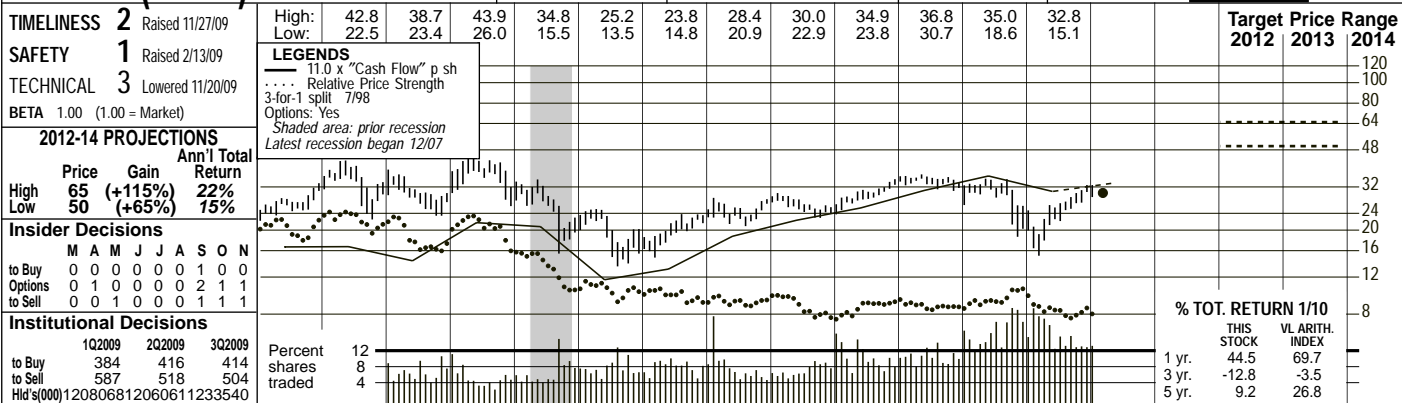


# DISNEY (WALT) NYSE-DIS

RECENT PRICE **29.98** P/E RATIO **15.7** (Trailing: 16.5, Median: 22.0) RELATIVE P/E RATIO **0.93** DIV'D YLD **1.2%** **VALUE LINE**



**TIMELINESS** 2 Raised 11/27/09  
**SAFETY** 1 Raised 2/13/09  
**TECHNICAL** 3 Lowered 11/20/09  
**BETA** 1.00 (1.00 = Market)

**2012-14 PROJECTIONS**

	Price	Gain	Ann'l Total Return
High	65	(+115%)	22%
Low	50	(+65%)	15%

**Insider Decisions**

	M	A	M	J	J	A	S	O	N
to Buy	0	0	0	0	0	0	1	0	0
Options	0	1	0	0	0	2	1	1	1
to Sell	0	0	1	0	0	0	1	1	1

**Institutional Decisions**

	1Q2009	2Q2009	3Q2009
to Buy	384	416	414
to Sell	587	518	504
Hld's(000)	120868	120606	112335

High:	42.8	38.7	43.9	34.8	25.2	23.8	28.4	30.0	34.9	36.8	35.0	32.8	Target Price Range	2012	2013	2014
Low:	22.5	23.4	26.0	15.5	13.5	14.8	20.9	22.9	23.8	30.7	18.6	15.1				

LEGENDS  
 11.0 x "Cash Flow" p sh  
 Relative Price Strength  
 3-for-1 split 7/98  
 Options: Yes  
 Shaded area: prior recession  
 Latest recession began 12/07

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
5.31	6.40	7.70	10.50	11.10	11.21	11.34	12.09	12.52	12.40	13.23	15.05	15.91	16.61	18.10	20.76	19.88	20.70	Revenues per sh <sup>A</sup>	30.20
.78	.97	1.15	1.32	1.51	1.52	1.30	1.98	1.89	1.06	1.19	1.70	2.03	2.32	2.81	3.28	2.77	3.05	"Cash Flow" per sh	5.30
.54	.68	.84	.74	.92	.90	.66	.90	.98	.55	.66	1.09	1.31	1.61	1.92	2.26	1.82	1.90	Earnings per sh <sup>A B</sup>	3.85
.08	.10	.12	.14	.17	.20	.20	.21	.21	.21	.21	.21	.24	.27	.31	.35	.35	.35	Div'ds Decl'd per sh <sup>C</sup>	.60
.49	.65	.57	.86	.95	1.13	1.03	1.02	.89	.53	.51	.70	.91	.63	.80	.87	.96	1.05	Cap'l Spending per sh	1.25
3.13	3.50	4.23	7.96	8.54	9.46	10.16	11.65	11.23	11.48	11.63	12.77	13.06	15.42	15.67	17.73	18.55	20.25	Book Value per sh <sup>D</sup>	26.45
1606.5	1572.3	1573.2	2022.0	2025.0	2050.0	2064.0	2069.0	2019.0	2042.0	2045.0	2043.0	2007.2	2064.0	1962.2	1822.9	1818.3	1800.0	Common Shs Outst'g <sup>E</sup>	1590.0
25.3	21.1	20.4	27.2	27.4	37.6	46.0	39.5	30.4	37.2	28.0	21.8	20.4	17.1	17.8	14.2	12.5		Avg Ann'l P/E Ratio	15.0
1.49	1.38	1.37	1.70	1.58	1.96	2.62	2.57	1.56	2.03	1.60	1.15	1.09	.92	.94	.85	.84		Relative P/E Ratio	1.00
.6%	.7%	.7%	.7%	.7%	.6%	.7%	.6%	.7%	1.0%	1.1%	.9%	.9%	1.0%	.9%	1.1%	1.5%		Avg Ann'l Div'd Yield	1.0%

