is recycling common set pieces in an effort to reduce waste and save resources, time, and money. Sets from nearly all Company productions, including *Lost*, *Desperate Housewives*, and *Grey's Anatomy* are tagged and logged into a Set Inventory Database, which now includes photographs and descriptions of more than 40,000 set pieces. Production managers and set designers can access this database to request specific pieces. This initiative has produced an annual savings exceeding \$500,000.



## Recycling

Disney Cruise Line enhanced a successful shipboard





recycling program by adding plastic film canisters to the collection process. Through a partnership with the onboard photographic services team and a local chapter of Keep America Beautiful, Crew Members aboard the *Disney Wonder* and the *Disney Magic* helped collect more than 50,000 canisters. The material is reused to manufacture durable plastic lumber for fencing, outdoor signage, and furniture. These efforts helped divert an impressive 900 pounds of recyclable plastics from disposal. The resulting success has also inspired an all-inclusive partnership that will invite additional cruise ships docked in Port Canaveral to participate in this venture.

### Alternative Fuels

The Walt Disney Company is aligning fleet needs with financial goals, increased productivity, and environmental management. At the Walt Disney World Resort, for example, research for more efficient and environmentally friendly vehicles led to the procurement of 45 new buses that meet EPA emissions standards and travel one-half of a mile more per gallon of fuel than the previous buses. As a result, the Resort is saving 180,000 gallons of fuel and hundreds of thousands of dollars per year while improving the region's air quality.

Additional modes of clean air transportation used on property include the following: 900 bicycles; two-wheeled, rechargeable electric Segway® HT vehicles; natural gas vehicles at the Kilimanjaro Safaris; and gas-electric hybrid trucks. In a related effort, used kitchen grease collected in restaurants has been repurposed to make biodiesel fuel. This emerging technology is being tested in landscape equipment used by the Horticulture Department, such as lawnmowers and tractors. In another venture, a closed-loop recycling process has been implemented in road repaving to reuse old asphalt that is collected, chipped, remixed, and then reapplied.

The Disneyland Resort is also benefiting from the use of alternative fuels. Currently, nearly 50 percent of the 800-vehicle fleet used at the Resort is powered by al-



ternative fuels. One new addition to this fleet is the Neighborhood Electric Vehicle (NEV), which runs entirely on clean, quiet electric power. These vehicles have a top speed of 25 mph and they are legal to drive on streets where the posted speed limit is 35 mph or less.

### Greenhouse Gas Emissions

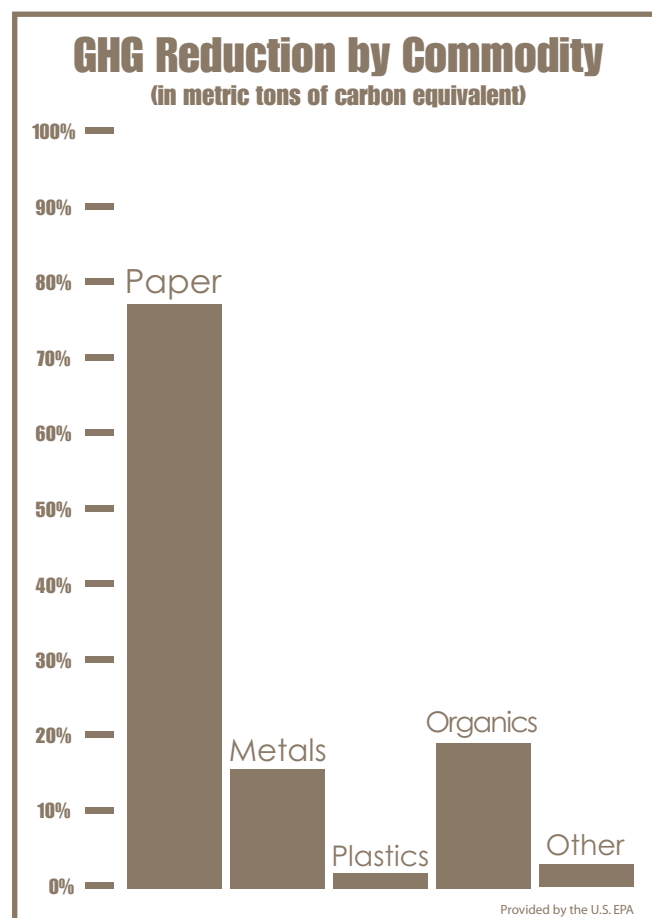
Alternative waste management efforts lead to reduced greenhouse gas (GHG) emissions and landfill waste diversion. In 2004, Companywide efforts to minimize waste helped eliminate more than 47,500 metric tons of carbon dioxide equivalents. This success approximates the removal of more than 10,000 passenger cars from the road for one year, saving more than 5 million gallons of gasoline, or planting more than 1 million trees. The chart to the right presents GHG reduction per commodity recycled.

