

WALT DISNEY CO/
Form 8-K
July 23, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

July 23, 2007

The Walt Disney Company

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

1-11605
(Commission File Number)

95-4545390
(IRS Employer Identification No.)

500 South Buena Vista Street
Burbank, California
(Address of principal executive offices)

91521
(Zip Code)

(818) 560-1000

(Registrant's telephone number, including area code)

Not applicable

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(Former name or address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

 - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

The Walt Disney Company (the Company) today presented the results of certain prior fiscal periods adjusted to reclassify the operating results of its Radio businesses as a result of the completion of the Company's previously announced disposition of the ABC Radio business on June 12, 2007.

In the disposition, the Company spun-off its ABC Radio business (consisting of 22 large-market radio stations and the ABC Radio Network) which was then merged with Citadel Broadcasting Corporation, a separate publicly-traded company. The Company retained the ESPN Radio and Radio Disney networks and stations businesses. As a result, the Company will now report the historical results of the ABC Radio business as discontinued operations for all periods reported in its financial statements. Additionally, the ESPN Radio and Radio Disney networks and station businesses will be included with Cable Networks in the Media Networks segment. Prior to the spin-off, the Company's Radio businesses were included with Broadcasting in the Media Networks segment.

This new presentation will be reflected in the Company's third quarter fiscal 2007 financial statements.

The following table presents summary consolidated financial information for fiscal years 2005 and 2006 and the six months ended March 31, 2007 adjusted to reflect the new presentation (unaudited, in millions, except per share data):

| | Year Ended October 1, 2005 | Year Ended September 30, 2006 | Six Months Ended March 31, 2007 |
|--|-------------------------------|----------------------------------|------------------------------------|
| Income from continuing operations before the cumulative effect of accounting change | \$ 2,460 | \$ 3,304 | \$ 2,595 |
| Discontinued operations, net of tax | 109 | 70 | 37 |
| Cumulative effect of accounting change | (36) | | |
| Net income | \$ 2,533 | \$ 3,374 | \$ 2,632 |
| Diluted EPS from continuing operations before the cumulative effect of accounting change | \$ 1.19 | \$ 1.60 | \$ 1.22 |
| Diluted EPS - discontinued operations | 0.05 | 0.03 | 0.02 |
| Cumulative effect of accounting change per share | (0.02) | | |
| Diluted EPS ⁽¹⁾ | \$ 1.22 | \$ 1.64 | \$ 1.24 |

⁽¹⁾ Total diluted earnings per share may not equal the sum of the column due to rounding.

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The following tables present reconciliations of operating results as originally reported to operating results adjusted to reflect the new presentation for fiscal year 2007 (quarterly and first half), fiscal year 2006 (quarterly and full year), and fiscal year 2005.

(unaudited, in millions, except per share data)