**CAPITAL STRUCTURE as of 10/3/09**  
 Total Debt \$12.701 bill. Due in 5 Yrs \$7.555 bill.  
 LT Debt \$11.495 bill. LT Interest \$540 mill.

(Total interest coverage: 10.9x) (25% of Cap'l)  
**Leases, Uncapitalized:** Annual rentals \$421 million.  
**Pension Assets-9/09** \$4.83 bill. Oblig. \$6.99 bill.

**Pfd Stock** None  
**Common Stock** 1,865,010,858 shs. as of 11/20/09  
 (Options exercisable 6.0%)  
**MARKET CAP: \$55.9 billion (Large Cap)**

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	Revenues (\$mill) <sup>A</sup>	48000
23402	25020	25269	25329	27061	30752	31944	34285	35510	37843	36149	37300	36149	37300	36149	37300	36149	37300	Operating Margin	25.5%
18.6%	21.3%	18.1%	13.1%	14.0%	17.1%	17.8%	20.2%	23.3%	23.7%	20.3%	21.0%	20.3%	20.3%	20.3%	20.3%	20.3%	20.3%	Depreciation (\$mill)	2100
1307.0	2195.0	1754.0	1042.0	1077.0	1210.0	1339.0	1436.0	1491.0	1582.0	1631.0	1950	1631.0	1631.0	1631.0	1631.0	1631.0	1631.0	Net Profit (\$mill)	6310
1383.0	1891.7	2058.0	1121.0	1354.0	2268.0	2729.0	3343.0	4014.0	4405.0	3408.0	3540	3408.0	3408.0	3408.0	3408.0	3408.0	3408.0	Income Tax Rate	36.0%
42.9%	41.1%	32.9%	41.1%	34.8%	35.2%	31.5%	34.2%	37.2%	36.6%	36.1%	36.0%	36.1%	36.1%	36.1%	36.1%	36.1%	36.1%	Net Profit Margin	13.1%
5.9%	7.6%	8.1%	4.4%	5.0%	7.4%	8.5%	9.8%	11.3%	11.6%	9.4%	9.5%	9.4%	9.4%	9.4%	9.4%	9.4%	9.4%	Working Cap'l (\$mill)	525
2493.0	1605.0	810.0	30.0	d355.0	d1690	d323.0	d648.0	d77.0	75.0	2955.0	460	2955.0	2955.0	2955.0	2955.0	2955.0	2955.0	Long-Term Debt (\$mill)	12000
9278.0	6959.0	8940.0	12467	10643	9395.0	10157	10843	11892	11110	11495	12000	11495	11495	11495	11495	11495	11495	Shr. Equity (\$mill)	42050
20975	24100	22672	23445	23791	26081	26210	31820	30753	32323	33734	36440	33734	33734	33734	33734	33734	33734	Return on Total Cap'l	12.0%
5.5%	6.8%	7.0%	3.7%	4.7%	7.0%	8.2%	8.4%	10.0%	10.8%	8.1%	8.0%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	Return on Shr. Equity	15.0%
6.6%	7.8%	9.1%	4.8%	5.7%	8.7%	10.4%	10.5%	13.1%	13.6%	10.1%	9.5%	10.1%	10.1%	10.1%	10.1%	10.1%	10.1%	Retained to Com Eq	12.5%
4.5%	6.0%	7.1%	3.0%	3.9%	7.0%	8.5%	8.9%	11.0%	11.6%	8.2%	8.0%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	All Div'ds to Net Prof	15%
31%	23%	21%	38%	32%	19%	18%	16%	16%	15%	19%	18%	19%	19%	19%	19%	19%	19%		

