

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

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**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

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**The Walt Disney Company**

(Exact name of registrant as specified in its charter)

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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)

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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 <sup>(1)</sup>	\$ 1.22	\$ 1.64	\$ 1.24

<sup>(1)</sup> 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
<b>Revenues:</b>									
<b>Media Networks</b>									
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
<b>Total Media Networks</b>	<b>3,911</b>	<b>(144)</b>	<b>3,767</b>	<b>3,561</b>	<b>(119)</b>	<b>3,442</b>	<b>7,472</b>	<b>(263)</b>	<b>7,209</b>
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
<b>Segment operating income:</b>									
<b>Media Networks</b>									
Cable Networks	\$ 453	\$ 9	\$ 462	\$ 963	\$ (1)	\$ 962	\$ 1,416	\$ 8	\$ 1,424
Broadcasting	297	(50)	247	212	(21)	191	509	(71)	438
<b>Total Media Networks</b>	<b>750</b>	<b>(41)</b>	<b>709</b>	<b>1,175</b>	<b>(22)</b>	<b>1,153</b>	<b>1,925</b>	<b>(63)</b>	<b>1,862</b>
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
<b>Income from continuing operations before income taxes and minority interests</b>									
	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)
<b>Income from continuing operations</b>	<b>1,701</b>	<b>(25)</b>	<b>1,676</b>	<b>931</b>	<b>(12)</b>	<b>919</b>	<b>2,632</b>	<b>(37)</b>	<b>2,595</b>
Discontinued operations, net of tax		25	25		12	12		37	37
<b>Net income</b>	<b>\$ 1,701</b>	<b>\$</b>	<b>\$ 1,701</b>	<b>\$ 931</b>	<b>\$</b>	<b>\$ 931</b>	<b>\$ 2,632</b>	<b>\$</b>	<b>\$ 2,632</b>
<b>Diluted EPS from continuing operations</b>									
	\$ 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
<b>Diluted EPS <sup>(1)</sup></b>	<b>\$ 0.79</b>	<b>\$</b>	<b>\$ 0.79</b>	<b>\$ 0.44</b>	<b>\$</b>	<b>\$ 0.44</b>	<b>\$ 1.24</b>	<b>\$</b>	<b>\$ 1.24</b>

<sup>(1)</sup> 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
<b>Revenues:</b>												
<b>Media Networks</b>												
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
<b>Total Media Networks</b>	<b>3,674</b>	<b>(141)</b>	<b>3,533</b>	<b>3,551</b>	<b>(119)</b>	<b>3,432</b>	<b>3,740</b>	<b>(146)</b>	<b>3,594</b>	<b>3,673</b>	<b>(132)</b>	<b>3,541</b>
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
<b>Segment operating income:</b>												
<b>Media Networks</b>												
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
<b>Total Media Networks</b>	<b>606</b>	<b>(34)</b>	<b>572</b>	<b>969</b>	<b>(16)</b>	<b>953</b>	<b>1,152</b>	<b>(47)</b>	<b>1,105</b>	<b>883</b>	<b>(33)</b>	<b>850</b>
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
<b>Corporate and unallocated shared expenses</b>												
Other	(104)	1	(103)	(138)	2	(136)	(119)	(1)	(120)	(168)	5	(163)
	(96)		(96)	(147)		(147)	(118)		(118)	(154)		(154)
<b>Income from continuing operations before income taxes, minority interests and cumulative effect of accounting change</b>												
	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)
<b>Income from continuing operations before the cumulative effect of accounting change</b>												
	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												
<b>Net income</b>	<b>\$ 734</b>	<b>\$</b>	<b>\$ 734</b>	<b>\$ 733</b>	<b>\$</b>	<b>\$ 733</b>	<b>\$ 1,125</b>	<b>\$</b>	<b>\$ 1,125</b>	<b>\$ 782</b>	<b>\$</b>	<b>\$ 782</b>
<b>Diluted EPS from continuing operations before the cumulative effect of accounting change</b>												
	\$ 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 <sup>(1)</sup>	\$ 0.37	\$	\$ 0.37	\$ 0.37	\$	\$ 0.37	\$ 0.53	\$	\$ 0.53	\$ 0.36	\$	\$ 0.36

<sup>(1)</sup> 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
<b>Revenues:</b>						
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
<b>Total Media Networks</b>	<b>14,638</b>	<b>(538)</b>	<b>14,100</b>	<b>13,207</b>	<b>(570)</b>	<b>12,637</b>
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
<b>Segment operating income:</b>						
Media Networks						
Cable Networks	\$ 3,004	\$ 1	\$ 3,005	\$ 2,745	\$ 17	\$ 2,762
Broadcasting	606	(131)	475	464	(186)	278
<b>Total Media Networks</b>	<b>3,610</b>	<b>(130)</b>	<b>3,480</b>	<b>3,209</b>	<b>(169)</b>	<b>3,040</b>
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)
<b>Income from continuing operations before income taxes, minority interests and cumulative effect of accounting change</b>	<b>5,447</b>	<b>(123)</b>	<b>5,324</b>	<b>3,987</b>	<b>(176)</b>	<b>3,811</b>
Income taxes	(1,890)	53	(1,837)	(1,241)	67	(1,174)
Minority interests	(183)		(183)	(177)		(177)
<b>Income from continuing operations before the cumulative effect of accounting change</b>	<b>3,374</b>	<b>(70)</b>	<b>3,304</b>	<b>2,569</b>	<b>(109)</b>	<b>2,460</b>
Discontinued operations, net of tax		70	70		109	109
Cumulative effect of accounting change				(36)		(36)
<b>Net income</b>	<b>\$ 3,374</b>	<b>\$</b>	<b>\$ 3,374</b>	<b>\$ 2,533</b>	<b>\$</b>	<b>\$ 2,533</b>
<b>Diluted EPS from continuing operations before the cumulative effect of accounting change</b>	<b>\$ 1.64</b>	<b>\$ (0.04)</b>	<b>\$ 1.60</b>	<b>\$ 1.24</b>	<b>\$ (0.05)</b>	<b>\$ 1.19</b>
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)
<b>Diluted EPS <sup>(1)</sup></b>	<b>\$ 1.64</b>	<b>\$</b>	<b>\$ 1.64</b>	<b>\$ 1.22</b>	<b>\$</b>	<b>\$ 1.22</b>

<sup>(1)</sup> 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