

WALT DISNEY CO/
Form 10-Q
February 08, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended

Commission File Number 1-11605

January 1, 2011

Incorporated in Delaware

I.R.S. Employer Identification
No. 95-4545390

500 South Buena Vista Street, Burbank, California 91521

(818) 560-1000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one).

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer (do not check if smaller reporting company) ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

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Yes No X

There were 1,899,069,040 shares of common stock outstanding as of February 1, 2011.

PART I. FINANCIAL INFORMATION**Item 1: Financial Statements**

THE WALT DISNEY COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited; in millions, except per share data)

	Quarter Ended	
	January 1, 2011	January 2, 2010
Revenues	\$ 10,716	\$ 9,739
Costs and expenses	(8,776)	(8,325)
Restructuring and impairment charges	(12)	(105)
Other income	75	27
Net interest expense	(95)	(103)
Equity in the income of investees	156	89
Income before income taxes	2,064	1,322
Income taxes	(730)	(478)
Net income	1,334	844
Less: Net income attributable to noncontrolling interests	(32)	
Net income attributable to The Walt Disney Company (Disney)	\$ 1,302	\$ 844
Earnings per share attributable to Disney:		
Diluted	\$ 0.68	\$ 0.44
Basic	\$ 0.69	\$ 0.45
Weighted average number of common and common equivalent shares outstanding:		
Diluted	1,927	1,903
Basic	1,891	1,867

See Notes to Condensed Consolidated Financial Statements

THE WALT DISNEY COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited; in millions, except per share data)

	January 1, 2011	October 2, 2010
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,039	\$ 2,722
Receivables	7,028	5,784
Inventories	1,416	1,442
Television costs	833	678
Deferred income taxes	1,052	1,018
Other current assets	626	581
Total current assets	13,994	12,225
Film and television costs	4,636	4,773
Investments	2,491	2,513
Parks, resorts and other property, at cost		
Attractions, buildings and equipment	32,966	32,875
Accumulated depreciation	(18,601)	(18,373)
	14,365	14,502
Projects in progress	3,001	2,180
Land	1,120	1,124
	18,486	17,806
Intangible assets, net	5,193	5,081
Goodwill	24,121	24,100
Other assets	2,029	2,708
Total assets	\$ 70,950	\$ 69,206
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and other accrued liabilities	\$ 7,118	\$ 6,109
Current portion of borrowings	2,822	2,350
Unearned royalties and other advances	2,807	2,541
Total current liabilities	12,747	11,000
Borrowings	9,933	10,130
Deferred income taxes	2,577	2,630
Other long-term liabilities	5,954	6,104
Commitments and contingencies		
Disney Shareholders' equity		
Preferred stock, \$.01 par value		
Authorized 100 million shares, Issued none		
Common stock, \$.01 par value		
Authorized 4.6 billion shares, Issued 2.7 billion shares	29,271	28,736
Retained earnings	34,873	34,327
Accumulated other comprehensive loss	(1,887)	(1,881)

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	62,257	61,182
Treasury stock, at cost, 825.3 million shares at January 1, 2011 and 803.1 million shares at October 2, 2010	(24,460)	(23,663)
Total Disney Shareholders' equity	37,797	37,519
Noncontrolling interests	1,942	1,823
Total equity	39,739	39,342
Total liabilities and equity	\$ 70,950	\$ 69,206

See Notes to Condensed Consolidated Financial Statements

THE WALT DISNEY COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited; in millions)

	Quarter Ended	
	January 1, 2011	January 2, 2010
OPERATING ACTIVITIES		
Net income	\$ 1,334	\$ 844
Depreciation and amortization	447	423
Gains on dispositions	(75)	(27)
Deferred income taxes	(61)	(6)
Equity in the income of investees	(156)	(89)
Cash distributions received from equity investees	170	92
Net change in film and television costs	94	36
Equity-based compensation	128	135
Impairment charges	12	39
Other	84	(70)
Changes in operating assets and liabilities:		
Receivables	(1,313)	(1,100)
Inventories	13	87
Other assets	58	102
Accounts payable and other accrued liabilities	(290)	56
Income taxes	674	393
Cash provided by operations	1,119	915
INVESTING ACTIVITIES		
Investments in parks, resorts and other property	(1,213)	(307)
Proceeds from dispositions	556	37
Acquisitions	(163)	(2,254)
Other	(61)	(16)
Cash used in investing activities	(881)	(2,540)
FINANCING ACTIVITIES		
Commercial paper borrowings, net	496	1,297
Reduction of borrowings	(42)	(79)
Repurchases of common stock	(797)	(25)
Exercise of stock options and other	442	233
Cash provided by financing activities	99	1,426
Impact of exchange rates on cash and cash equivalents	(20)	(14)
Increase/(decrease) in cash and cash equivalents	317	(213)
Cash and cash equivalents, beginning of period	2,722	3,417
Cash and cash equivalents, end of period	\$ 3,039	\$ 3,204

See Notes to Condensed Consolidated Financial Statements

THE WALT DISNEY COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(unaudited; in millions)

	January 1, 2011			Quarter Ended		
	Disney	Non-	Total	Disney	Non-	Total
	Shareholders	controlling	Equity	Shareholders	controlling	Equity
		Interests			Interests	
Beginning Balance	\$ 37,519	\$ 1,823	\$ 39,342	\$ 33,734	\$ 1,691	\$ 35,425
Net income	1,302	32	1,334	844		844
Other comprehensive income:						
Market value adjustments for hedges and investments	(33)		(33)	16		16
Pension and postretirement medical adjustments	36		36	27		27
Foreign currency translation and other	(9)	(8)				