| | First Quarter Fiscal 2007 | | | Second Quarter Fiscal 2007 | | | First Half Fiscal 2007 | | |
|---|---------------------------|--------------|-----------------|----------------------------|--------------|----------------|------------------------|--------------|-----------------|
| | As Reported | Adj. | As Adjusted | As Reported | Adj. | As Adjusted | As Reported | Adj. | As Adjusted |
| Revenues: | | | | | | | | | |
| Media Networks | | | | | | | | | |
| Cable Networks | \$ 2,092 | \$ 44 | \$ 2,136 | \$ 1,899 | \$ 32 | \$ 1,931 | \$ 3,991 | \$ 76 | \$ 4,067 |
| Broadcasting | 1,819 | (188) | 1,631 | 1,662 | (151) | 1,511 | 3,481 | (339) | 3,142 |
| Total Media Networks | 3,911 | (144) | 3,767 | 3,561 | (119) | 3,442 | 7,472 | (263) | 7,209 |
| Parks and Resorts | 2,489 | | 2,489 | 2,446 | | 2,446 | 4,935 | | 4,935 |
| Studio Entertainment | 2,633 | | 2,633 | 1,550 | | 1,550 | 4,183 | | 4,183 |
| Consumer Products | 692 | | 692 | 516 | | 516 | 1,208 | | 1,208 |
| | \$ 9,725 | \$ (144) | \$ 9,581 | \$ 8,073 | \$ (119) | \$ 7,954 | \$ 17,798 | \$ (263) | \$ 17,535 |
| Segment operating income: | | | | | | | | | |
| Media Networks | | | | | | | | | |
| Cable Networks | \$ 453 | \$ 9 | \$ 462 | \$ 963 | \$ (1) | \$ 962 | \$ 1,416 | \$ 8 | \$ 1,424 |
| Broadcasting | 297 | (50) | 247 | 212 | (21) | 191 | 509 | (71) | 438 |
| Total Media Networks | 750 | (41) | 709 | 1,175 | (22) | 1,153 | 1,925 | (63) | 1,862 |
| Parks and Resorts | 405 | | 405 | 254 | | 254 | 659 | | 659 |
| Studio Entertainment | 604 | | 604 | 235 | | 235 | 839 | | 839 |
| Consumer Products | 235 | | 235 | 125 | | 125 | 360 | | 360 |
| | 1,994 | (41) | 1,953 | 1,789 | (22) | 1,767 | 3,783 | (63) | 3,720 |
| Corporate and unallocated shared expenses | (106) | (1) | (107) | (132) | 2 | (130) | (238) | 1 | (237) |
| Other | 844 | | 844 | (133) | | (133) | 711 | | 711 |
| Income from continuing operations before income taxes and minority interests | | | | | | | | | |
| | 2,732 | (42) | 2,690 | 1,524 | (20) | 1,504 | 4,256 | (62) | 4,194 |
| Income taxes | (1,026) | 17 | (1,009) | (590) | 8 | (582) | (1,616) | 25 | (1,591) |
| Minority interests | (5) | | (5) | (3) | | (3) | (8) | | (8) |
| Income from continuing operations | 1,701 | (25) | 1,676 | 931 | (12) | 919 | 2,632 | (37) | 2,595 |
| Discontinued operations, net of tax | | 25 | 25 | | 12 | 12 | | 37 | 37 |
| Net income | \$ 1,701 | \$ | \$ 1,701 | \$ 931 | \$ | \$ 931 | \$ 2,632 | \$ | \$ 2,632 |
| Diluted EPS from continuing operations | | | | | | | | | |
| | \$ 0.79 | \$ (0.01) | \$ 0.78 | \$ 0.44 | \$ (0.01) | \$ 0.43 | \$ 1.24 | \$ (0.02) | \$ 1.22 |
| Diluted EPS - discontinued operations | n/a | 0.01 | 0.01 | n/a | 0.01 | 0.01 | n/a | 0.02 | 0.02 |
| Diluted EPS ⁽¹⁾ | \$ 0.79 | \$ | \$ 0.79 | \$ 0.44 | \$ | \$ 0.44 | \$ 1.24 | \$ | \$ 1.24 |

⁽¹⁾ Total diluted earnings per share may not equal the sum of the column due to rounding.

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(unaudited, in millions, except per share data)

