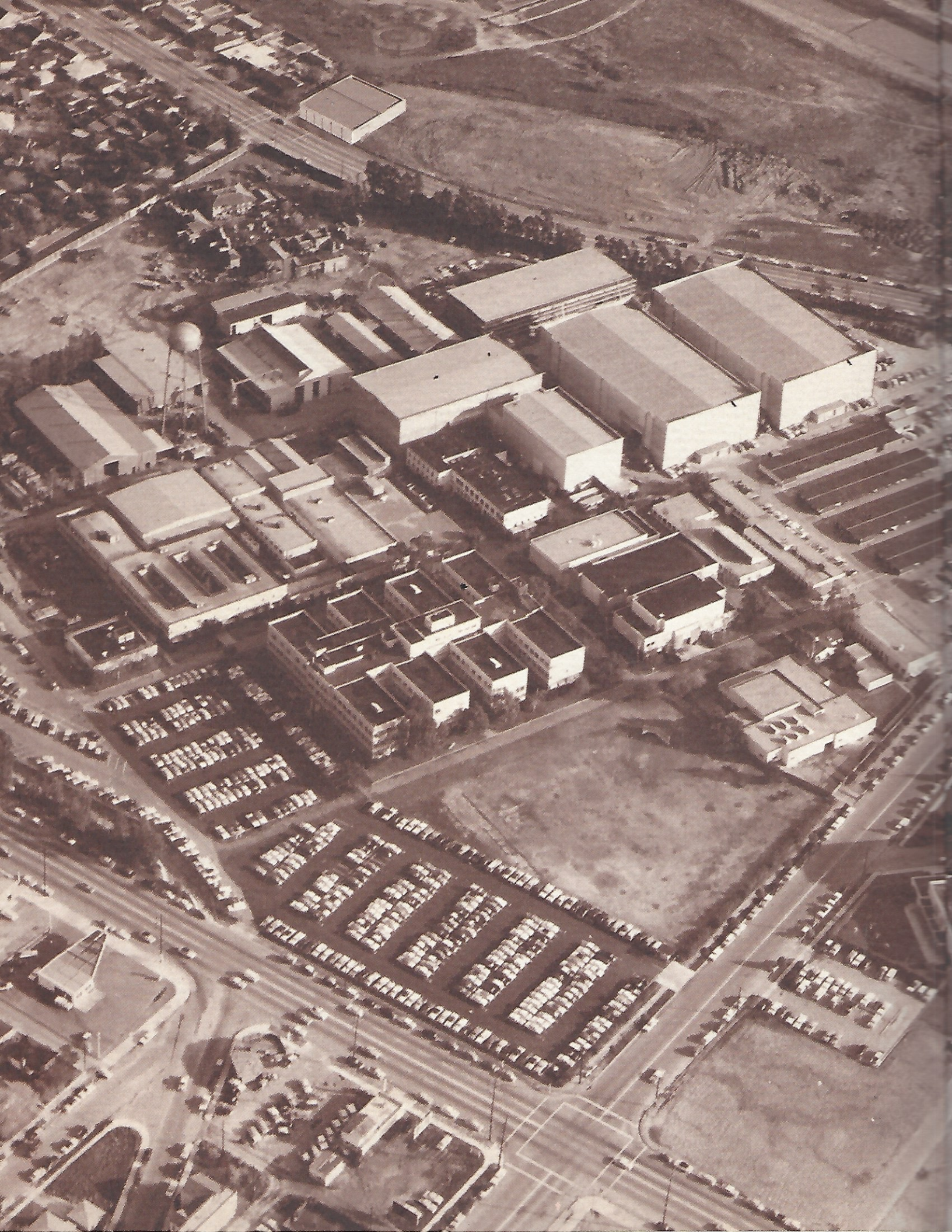


COLLECTION OF
MORTON J. NEWBURGER
WESTPORT, CONN.



WALT DISNEY PRODUCTIONS ANNUAL REPORT to our shareholders and employees • fiscal year ended September 29, 1962



FISCAL YEAR ENDED SEPTEMBER 29, 1962

Board of Directors

†Walter E. Disney	Burbank, California
*Roy O. Disney	Burbank, California
George L. Bagnall	Beverly Hills, California
*Gunther R. Lessing	Burbank, California
William H. Anderson	Burbank, California
*E. Cardon Walker	Burbank, California
Gordon E. Youngman	Beverly Hills, California
Youngman, Hungate and Leopold — Attorneys	
†Executive Producer — in Charge of All Production	
*Member, Executive Committee	

Officers

Roy O. Disney	President
Gunther R. Lessing	Vice President and General Counsel
William H. Anderson	Vice President — Studio Operations
E. Cardon Walker	Vice President — Advertising and Sales
Donn B. Tatum	Vice President — Television Sales
Oliver B. Johnston	Vice President — Character Merchandising
Joseph W. Fowler	Vice President — Disneyland Operations
Luther R. Marr	Secretary
Spencer C. Olin	Assistant Secretary
Robert P. Foster	Assistant Secretary
Franklin Waldheim	Assistant Secretary and Eastern Counsel
Lawrence E. Tryon	Treasurer
Orbin V. Melton	Assistant Treasurer
Donald A. Escen	Assistant Treasurer
Richard L. Johnson	Assistant Treasurer

STOCK TRANSFER AGENTS:	Bank of America, N.T. & S.A., Los Angeles, California Bankers Trust Company, New York, N.Y.
STOCK REGISTRARS:	California Bank, Los Angeles, California First National City Trust Company, New York, N.Y.
STOCK EXCHANGES:	The common stock of the Company is listed for trading on the New York and Pacific Coast Stock Exchanges.
ANNUAL MEETING OF STOCKHOLDERS:	First Tuesday in February at the offices of the Company, 500 South Buena Vista Street, Burbank, Calif.