### Water Conservation

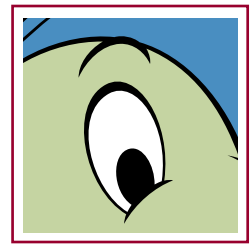
Walt Disney World Co. was presented awards by the National WaterReuse Association and the Florida Water Environmental Association this year in recognition of the Resort's use of reclaimed water throughout Walt Disney World property. This valuable technology conserves natural resources and reduces costs associated with purchasing potable water. Reclaimed water has been produced on property for nearly 15 years and, despite constant growth, the Resort has maintained steady levels of potable water consumption by using reclaimed water to offset more than 25 percent of the Resort's water demand. Currently, more than 5 million gallons of reclaimed water are used each day for landscape irrigation, vehicle washing, street and sidewalk cleaning, cooling tower makeup, fire suppression and protection, and construction activities. The cost avoidance associated with utilizing this amount of reclaimed water is valued at more than \$2 million each year.

### Energy Conservation

Business units Companywide continued to address the need for energy conservation and efficiency. Recog-







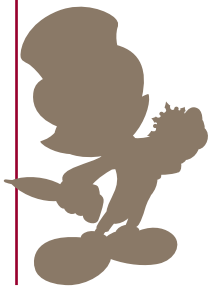
nizing the many benefits associated with these initiatives, Cast Members and employees have responded on all levels to implement a variety of energy-saving measures. For example, the Corporate Operations & Real Estate (CORE) Services group upgraded incandescent light bulbs to compact fluorescent alternatives, reducing energy demand by 350,000 kilowatt hours per year, an approximate 70 percent reduction. This effort will lead to a savings of more than \$35,000 annually. The conversion will also reduce waste and maintenance because compact fluorescent light bulbs have a longer lifespan than their traditional counterparts. In recognition of energy conservation efforts like these, the Company has received more than \$50,000 in incentives from the City of Burbank.

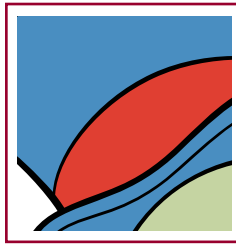
The Walt Disney World Resort announced a property-wide initiative to reduce energy consumption by 5 percent in fiscal year 2006. To help accomplish this goal, Cast Members are encouraged to utilize the sleep mode function on electronic equipment, such as computer monitors, photocopiers, and printers. In a separate initiative, light fixtures in some buildings are being modified by removing one light bulb from each unit, thereby reducing one-third of the energy demand for each fixture. In the Parks, electricity is conserved on *Mission: SPACE* at Epcot by using large motors in the ride vehicles as generators during deceleration, subsequently turning kinetic energy back into electricity. Several hundred thousand watts of this regenerated electricity is put back into the power grid and used by other equipment in the building.

A similar commitment to energy conservation at Tokyo Disney Resort led to a pledge to reduce energy consumption by 1 percent per unit of area, as compared to the previous year. Efforts to support this goal in Backstage areas included standardizing room temperatures in offices during the summer months and setting office computer monitors to turn off automatically when left unused. In addition, solar and wind-powered outdoor lamps are being tested.

“I see a growing recognition throughout Asia of the importance of modifying our lifestyles to preserve a healthy environment for future generations to enjoy. In particular, the term LOHAS, which derives from “Lifestyles of Health and Sustainability,” has become a common part of the Japanese language while the government and local businesses continue to focus on this responsibility. At Tokyo Disney Resort, we hope to create a LOHAS experience for all who come by providing exceptional Guest Service that aligns with the spirit of Environmentalism.”

~ Eric Edmunds  
Director, Operations Support, Walt Disney Attractions Japan  
Tokyo Disney Resort





## Greening Our Parks

Throughout the Company, efforts to integrate research and technology with environmental initiatives have led to the development of innovative and cost-effective measures that result in lower operational costs and create a positive impact for the environment. Benefits like these were realized in the development of Hong Kong Disneyland, which has become a model for green initiatives introduced during both the design and the construction phases.

### Recycling

At Hong Kong Disneyland (HKDL), a comprehensive waste management program has been instituted to minimize the need for landfill capacity, which is rapidly decreasing in Hong Kong. To begin, several tons of food and green waste generated at the Park each day will be converted into compost for use on landscaped areas around HKDL Resort property. Organic waste recycling is not widely practiced in Hong Kong, but the idea attracted officials because the process will reduce traditional disposal challenges and will help the Park reach recycling goals. A local waste management company has been identified to compost the material using an in-vessel system that necessitates a combination of organic waste and a large amount of dry wood chips. In most cases, this process requires the vendor to purchase wood chips, but a key element of this agreement focused on the vendor's access to surplus wood pallets that would otherwise be disposed of in landfills. The result of this effort will reduce costs associated with the organics recycling program and will help increase recycling statistics. The finished compost will be used on various settings around the Resort, including road medians, tree farms, and Backstage areas.

Recycling programs for a multitude of materials, including paper and cardboard, plastics, metals, kitchen grease, worn linens, toner cartridges, and construction waste, are also under way at HKDL.

