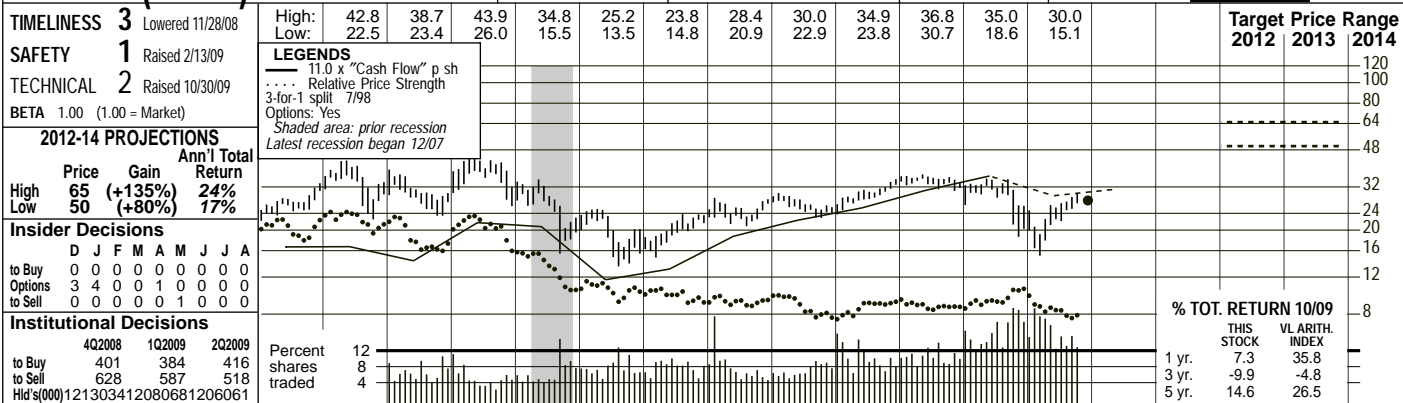


# DISNEY (WALT) NYSE-DIS

RECENT PRICE **27.62** P/E RATIO **15.3** 15.4 25.0 RELATIVE P/E RATIO **0.92** DIV'D YLD **1.3%** VALUE LINE



Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Value Line Pub., Inc.	12-14
Revenues per sh <sup>A</sup>	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	18.85	19.55	29.20	
"Cash Flow" per sh	.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	2.65	2.85	5.05	
Earnings per sh <sup>A,B</sup>	.54	.68	.84	.74	.92	.90	.66	.90	.98	.55	.66	1.09	1.31	1.61	1.92	2.26	1.76	1.95	3.85	
Div'ds Decl'd per sh <sup>C</sup>	.08	.10	.12	.14	.17	.20	.20	.21	.21	.21	.21	.21	.24	.27	.31	.35	.35	.37	.60	
Cap'l Spending per sh	.49	.65	.57	.86	.95	1.13	1.03	1.02	.89	.53	.51	.70	.91	.63	.80	.87	.90	.90	1.25	
Book Value per sh <sup>D</sup>	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	18.80	20.45	27.05	
Common Shs Outst'g <sup>E</sup>	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	1860.0	1840.0	1610.0	
Avg Ann'l P/E Ratio	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	15.7		15.0	
Relative P/E Ratio	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	.88	1.07		1.00	
Avg Ann'l Div'd Yield	6%	7%	7%	7%	7%	6%	7%	6%	7%	1.0%	1.1%	9%	9%	1.0%	9%	1.1%	1.5%		1.0%	

**CAPITAL STRUCTURE as of 6/27/09**  
 Total Debt \$13.694 bill. Due in 5 Yrs \$9.129 bill.  
 LT Debt \$12.552 bill. LT Interest \$530 mill.  
 (Total interest coverage: 11.4x) (27% of Cap'l)  
**Leases, Uncapitalized:** Annual rentals \$392 million.  
**Pension Assets-9/08** \$4.96 bill. Oblig. \$5.25 bill.  
**Pfd Stock None**  
**Common Stock** 1,858,556,517 shs. as of 7/27/09  
 (Options exercisable 5.5%)  
**MARKET CAP: \$51.3 billion (Large Cap)**

Year	2007	2008	6/27/09	Value Line Pub., Inc.	12-14								
Revenues (\$mill) <sup>A</sup>	23402	25020	25269	25329	27061	30752	31944	34285	35510	37843	35100	36000	47000
Operating Margin	18.6%	21.3%	18.1%	13.1%	14.0%	17.1%	17.8%	20.2%	23.3%	23.7%	19.8%	20.5%	25.5%
Depreciation (\$mill)	1307.0	2195.0	1754.0	1042.0	1077.0	1210.0	1339.0	1436.0	1491.0	1582.0	1610	1620	1850
Net Profit (\$mill)	1383.0	1891.7	2058.0	1121.0	1354.0	2268.0	2729.0	3343.0	4014.0	4405.0	3275	3610	6315
Income Tax Rate	42.9%	41.1%	32.9%	41.1%	34.8%	35.2%	31.5%	34.2%	37.2%	36.6%	37.0%	36.0%	36.0%
Net Profit Margin	5.9%	7.6%	8.1%	4.4%	5.0%	7.4%	8.5%	9.8%	11.3%	11.6%	9.3%	10.0%	13.4%
Working Cap'l (\$mill)	2493.0	1605.0	810.0	30.0	d355.0	d1690	d323.0	d648.0	d77.0	75.0	2160	1475	d585
Long-Term Debt (\$mill)	9278.0	6959.0	8940.0	12467	10643	9395.0	10157	10843	11892	11110	12550	12000	12000
Shr. Equity (\$mill)	20975	24100	22672	23445	23791	26081	26210	31820	30753	32323	34945	37665	43575
Return on Total Cap'l	5.5%	6.8%	7.0%	3.7%	4.7%	7.0%	8.2%	8.4%	10.0%	10.8%	7.5%	8.0%	12.0%
Return on Shr. Equity	6.6%	7.8%	9.1%	4.8%	5.7%	8.7%	10.4%	10.5%	13.1%	13.6%	9.5%	9.5%	14.5%
Retained to Com Eq	4.5%	6.0%	7.1%	3.0%	3.9%	7.0%	8.5%	8.9%	11.0%	11.6%	7.5%	8.0%	12.0%
All Div'ds to Net Prof	31%	23%	21%	38%	32%	19%	18%	16%	16%	15%	20%	19%	16%