| | First Quarter Fiscal 2006 | | | Second Quarter Fiscal 2006 | | | Third Quarter Fiscal 2006 | | | Fourth Quarter Fiscal 2006 | | |
|---|---------------------------|--------------|---------------|----------------------------|--------------|---------------|---------------------------|--------------|-----------------|----------------------------|--------------|---------------|
| | As Reported | Adj. | As Adjusted | As Reported | Adj. | As Adjusted | As Reported | Adj. | As Adjusted | As Reported | Adj. | As Adjusted |
| Revenues: | | | | | | | | | | | | |
| Media Networks | | | | | | | | | | | | |
| Cable Networks | \$ 1,865 | \$ 41 | \$ 1,906 | \$ 1,772 | \$ 30 | \$ 1,802 | \$ 2,164 | \$ 42 | \$ 2,206 | \$ 2,200 | \$ 45 | \$ 2,245 |
| Broadcasting | 1,809 | (182) | 1,627 | 1,779 | (149) | 1,630 | 1,576 | (188) | 1,388 | 1,473 | (177) | 1,296 |
| Total Media Networks | 3,674 | (141) | 3,533 | 3,551 | (119) | 3,432 | 3,740 | (146) | 3,594 | 3,673 | (132) | 3,541 |
| Parks and Resorts | 2,402 | | 2,402 | 2,251 | | 2,251 | 2,730 | | 2,730 | 2,542 | | 2,542 |
| Studio Entertainment | 2,045 | | 2,045 | 1,774 | | 1,774 | 1,705 | | 1,705 | 2,005 | | 2,005 |
| Consumer Products | 733 | | 733 | 451 | | 451 | 445 | | 445 | 564 | | 564 |
| | \$ 8,854 | \$ (141) | \$ 8,713 | \$ 8,027 | \$ (119) | \$ 7,908 | \$ 8,620 | \$ (146) | \$ 8,474 | \$ 8,784 | \$ (132) | \$ 8,652 |
| Segment operating income: | | | | | | | | | | | | |
| Media Networks | | | | | | | | | | | | |
| Cable Networks | \$ 372 | \$ 8 | \$ 380 | \$ 809 | \$ 1 | \$ 810 | \$ 969 | \$ 6 | \$ 975 | \$ 854 | \$ (14) | \$ 840 |
| Broadcasting | 234 | (42) | 192 | 160 | (17) | 143 | 183 | (53) | 130 | 29 | (19) | 10 |
| Total Media Networks | 606 | (34) | 572 | 969 | (16) | 953 | 1,152 | (47) | 1,105 | 883 | (33) | 850 |
| Parks and Resorts | 375 | | 375 | 214 | | 214 | 549 | | 549 | 396 | | 396 |
| Studio Entertainment | 128 | | 128 | 147 | | 147 | 240 | | 240 | 214 | | 214 |
| Consumer Products | 270 | | 270 | 104 | | 104 | 105 | | 105 | 139 | | 139 |
| | 1,379 | (34) | 1,345 | 1,434 | (16) | 1,418 | 2,046 | (47) | 1,999 | 1,632 | (33) | 1,599 |
| Corporate and unallocated shared expenses | | | | | | | | | | | | |
| Other | (104) | 1 | (103) | (138) | 2 | (136) | (119) | (1) | (120) | (168) | 5 | (163) |
| | (96) | | (96) | (147) | | (147) | (118) | | (118) | (154) | | (154) |
| Income from continuing operations before income taxes, minority interests and cumulative effect of accounting change | | | | | | | | | | | | |
| | 1,179 | (33) | 1,146 | 1,149 | (14) | 1,135 | 1,809 | (48) | 1,761 | 1,310 | (28) | 1,282 |
| Income taxes | (429) | 12 | (417) | (404) | 5 | (399) | (611) | 18 | (593) | (446) | 18 | (428) |
| Minority interests | (16) | | (16) | (12) | | (12) | (73) | | (73) | (82) | | (82) |
| Income from continuing operations before the cumulative effect of accounting change | | | | | | | | | | | | |
| | 734 | (21) | 713 | 733 | (9) | 724 | 1,125 | (30) | 1,095 | 782 | (10) | 772 |
| Discontinued operations, net of tax | | 21 | 21 | | 9 | 9 | | 30 | 30 | | 10 | 10 |
| Cumulative effect of accounting change | | | | | | | | | | | | |
| Net income | \$ 734 | \$ | \$ 734 | \$ 733 | \$ | \$ 733 | \$ 1,125 | \$ | \$ 1,125 | \$ 782 | \$ | \$ 782 |
| Diluted EPS from continuing operations before the cumulative effect of accounting change | | | | | | | | | | | | |
| | \$ 0.37 | \$ (0.01) | \$ 0.36 | \$ 0.37 | \$ | \$ 0.37 | \$ 0.53 | \$ (0.02) | \$ 0.51 | \$ 0.36 | \$ | \$ 0.36 |

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| | | | | | | | | | | | | |
|--|---------|------|---------|---------|-----|---------|---------|-----|---------|---------|----|---------|
| Diluted EPS - discontinued operations | n/a | 0.01 | 0.01 | n/a | n/a | 0.01 | 0.01 | n/a | | | | |
| Cumulative effect of accounting change per share | | | | | | | | | | | | |
| Diluted EPS ⁽¹⁾ | \$ 0.37 | \$ | \$ 0.37 | \$ 0.37 | \$ | \$ 0.37 | \$ 0.53 | \$ | \$ 0.53 | \$ 0.36 | \$ | \$ 0.36 |

⁽¹⁾ Total diluted earnings per share may not equal the sum of the column due to rounding.