### Water Management

Inspiration Lake was created at the entryway of HKDL to provide a beautiful destination for the public as well







as a viable water source to help irrigate the new Park. The Hong Kong government constructed the lake in a parklike setting, while a team of scientists from Walt Disney Imagineering Research & Development (WDI R&D) provided expertise in water treatment technology to address the potential for nutrient buildup, which can jeopardize both the appearance of the lake and the water quality.

Through hydrological and chemical analyses, Imagineers determined that one water source for the lake could develop high levels of phosphorous, a nutrient that can cause unsightly algal blooms. To prevent this buildup from occurring, the team created an efficient and long-term method of controlling nutrient levels in the lake by designing a simple system to inject poly aluminum chloride into the water. The treatment affects the solubility of the nutrients and changes the composition of the water, thereby preventing nutrient buildup. This solution also eliminated the need to implement an elaborate water treatment system and will avert the need to drain and refill the lake periodically. In addition, water from the lake can be used to irrigate landscaping, so the need to purchase large amounts of costly potable water for this purpose is reduced.

### Fuel Efficiency

In an effort to help meet the goal for developing a more energy-efficient Park in Hong Kong, the WDI R&D team in California launched a one-year test to identify the most cost-effective, environmentally friendly propulsion system for the *Autopia* vehicle.

To complement the design effort by WDI Show/Ride Engineering, the WDI R&D team began analyzing battery technologies designed to increase energy efficiency of Park vehicles and to improve air quality. The process included a life cycle analysis of lead acid and lithium-ion batteries. By simulating car speeds and mimicking weather conditions in Hong Kong, researchers were able to measure the effectiveness of these rechargeable batteries. By design, electric vehicles eliminate harmful emissions because fuel is not combusted on board. In addition, costs and pollutants are reduced by eliminating fuel and engine exhaust. A new charging system





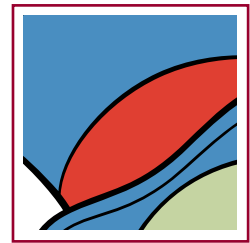


Photo credit: Linda S. Velazquez, Greenroofs.com



will be installed in each vehicle, allowing the battery to charge automatically while the car stops at the loading zone of the attraction. The *Autopia* attraction at HKDL is set to open in the summer of 2006.

### Energy Conservation

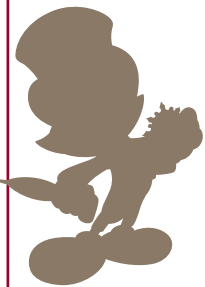
The CORE Services team, in cooperation with WDI, began replacing standard roofs with more energy efficient cool roofs that incorporate a smooth white surface to reflect solar radiation, allowing the roofs to stay cooler during daylight hours. Cool roofs also reduce the demand for electric power by reducing the need for air-conditioning, thereby lowering greenhouse gas emissions. In recognition of these conservation efforts, the Company has received more than \$50,000 in incentives from the cities of Burbank and Glendale. Nearly 30 roofs on Disney properties in California were converted to cool roofs in 2005.

In addition to cool roofs, the WDI R&D team has initiated a program to study the feasibility of implementing green roofs, which utilize vegetation to cover paved rooftops and reduce the amount of heat absorbed by the building. The layers of plants also provide storm water management by absorbing rainwater and moderating the rate at which excess water runs off. Green roofs can also decrease weather stress on the structure. The results of the study will also determine the potential reduction in energy demand for each building.

### Snow Management

In an effort to prevent degradation associated with managing winter conditions, Disneyland Resort Paris introduced SAFEWAY products, including de-icers and anti-icers to reduce snow, frost, and ice accumulating on building surfaces and grounds throughout the Resort. These environmentally friendly substances contain corrosion inhibitors that minimize rust on metal surfaces, turning layers of snow and ice into slush, which can then be removed easily with mechanical equipment. In addition, the products are biodegradable and do not contain nitrogen, thus significantly reducing negative impacts on surrounding habitats. The goal of this initiative is to reduce maintenance costs associated with repairing and preserving buildings, attractions, sidewalks, and landscapes.

