

Edgar Filing: PIXAR \CA\ - Form 425

PIXAR \CA\
Form 425
January 25, 2006

Filed by The Walt Disney Company pursuant to Rule 425 promulgated under the
Securities Act of 1933, as amended, and deemed filed pursuant to Rule 14a-12
promulgated under the Securities Act of 1934, as amended.

Subject Company: Pixar

Commission File No.: 0-26976

Positioning Disney for the Digital Future

Certain
statements
in
this
presentation
may
constitute

forward-looking
statements

within
the

meaning of the Private Securities Litigation Reform Act of 1995.

These statements are made on the basis of the

views and assumptions of the management of The Walt Disney Company and Pixar regarding future events and business performance as of the time the statements are made and they do not undertake any obligation to update these statements.

Actual results may differ materially from those expressed or implied.

Such

differences may result from legal or regulatory proceedings or other factors that affect the timing or ability to complete the transactions contemplated herein, actions taken by either of the companies, including restructuring or strategic initiatives (including capital investments or asset acquisitions or dispositions), as well as from developments beyond the companies

control, including: adverse weather conditions or natural
disasters; health concerns; international, political or military

developments; technological developments; and

changes in domestic and global economic conditions, competitive conditions and consumer preferences.

Such developments

may affect assumptions regarding the operations of the businesses of The

Walt Disney Company and Pixar separately or as combined entities

including, among other things, the timing

of the transaction, the performance of the companies

theatrical and home entertainment releases, expenses of

providing medical and pension benefits, and demand for products and performance of some or all company businesses

either

directly

or

through

their

impact

on

those

who

distribute

our

products.

Additional

factors

that

may

affect

results

are

set

forth

in

the
Annual
Report
on
Form
10-K
of
The
Walt
Disney
Company
for
the

year ended October 1, 2005 under the heading Item 1A Risk Factors
and in the Quarterly Report on Form 10-
Q of Pixar for the quarter ended October 1, 2005 under the Risk Factors
section of Part I, Item 2.

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Transaction Overview

All stock transaction

2.3 Disney shares will be issued for each Pixar share (a fixed exchange ratio)

Transaction
value
of
\$7.4
billion;
\$6.3
billion,
net
of
Pixar's
over
\$1
billion
in
cash
(based
on
fully
diluted
Pixar
shares
outst
anding
and Disney share price at close on 1/23/06)

Company will form Pixar
and Disney feature animation studios

Newly combined animation division will share talents and best practices

Each unit will retain current production facilities to preserve creative cultures and capabilities

Pixar
President
Ed
Catmull
will
serve
as
President
of
the
combined
Pixar
and
Disney
feature
animation
studios,
reporting

to
Bob
Iger
and Dick Cook, Chairman of The Walt Disney Studios

Pixar
Executive
Vice
President
John
Lasseter
will
be
Chief
Creative
Officer
at
Pixar
and
Disney
feature
animation
studios,
as
well

as Principal Creative Advisor for Walt Disney Imagineering, reporting directly to Bob Iger

Pixar Chairman and CEO Steve Jobs will join Disney Board

Customary closing conditions

Boards of both Disney and Pixar have approved the transaction

Requires Pixar shareholder and regulatory approval

Steve
Jobs
has
agreed
to
vote
40%
of
shares
outstanding
in
favor
of
the
transaction

Expected to close by Summer 2006

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Strategic Rationale

Enhances Disney's competitive position as a global leader in family entertainment

Reinforces Disney's most critical strategic priorities

Offer the finest creative content

Embrace leading-edge technologies

Strengthen Disney's global presence

Allows Pixar

shareholders to participate in 100% of the economics of the

Pixar

library and benefit from Disney's solid long-term growth prospects, diversified earnings stream, global brand affinity and integrated portfolio of world-class entertainment assets

Leverages Disney's core competency in creating and marketing enduring, multi-platform franchises

Expected to drive growth across Disney's entire portfolio of businesses

Expected to significantly enhance shareholder value

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A Longstanding and Successful Partnership

Pixar has an unparalleled track record of combining creative excellence with cutting-edge technology

Together, Disney and Pixar have produced and distributed a long string of

animation hits including: *Toy Story*, *a bug s life*, *Toy Story 2*, *Monsters, Inc.*,
Finding
Nemo,
and
The
Incredibles

Cars
to be released on June 9
th
, 2006

The Disney / Pixar partnership has had enormous commercial success, grossing
an average of \$538m in worldwide box office revenue per picture

Pixar has received tremendous critical acclaim and has won 20 Academy Awards

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Operating Strategy

Leadership and organization structured to preserve and enhance creativity,
culture and best practices

New Pixar

and Disney feature animation studios formed, with production facilities retaining current operations and locations

Pixar President Ed Catmull will serve as President of the combined Pixar and Disney feature animation studios, reporting to Bob Iger and Dick Cook, Chairman of The Walt Disney Studios

Pixar Executive Vice President John Lasseter will be Chief Creative Officer at Pixar and Disney feature animation studios, as well as Principal Creative Advisor for Walt Disney Imagineering, reporting directly to Bob Iger. Establishes continuity of leadership to maintain momentum and further develop talent

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Financial Highlights

Based on our analysis of Pixar and the value opportunities created by combining Pixar's strengths with those of The Walt Disney Company, we are confident that this transaction will create significant shareholder value

Value Opportunities

Consolidate 100% of profit from current and future films

Positively impact Disney Feature Animation

Maximize sequel potential

Recapture distribution fees and eliminate duplicative public company costs

Leverage

Pixar's
intellectual
property
across
Disney's
core
businesses
(e.g.
theme
parks,
licensing, videogame publishing, etc.)

Increase

Disney's
overall
brand
strength
and
base
of
powerful,
high
quality
content
which
can:

Enhance opportunities offered by new digital distribution platforms

Increase our ability to capitalize on new consumer preferences and emerging business models

Improve and accelerate international growth opportunities

Disney's
current
intent
is
to

repurchase
all
newly
issued
shares
by
the
end
of
fiscal 2007

With the successful execution of these initiatives, the transaction is expected to be accretive to Disney EPS in fiscal 2008

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For Additional Information

This material is not a substitute for the prospectus/proxy statement

Disney and Pixar

will file with the Securities and Exchange Commission.

Investors are urged to read the prospectus/proxy statement which

will

contain important information, including detailed risk factors, when it becomes available. The prospectus/proxy statement and other documents which will be filed by Disney and Pixar with the Securities and Exchange Commission will be available free of charge at the SEC's website, www.sec.gov, or by directing a request when such a filing is made to The Walt Disney Company, 500 South Buena Vista Street, Burbank, CA 91521-9722, Attention: Shareholder Services or by directing a request when such a filing is made to Pixar, 1200 Park Avenue, Emeryville, CA 94608. Pixar, its directors, and certain of its executive officers may be considered participants in the solicitation of proxies in connection with the proposed transactions. Information about the directors and executive officers of Pixar and their ownership of Pixar stock is set forth in the proxy statement for Pixar's 2005 annual meeting of shareholders. Investors may obtain additional information regarding the interests of such participants by reading the prospectus/proxy statement when it becomes available.