**CURRENT POSITION**

(\$MILL.)	2007	2008	10/3/09
Cash Assets	3670	3001	3417
Receivables	5032	5373	4854
Inventory (Avg Cst)	641	1124	1271
Other	1971	2168	2347
Current Assets	11314	11666	11889
Accts Payable	5949	5980	5616
Debt Due	3280	3529	1206
Other	2162	2082	2112
Current Liab.	11391	11591	8934

**BUSINESS:** The Walt Disney Company operates Media Networks (45% of '09 revs.), incl. ABC and ESPN; Parks and Resorts: Disneyland, Walt Disney World (Magic Kingdom, Epcot, Disney's Hollywood Studios), and a cruise line (29%); Studio Entertainment (17%); Consumer Products, (7%); and Interactive Media (2%). Earns Tokyo Disneyland royalties. Manages Disneyland Resort

**Disney completed the acquisition of Marvel Entertainment on December 31st.** In a deal valued at more than \$4.2 billion, Disney paid \$30 a share in cash, plus approximately 0.7452 Disney shares, in exchange for each Marvel share. With the purchase, Disney obtains more than 5,000 characters, as well as Marvel's licensing and distribution agreements. We believe that Disney can enhance the value of Marvel's assets, by way of its extensive group of outlets, including television, video games, and consumer products. However, many of the film rights are currently owned by studios other than Disney's.

**The deal will probably be dilutive to share earnings by a mid-single-digit percentage in fiscal 2010** (ends October 2nd). This anticipated impact largely reflects intangibles amortization. The repurchase of at least the 59 million shares issued prior to the transaction should help mitigate the near-term dilutive impact. With the full development of Marvel characters across various platforms, we think the buyout will be solidly accretive by the 2012-2014 period.

**Otherwise, recovering television-**

**related profits ought to spur a partial share-net rebound.** Results at the Media Networks segment should continue to rebound solidly, behind rising advertising and syndication revenue, as well as increased cable subscriber rates. In Parks and Resorts, though, revenues may continue to be restrained by a soft consumer spending environment, and higher pension costs will likely hurt the bottom line. Finally, Studio and Consumer earnings should receive a boost from the release of *Toy Story 3* in June.

**Investments in operations ought to position Disney well for long-term earnings growth.** Capital spending increases should support the expansion of the California Adventure theme park and attractions at other parks. Plus, Disney has been approved to build a park in Shanghai. The improvement of overall content, including in sports programming and video games, will be another focus. Additional acquisitions may be considered, too.

**Disney stock is timely, and holds substantial appeal for investors with a 3- to 5-year horizon.**

Damon Churchwell February 12, 2010

**ANNUAL RATES**

	Past 10 Yrs.	Past 5 Yrs.	Est'd '07-'09 to '12-'14
Revenues (per sh)	5.5%	7.5%	8.0%
"Cash Flow"	7.5%	17.5%	10.5%
Earnings	9.5%	21.0%	12.0%
Dividends	6.0%	10.0%	11.5%
Book Value	6.5%	7.5%	9.0%

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**QUARTERLY REVENUES (\$ mill.)<sup>A</sup>**

Fiscal Year Ends	Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2006	8854	8027	8620	8784	34285
2007	9581	7954	9045	8930	35510
2008	10452	8710	9236	9445	37843
2009	9599	8087	8596	9867	36149
2010	9900	8450	9350	9600	37300

**QUARTERLY REVENUES (\$ mill.)<sup>A</sup>**

Fiscal Year Ends	Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2006	.35	.37	.53	.36	1.61
2007	.49	.43	.58	.42	1.92
2008	.63	.58	.62	.43	2.26
2009	.41	.43	.52	.46	1.82
2010	.42	.46	.57	.45	1.90

**QUARTERLY DIVIDENDS PAID<sup>C</sup>**

Calendar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2006	.27	--	--	--	.27
2007	.31	--	--	--	.31
2008	.35	--	--	--	.35
2009	.35	--	--	--	.35
2010	.35	--	--	--	.35

(A) Fiscal year ends Saturday closest to Sept. 30th. Fiscal 2009 contained 53 weeks. (B) Dil. egs. Excl. nonrec. gains/(losses): '93, (36¢); '95, 2¢; '96, (9¢); '97, 4¢; '98, 1¢; '99, (4¢); '00, 2¢; '01, (\$1.00); '02, 8¢; '03, (4¢); '04, 4¢; '05, (9¢); '06, 3¢; '07, 32¢; '08, 2¢; '09, 6¢. Excl. income from disc. ops.: '07, 1¢. Excl. loss from interest in Disney Internet Group: '00, 35¢.	Next egs. report due early May. (C) Dividends historically paid in early Jan. (D) Incl. intang., at 10/3/09: \$23.9 bill., \$13.16/sh. (E) In mill., adj. for stock split.	Company's Financial Strength	A
		Stock's Price Stability	90
		Price Growth Persistence	45
		Earnings Predictability	80