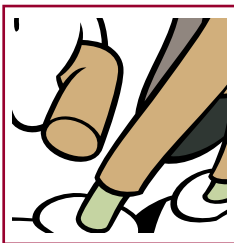
# WILDLIFE CONSERVATION



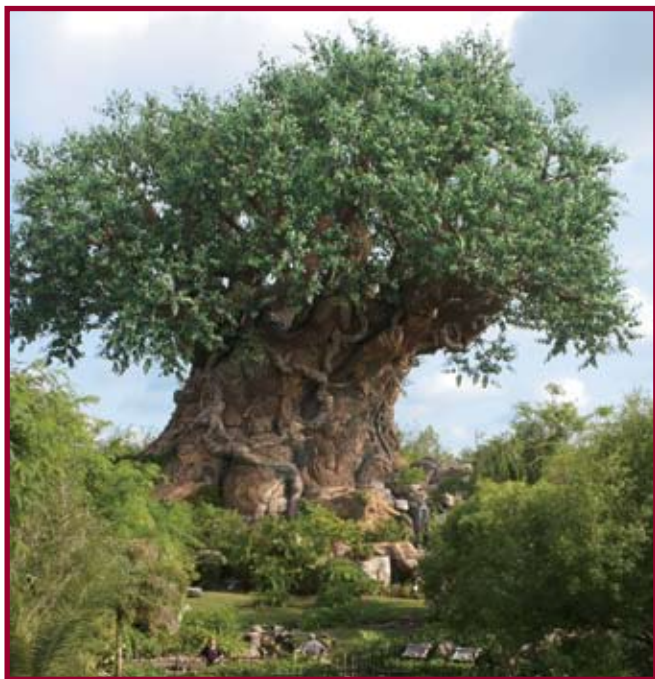
"After visiting some of our Disney Wildlife Conservation Fund recipients, I believe even more that experiencing wildlife in person is the best way to learn more about conservation. I also love to experience adventures with children because we have an amazing opportunity to influence their perspectives and the importance of conservation – a visit to Disney's Animal Kingdom or a walk through a local nature preserve can open up the world even more for them ... and us."

~ Jerry Montgomery  
Senior Vice President, Public Affairs  
Walt Disney World Resort

Disney's Environmental<sup>TM</sup>



## Disney's Commitment to Conservation and Animals



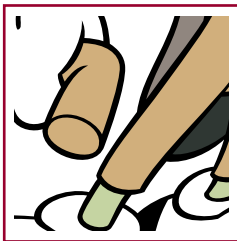
All types of animals have been part of the Disney legacy for more than 50 years, beginning with endearing characters such as Mickey and Bambi and leading to more recently created characters such as Nemo and Crush. The Company has translated this affinity into a variety of media during the years, and today, this commitment has blossomed into a full-scale, living, breathing Theme Park called Disney's Animal Kingdom. In 2006, Disney will introduce "Wild about Animals," a concentrated effort to develop additional partnerships focused on the protection of animals and their habitats as well as the Disney Wildlife Conservation Fund.

One facet of "Wild about Animals" will involve synergistic partnerships with the American Zoo and Aquarium Association (AZA), an organization that sets high standards for animal care, welfare, and conservation. Although there are more than 1,000 facilities in the U.S. that exhibit animals, Disney's Animal Kingdom and The Living Seas are two of only 210 facilities that carry respected AZA accreditation. Dr. Beth Stevens, vice president of Disney's Animal Kingdom and current president of the AZA, believes it is important to communicate the role of America's leading zoos and aquariums in sharing the magic of wildlife with the public because most people will have few opportunities to observe these unique species or their habitats. AZA zoos, such as Disney's Animal Kingdom, help visitors make a personal connection with wildlife and encourage wildlife conservation. For example, Disney's Animal Programs' Guest Education team measured more than 3.5 million positive guest interactions that occurred at the Kids' Discovery Club and other unique stations throughout the Park.

### Disney Wildlife Conservation Fund

"Wild about Animals" will also bring more attention to the lasting legacy being developed by the Disney Wildlife Conservation Fund (DWCF). Through this program, the Company and Disney Guests have shared more than \$8.5 million with conservation organizations





worldwide. This translates into more than 450 projects in 40 countries. Recipients are selected for their commitment to community education and engagement, solid research and field studies, and the ability to make a positive impact on wildlife and their habitat. This year alone, the DWCF awarded \$1.3 million to 80 projects around the world.

In a visit to one of several projects funded in Kenya, representatives from the Walt Disney World Resort presented a contribution to the staff of the Northern Rangelands Trust/Lewa Conservancy for their work in the Samburu area of Kenya. This conservancy combines community education with the efforts of anti-poaching patrols that reach beyond the boundaries of the Samburu Reserve. The Samburu Reserve is unfenced, so engaging and educating the local population to protect the area is the best way to safeguard wildlife that roams beyond the Reserve. Disney's contributions and funds raised from eco-tourism help sustain this program.



The DWCF also helped purchase a vehicle for the Cheetah Conservation Fund's (CCF) Livestock Guarding Dog program. CCF's focus is to work with livestock farming communities in Namibia to reduce conflict between cheetahs and farmers who lose livestock to the big cats. The CCF breeds and donates special Anatolian Shepherd puppies to farmers. Once grown, these dogs help provide a method of non-lethal predator control that protects the farmer's animals, while conserving this remarkable predator species. For more information on all the projects, visit [www.disneywildlifefund.com](http://www.disneywildlifefund.com).

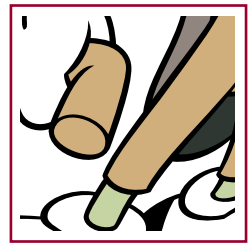
### Partners in Exploration

In a quest to identify new species, a team of international scientists, including Dr. Anne Savage from Disney's Animal Programs, spent the fall of 2005 conducting Expedition Everest: Mission Himalayas. This scientific and cultural journey was designed to explore two of the planet's most biologically diverse regions, the Himalayas and the mountains of Southwest China. These mountains span more than 200,000 square miles and make up the most botanically rich temperate region



Photo credit: Cheetah Conservation Fund





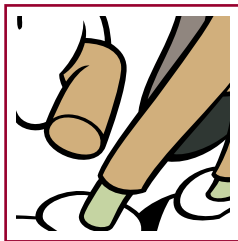
in the world with an estimated 6,600 plant species that are not found anywhere else in the world. The experts, including renowned biologists, botanists, and other technical staff led by Conservation International's (CI) Rapid Assessment Program, searched for plant and animal species that have not yet been identified by scientists. During the mission, Dr. Savage and CI biologists conducted a workshop sponsored by the Disney Wildlife Conservation Fund to help local scientists and conservationists in China enhance their expertise in collecting data.