Item	2007	2008	6/27/09
Cash Assets	3670	3001	3128
Receivables	5032	5373	4944
Inventory (Avg Cst)	641	1124	1229
Other	1971	2168	2198
Current Assets	11314	11666	11499
Accts Payable	5949	5980	4767
Debt Due	3280	3529	1142
Other	2162	2082	2697
Current Liab.	11391	11591	8606

**BUSINESS:** The Walt Disney Company operates Media Networks (43% of '08 revs.), incl. ABC and ESPN; Parks and Resorts: Disneyland, Walt Disney World (Magic Kingdom, Epcot Center, Disney-Hollywood Studios, Epcot), and a cruise line (30%). Studio Entertainment (19%). Consumer Products, (8%). Earns Tokyo Disneyland royalties. Manages Disneyland Resort Paris and Hong Kong Disneyland. Acq. ABC Inc., 2/96; Pixar, 5/06; sold Disney Store in N. America, 11/04; spun off ABC Radio, 6/07. '08 depr. rate: 4.7%. Has 150,000 empls. Dir., Steven P. Jobs, owns 7.4% of stock; Off./Dir., 7.9% (1/09 proxy). CEO: Robert A. Iger. Inc.: DE. Address.: 500 South Buena Vista St., Burbank, CA 91521-7320. Telephone: 818-560-1000. Internet: www.disney.com.

Annual Rates	Past 10 Yrs	Past 5 Yrs	Est'd '06-'08 to '12-'14
Revenues (per sh)	5.5%	8.0%	8.0%
"Cash Flow"	7.0%	15.0%	10.5%
Earnings	8.5%	21.5%	12.0%
Dividends	6.0%	8.0%	11.5%
Book Value	6.5%	7.5%	9.0%

**Disney has an agreement to acquire Marvel Entertainment.** In late August, the company inked a deal to purchase Marvel (reviewed in this issue in the Recreation Industry) for \$30 in cash, plus 0.745 Disney shares, for each Marvel share. At Disney stock's current price, the transaction would have a total value of about \$4 billion. Disney would obtain licensing rights to characters, such as Iron Man, Spider Man, the X-Men, and the Incredible Hulk. Several of its businesses ought to benefit, including television, video games, and consumer products. Notably, though, other media firms currently own the film rights to these characters. Also, due to intangibles amortization, we believe the purchase would be dilutive to fiscal 2010 (began October 1st) share earnings by a mid-single-digit percentage (we will not include the impact of the deal until its completion) and not be accretive until fiscal 2012. The transaction should close by the end of calendar 2009.

**Holiday DVD sales may well be sluggish this year.** That business typically boosts December-period earnings. But a lack of strong releases and a consumer trend toward renting are apt to inhibit results. Looking to the summer season, we think a better film slate will support some upturn in Studio segment profits. Overall, **Excluding the impact of Marvel, we think a moderate share-net rebound is in store for fiscal 2010.** A soft broadcast TV advertising market will probably still put a damper on results. Still, there have been some signs of a recovery in local advertising spending, and conditions ought to improve somewhat from last year. In cable television, the effect of higher affiliate rates and subscriber growth will likely more than offset the impact of soft ad demand, particularly from the auto and financial services sectors. We also look for some profit improvement in the Parks and Resorts, Studio, and Consumer units. **Disney is focused on building its presence in new media.** Related investments and acquisitions in online and video gaming operations, however, may continue to put a dent in the bottom line during the near term.

**These shares offer attractive long-term capital appreciation potential.**

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	8818	35100
2010	9400	8100	9150	9350	36000

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	.40	1.76
2010	.43	.46	.60	.46	1.95

Calendar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2005	.24	--	--	--	.24
2006	.27	--	--	--	.27
2007	.31	--	--	--	.31
2008	.35	--	--	--	.35
2009	.35	--	--	--	.35

(A) Fiscal year ends Saturday closest to Sept. 30th. (B) Dil. egs. Excl. nonrec. gains/(losses): '93, (36c); '95, 2c; '96, (9c); '97, 4c; '98, 1c; '99, (4c); '00, 2c; '01, (\$1.00); '02, 8c; '03, (4c); '04, 4c; '05, (9c); '06, 3c; '07, 32c; '08, 2c; Q1'09, 4c; Q2'09, (10c); Q3'09, (1c). Excl. income from disc. ops.: '07, 1c. Excl. loss from interest in Disney Internet Group: '00, 35c. Next egs. report due early Feb. (C) Dividends historically paid in early Jan. (D) Incl. intang., at 9/27/08: \$24.6 bill., \$13.48/sh. (E) In mill., adj. for stock split.

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