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(unaudited, in millions, except per share data)

| | Fiscal Year 2006 | | | Fiscal Year 2005 | | |
|---|------------------|------------------|-----------------|------------------|------------------|-----------------|
| | As Reported | Adj. | As Adjusted | As Reported | Adj. | As Adjusted |
| Revenues: | | | | | | |
| Media Networks | | | | | | |
| Cable Networks | \$ 8,001 | \$ 158 | \$ 8,159 | \$ 7,262 | \$ 137 | \$ 7,399 |
| Broadcasting | 6,637 | (696) | 5,941 | 5,945 | (707) | 5,238 |
| Total Media Networks | 14,638 | (538) | 14,100 | 13,207 | (570) | 12,637 |
| Parks and Resorts | 9,925 | | 9,925 | 9,023 | | 9,023 |
| Studio Entertainment | 7,529 | | 7,529 | 7,587 | | 7,587 |
| Consumer Products | 2,193 | | 2,193 | 2,127 | | 2,127 |
| | \$ 34,285 | \$ (538) | \$ 33,747 | \$ 31,944 | \$ (570) | \$ 31,374 |
| Segment operating income: | | | | | | |
| Media Networks | | | | | | |
| Cable Networks | \$ 3,004 | \$ 1 | \$ 3,005 | \$ 2,745 | \$ 17 | \$ 2,762 |
| Broadcasting | 606 | (131) | 475 | 464 | (186) | 278 |
| Total Media Networks | 3,610 | (130) | 3,480 | 3,209 | (169) | 3,040 |
| Parks and Resorts | 1,534 | | 1,534 | 1,178 | | 1,178 |
| Studio Entertainment | 729 | | 729 | 207 | | 207 |
| Consumer Products | 618 | | 618 | 543 | | 543 |
| | 6,491 | (130) | 6,361 | 5,137 | (169) | 4,968 |
| Corporate and unallocated shared expenses | (529) | 7 | (522) | (536) | (7) | (543) |
| Other | (515) | | (515) | (614) | | (614) |
| Income from continuing operations before income taxes, minority interests and cumulative effect of accounting change | 5,447 | (123) | 5,324 | 3,987 | (176) | 3,811 |
| Income taxes | (1,890) | 53 | (1,837) | (1,241) | 67 | (1,174) |
| Minority interests | (183) | | (183) | (177) | | (177) |
| Income from continuing operations before the cumulative effect of accounting change | 3,374 | (70) | 3,304 | 2,569 | (109) | 2,460 |
| Discontinued operations, net of tax | | 70 | 70 | | 109 | 109 |
| Cumulative effect of accounting change | | | | (36) | | (36) |
| Net income | \$ 3,374 | \$ | \$ 3,374 | \$ 2,533 | \$ | \$ 2,533 |
| Diluted EPS from continuing operations before the cumulative effect of accounting change | \$ 1.64 | \$ (0.04) | \$ 1.60 | \$ 1.24 | \$ (0.05) | \$ 1.19 |
| Diluted EPS - discontinued operations | n/a | 0.03 | 0.03 | n/a | 0.05 | 0.05 |
| Cumulative effect of accounting change per share | | | | (0.02) | | (0.02) |
| Diluted EPS ⁽¹⁾ | \$ 1.64 | \$ | \$ 1.64 | \$ 1.22 | \$ | \$ 1.22 |

⁽¹⁾ Total diluted earnings per share may not equal the sum of the column due to rounding.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

The Walt Disney Company

By: /s/ Thomas O. Staggs
Thomas O. Staggs
Senior Executive Vice President and Chief Financial Officer

Dated: July 23, 2007