Throughout this expedition to China, Disney Imagineers researched local beliefs and myths, including the legend of the Yeti, to enrich the storyline for *Expedition Everest*, the newest attraction at Disney's Animal Kingdom. Discovery Networks also accompanied the team to document the expedition, which will be shared with millions of viewers, broadening their understanding of conservation and biodiversity.

### Cast Involvement: Providing Expertise

Staff from Disney's Animal Kingdom and The Living Seas participates in a variety of global conservation projects through an effort called Disney's Animal Conservation Action Strategy Team. Dr. Andy Stamper and Patrick Berry recently traveled to Argentina to study the Franciscana (La Plata) Dolphin, which is among the smallest and most endangered cetaceans in the world. Dr. Stamper and Berry were part of a U.S. team directed by Dr. Randy Wells of Chicago Zoological Society and Mote Marine Laboratory. Their goal was to teach local conservationists about all aspects of a capture, tagging, and animal tracking. The dolphins were tagged with small VHF radio transmitters and then tracked for six weeks to collect the first ever data on the ranging patterns for this species.

At Disney's Vero Beach Resort, Disney staff helped create a partnership called Neighbors Ensuring Sea Turtle Survival (NESTS). The program educates visitors and residents about the importance of limiting light sources that can confuse turtle hatchlings trying to find their way to the ocean. Through NESTS, sea turtles have a



fighting chance to return to the beach 30 years later to lay their eggs and begin a new generation.

### Ensuring Survival of Species

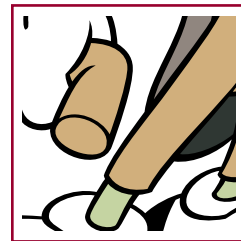
The Disney's Animal Programs team is committed to ensuring excellence in animal care and welfare across Walt Disney World property. This includes an integrated approach between veterinary services, science, and animal care teams to ensure that each animal receives the best possible care. In many instances, the team collaborates on AZA Species Survival Plans (SSP). The goal of every SSP is to manage the breeding of a particular endangered species in order to maintain a healthy and self-sustaining captive population that is genetically diverse and demographically stable. For example, the Micronesian Kingfisher was nearly extinct when the U.S. Fish and Wildlife Service asked the AZA and member zoos to help create a captive breeding population with the remaining wild birds. As part of the national effort, Disney began a breeding program at Disney's Animal Kingdom in 2001, and since that time 13 chicks have hatched. Today, the aviary breeding complex houses 18 percent of the world's population of this endangered bird.

Another SSP initiative supported by Disney's Animal Kingdom is focused on the white rhinoceros. Since 1998, five white rhino calves have been born at the Park; the most recent calf born marks the second generation at Disney's Animal Kingdom. Two of these offspring are also slated by the SSP as candidates for reintroduction to a wild reserve in Uganda, a positive step toward the preservation of this species.

Butterflies are the focus of an initiative combining field research and captive reproduction. As insects, butterflies play a vital role in pollinating fruits and flowers, but they are gradually disappearing throughout the United States. In an effort to protect the butterfly species, Disney's Animal Programs is working with the University of Florida and the AZA to support education programs that include constructing butterfly friendly habitats and reintroducing specific butterfly species to areas where they were once plentiful. Butterflies are also part of the wildlife that is monitored throughout more than 10,000







acres of conservation area at the Walt Disney World Resort. To date, 43 different species have been documented living in the meadows and forests across the property.

### Working for Wildlife Solutions

One-third of the Walt Disney World Resort is dedicated as a conservation area. As a consequence, wildlife is abundant throughout the property. To ensure that wildlife and Guests are protected, a task force was established to study wildlife and Guest interactions on property. One conclusion indicated that aggressive behaviors in birds and other wildlife often occur when their natural feeding behaviors are altered. In response, the Resort has implemented a variety of measures to protect the health and safety of Guests and native wildlife, such as printing messages on napkins that discourage Guests from feeding human food to wildlife.

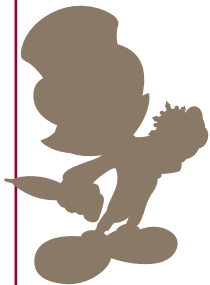
Helping Guests make wise conservation choices extends beyond interactions with local wildlife. The subject of sustainable seafood, for example, addresses menu selections that can affect the sustainability of fish populations in oceans around the world. Providing appropriate seafood choices for restaurant menus is the focus of Disney's Culinary Conservation Committee, which discusses how seafood selections can directly impact the environment. As a result, menu items at several Disney eateries have changed based on recommendations from the committee. One of these choices reached headline proportions as Disney and the World Wildlife Fund (WWF) partnered to address the implications of offering shark fin soup at Hong Kong Disneyland. After an intense examination of available sources for the delicacy, shark fin soup was removed from the menu when it became apparent that the sharks would not be harvested humanely and that endangered shark species would not be protected during the fishing process. In a broader effort to address future decisions, Disney's Animal Kingdom and WWF are working together with seafood purchasers and suppliers in workshops to discuss and address current and future conservation challenges facing the seafood and restaurant industries.



# EDUCATION AND AWARENESS

"Children growing up today are future stewards of our environment and I believe every individual should take personal responsibility to create change around them. The Walt Disney Company and the Disney brand are in a unique position to educate families about protecting the environment through responsible actions such as recycling, wildlife preservation, and resource conservation. Disney continues to be a great ally and supporter of environmental organizations such as TreePeople that aim to create a more sustainable environment."

*~ Harry Dolman  
Executive Vice President, Disney Consumer Products  
& Board Member of TreePeople*



Disney's Environmental™



## Making a Difference

The Walt Disney Company is in a unique position of public confidence and trust, and therefore, Company endeavors inspire others to environmental action. Through education and training, special events, and key partnerships, Disney consistently passes on the values of Environmentality, thus reinforcing the common adage, “practice what you preach.”

### Employee Education

To remain competitive in this ever-changing world, The Walt Disney Company recognizes the significant value of employee education. Whether talking about the use of technology, fiscal responsibility, energy conservation, or electronics recycling, employees need access to resources that can enhance their environmental stewardship. This year, business units throughout the Company worked in tandem to increase knowledge of environmental initiatives with an emphasis on individual action. A 2005 campaign entitled “Environmentality Is Making a Difference Every Day” utilized a variety of communication mediums, including informational flyers, special events, and Web sites to emphasize 12 different aspects of Environmentality. These combined efforts highlighted the potential for environmental action and provided employees and Cast Members with the tools to share knowledge and encourage greater participation in programs at work and at home.

### Guest Education

Environmentality is an integral part of the daily operations at Disney Theme Parks around the world. For example, numerous environmental initiatives in place at the Walt Disney World Resort reflect a continued commitment to sustainable growth and resource conservation throughout all aspects of business. This ethic is conveyed and demonstrated to Resort Guests in a variety of ways.

- At Epcot and at Disney’s California Adventure, Guests learn about ocean conservation from Crush, the host of the new *Turtle Talk* show, inspired by the Walt Disney Pictures presentation of a Pixar Animation Studios film *Finding Nemo*.



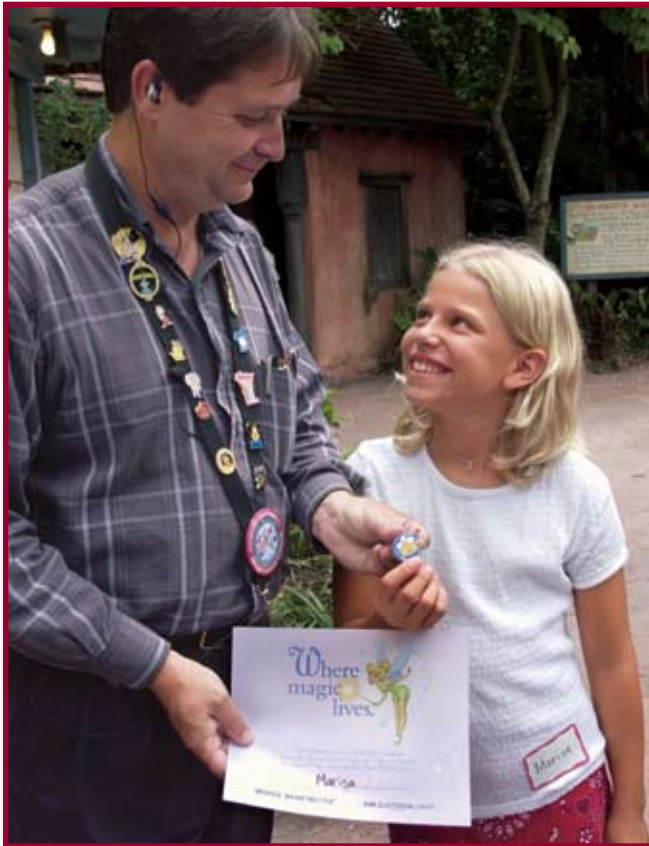


- A film entitled *Circle of Life – An Environmental Fable* stars Timon and Pumbaa who teach Guests at Epcot about man’s intricate relationship with the planet.
- At Disney’s Animal Kingdom, Cast Members at *Rafiki’s Planet Watch* use hands-on examples to share the “Seven Guidelines to Wildlife Conservation Action” at the Biofact table.
- The Land pavilion at Epcot provides an opportunity for Guests to take a boat ride at *Living with the Land* where they discover different biomes and learn about sustainable farming techniques.
- At the Resorts, placards in Guest rooms explain how each person can save water and energy by choosing to forgo daily replacement of towels and linens.
- Disney’s Caribbean Beach Resort posts “Environmentalism Is Making a Difference” signage at bus stops, highlighting some of the environmental initiatives in place at the Resort.
- Many restaurants are implementing a new message on recycled paper napkins citing animal health and Guest safety as reasons not to feed wildlife.

The Walt Disney World Resort is also home to 99 holes of golf. The courses are renowned for their beauty and unique wildlife, including Florida Sandhill Cranes, Ruddy Daggerwing Butterflies, and bald eagles. Guests of these golf courses are learning how conservation plays a critical role in protecting wildlife habitat and natural resources. As of 2005, five of the golf courses have been certified as cooperative wildlife sanctuaries by Audubon International. In order to receive this certification, each golf course must demonstrate excellence in the areas of environmental planning, wildlife and habitat management, outreach and education, integrated pest management, water conservation, and water quality management. Some of the other environmental initiatives in place at these facilities include the use of reclaimed water to irrigate the grounds, re-







cycled plastic lumber trash cans and divot boxes, and mulch made from recycled wood pallets. The staff also leaves grass clippings on the lawn to provide additional nourishment and recycles motor oil, batteries, tires, and hazardous wastes. Signage has been posted throughout the properties to share educational tips and to showcase these accomplishments with Guests.

Additional educational programs for Guests promote both environmental awareness and individual action. In honor of “The Happiest Celebration on Earth,” the Corporate Environmental Policy department introduced an extension of the Magical Moments program to recognize Guests who demonstrate Environmental-ity in the Parks. At Disneyland Park and at Disney’s California Adventure, for example, Custodial Cast Members reward selected Guests throughout the day who are caught in the act of recycling. At Disney’s Animal Kingdom, Guests participate in Basketbottle, an environmentally themed competition during which participants are quizzed on recycling issues and then encouraged to toss recyclables into a collection bin. Participants in all of the Parks are presented with an exclusive “Environmentality Hero” pin.



Sailing over to Castaway Cay, a private island destination for Disney Cruise Line, Crew Members are providing Guests with a unique wildlife experience. In a partnership with marine animal experts from The Living Seas at Epcot, “Castaway Ray’s Stingray Adventure” provides an interactive shore excursion that immerses Guests into the underwater world of stingrays at a sanctuary located in the island’s protected cove. Cast Members host a 60-minute experience where Guests receive an educational orientation about stingrays, followed by a hands-on interaction where they can touch, feed, and learn more about the stingray’s anatomy and behaviors. Guests leave this experience with a broader knowledge of sea life and a greater appreciation for each person’s responsibility to respect marine wildlife everywhere.

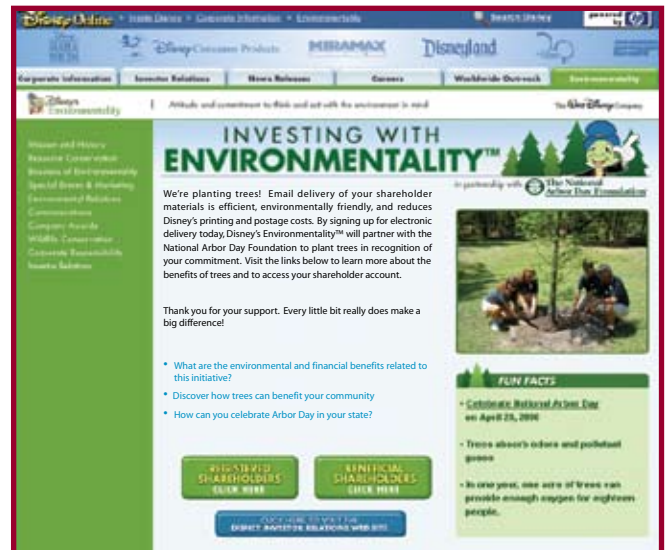


## Environmental Education and Partnerships

Disney shareholders were encouraged to “Invest with Environmentality” by electing to receive their shareholder materials, such as proxy statements and annual reports, electronically in lieu of printed copies. With this initiative, The Walt Disney Company is aiming to reduce financial and environmental impacts associated with print production and distribution, thereby creating a positive impact on both the bottom line and the environment. Additionally, Disney will partner with the National Arbor Day Foundation to plant a tree on behalf of each shareholder who participates in the initiative. The trees will be planted in select regions around the country in 2006. To increase participation and support for this initiative, a Web site was created to educate shareholders and the general public about the extensive benefits of trees.

Environmental education extended to an edgier audience when X Games 11, held in Los Angeles, was home to the launch of X Games Environmentality. Reflecting an increased environmental interest among a younger generation, the new program incorporated environmental initiatives into all aspects of event planning and execution. Extensive focus was placed on education, recycling, composting, and the utilization of sustainable materials. The action plan included an innovative and extensive three-stream recycling program that featured unique stations where spectators and staff could sort waste into receptacles designed to capture trash, recycling, and compostable items. Combined efforts helped divert more than 50 percent of the total waste from landfills.

Another environmental initiative for X Games 11 involved green purchasing. Procurement specialists obtained biodegradable and high post-consumer, recycled-content products, which included wood used to build skate ramps approved by the Forest Stewardship Council, compostable service ware in staff catering areas, and 100 percent recycled paper and recycled







plastic binding used in media guides. The education plan involved collaborations with external and internal partners, including Disney's Corporate Environmental Policy team, to spread environmental awareness to spectators and staff through signage, press releases, and athlete trading cards. In addition, spectators who recycled their waste appropriately were rewarded with tokens that could be redeemed for prizes at the TRASHed Recycling Store, an onsite recycling redemption booth. All of these sustainable efforts at X Games 11 resulted in far-reaching environmental and business benefits, including a deeper appreciation for the environment and increased brand exposure among the younger attendees.

### Community Involvement

Through the WOW – Wonderful Outdoor World program The Walt Disney Company has fostered a belief for more than 10 years that exposure to outdoor recreation and the environment plays an important role in the development and growth of a child. By participating in this unique program, inner-city youths are engaged by a 24-hour camping experience within the heart of their community. Today, WOW is active in six states and has touched thousands of lives across the U.S., giving many urban children their first interactive experience with camping, cooking on an open stove, and watching for shooting stars.

Following the first camping experience with WOW, some children are invited to participate in large-scale events, such as the ESPN Great Outdoor Games, the ESPN X Games, and the Pasadena Tournament of Roses Parade. The positive effects on each child are often astounding. WOW provides opportunities for the young campers to interact with the natural environment, develop new and exciting interests, interact with role-model camp counselors, and take on a new perspective of the world around them.

By reaching audiences across the nation, Disney radio stations throughout the Company are educating listen-





ers in an effort to mobilize their participation in community and work-related environmental practices and programs. KABC 790-AM Los Angeles and the South Coast Air Quality Management District hosted the first annual Clean Air Car Showcase. This event featured numerous vehicles equipped with clean air systems that attendees were able to test drive and evaluate. The live broadcast, which included experts on clean air technology and alternative fuel sources, was hosted by KABC on-air personality Motorman Leon Kaplan.

Communities around the world also benefit from Disney VoluntEARS who demonstrate their Environmentalty by conducting a variety of cleanup activities. Just a short distance from Tokyo DisneySea, a group of 48 VoluntEARS made drastic environmental improvements along a local shoreline by removing more than 65 bags of garbage containing plastic bottles and other debris.

In Argentina, a special tradition is held on September 21 each year to observe the commencement of spring and Student's Day. In celebration, Argentines host picnics at parks throughout the city. This inevitably results in litter covering the parks and streets. In an effort to restore the area's natural beauty, a team of VoluntEARS cleaned many of the local areas following the celebrations. Projects such as these require many dedicated people who show that each individual can make an amazing difference. Each year, VoluntEARS contribute more than 400,000 hours of service to more than 1,000 projects.

One Disney Crew Member making a big difference for the environment is Guus Verhulst, *Disney Wonder* staff captain. Guus was named 2005 VolunTEAR of the Year for Disney Cruise Line in honor of the numerous efforts he initiated to support communities in port cities that Disney Cruise Line visits. Guus has successfully balanced his personal commitment to protect the environment with his staff captain responsibilities by acting as a liaison between Disney Cruise Line and numerous





nonprofit organizations, bringing relief supplies to hurricane-stricken areas such as Nassau, Bahamas, donating surplus materials to local communities, and participating in beach cleanups.

The hit ABC show *Extreme Makeover: Home Edition* is making a difference in the lives of deserving families and for the environment. Incorporating environmental guidelines throughout the production of the show has led to environmentally friendly design elements, including the use of wind and solar power, as well as recycled materials such as tires, which were used to create the base of a playground. In the case of the Leomiti-Higgins family, Pardee Homes designed a beautiful, spacious home that incorporated green building standards and sustainable materials that help to reduce energy demand, enhance indoor air and water quality, while preserving natural resources. These combined efforts will reduce the family's electric bill by approximately 87 percent. In addition, approximately 90 percent of the construction waste generated was recycled.

### Earth Day

Environmentality and Earth Day events go hand-in-hand. The results are prevalent at Disney locations around the world, including Castaway Cay. Sharing valuable environmental tips, participating in environmental initiatives, and distributing Earth Day buttons are just a few of the ways Disney celebrates this internationally recognized holiday. Disney radio stations provided significant support for Earth Day by educating the public about important ways they can contribute to environmental preservation. For example, 8,000 people attended an Earth Day event in Indianapolis hosted by WRDZ 98.3 FM, which provided valuable and practical information about the importance of good nutrition, the benefits of plants, and tips to conserve water at home and at school. Kids and parents walked away with a greater understanding of the role everyone plays in protecting our earth.



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The **WALT DISNEY** Company  
is committed to balancing environmental stewardship  
with its corporate goals  
and operations throughout the world.

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