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This report is distributed for the information of stockholders and employees of the Company. It is not to be considered either as a prospectus or circular in connection with the purchase and/or sale of securities nor is it to be considered a part of the proxy soliciting material of the Company for the annual meeting of its stockholders.

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To Our Shareholders and Employees . . .



We are gratified with the fine returns on our last year's product, but it is equally satisfying to us to look ahead to the program of features we have completed for 1963 release.

We started our theatrical New Year with Jules Verne's "In Search of the Castaways," an exciting adventure story, starring Hayley Mills, now rated the most popular teen-age actress in motion pictures. Besides Hayley, it stars the always effervescent Maurice Chevalier, George Sanders and Wilfred Hyde White, and features other widely known players such as Michael Anderson, Jr., Keith Hamshire and Antonio Cifariello.

I feel we have a worthy successor to "The Absent Minded Professor" in our up-coming "Son of Flubber" which reunites the stars of our earlier hit, Fred MacMurray, Nancy Olson and Keenan Wynn, as well as Tommy Kirk, Elliott Reid and Leon Ames. We have also assembled some of the foremost laughmakers in the business, including Ed Wynn, Ken Murray, William Demarest, Bob Sweeney and Paul Lynde, to name but a few who contribute greatly to the hilarity of the professor's newest adventures.

For our Easter release we have a very exciting production in "The Miracle of the White Stallions," which brings Robert Taylor back to the screen after a too-long absence.

Filmed in Austria, this great untold and factual story relates how Colonel Alois Podhajsky, director of the famous Spanish Riding School in Vienna, through his valiant courage, brings about the miraculous rescue and preservation of the famed and irreplaceable lipizzan horses during World War II. Taylor, in the role of Col. Podhajsky, gives one of the finest performances of his screen career. International favorites Lilli Palmer and Curt Jurgens are also starred, with Eddie Albert and James Franciscus completing an outstanding cast.

An unusual and stirring film is "Savage Sam," the story of six tough Texans and an "amalgamated pothound" who cross the Southern Plains to rescue captive youngsters from a band of renegade Apaches. Brian Keith, Tommy Kirk, Kevin Corcoran, Dewey Martin, Jeff York and a fine young actress, Marta Kristen, star in this Fred Gipson story. Gipson also wrote "Old Yeller." Although Brian, Kevin and Tommy play some of the funniest scenes we have ever filmed, "Savage Sam" is as hard-hitting and rugged as the tough frontiersmen of the 1870's it depicts.

We plan to release about the Fourth of July in this country another Hayley Mills starrer, "Summer Magic," a musical feature based on the Kate Douglas Wiggin classic, "Mother Carey's Chickens." It is a bright, sometimes deeply moving tale of a widowed woman and three children who suddenly find themselves facing the world without home or money. Burl Ives, often called the greatest ballad singer of all time, stars with Hayley to carry the main singing roles. Besides Hayley and Ives, "Summer Magic" has a superb lineup of performers, Dorothy McGuire, Deborah Walley, Eddie Hodges and Una Merkel.

Late in the year we will have what I feel is one of our most unusual pictures, "The Incredible Journey," adapted from Sheila Burnford's popular novel that has been an international best seller and a Book-of-the-Month Club selection. It is the warm and moving story of three courageous animals: Bodger, a bull terrier; Luath, a Labrador retriever; and Tao, a Siamese cat. These four-legged comrades make a 250-mile trek across the Canadian wilderness to their owners' home from a temporary boarding place. These domesticated animals encounter a number of weird and wonderful adventures on their journey through the unknown wilds.

Now that our film releases for this year are completely set, we have 1964 to look forward to, and I am happy to report that we have signed the great star of "My Fair Lady," Julie Andrews, to head the cast of "Mary Poppins" by the noted British author, P. L. Travers. Starring with Miss Andrews will be Dick Van Dyke, the young comedy sensation of television and also of the New York stage production of the musical, "Bye Bye Birdie," as well as the up-coming film version. In addition, we will have five or six other feature pictures in work for release next year.

On the basis of its reception thus far this season, our "Wonderful World of Color" television program will have marked success in its second year. Already we have in work or have outlined virtually our entire program for 1963-64 and it will be a truly varied schedule.

Disneyland Park enjoyed its finest year, but there can be no status quo out there. On Thanksgiving Day we opened our Swiss Family Robinson Tree House to the delight of a vast number of young and old. Planned progress is being made on the development of our New Orleans area in Frontierland, but it probably will be 1964 before we complete the improvement program which went into work early last year. These will include The Haunted Mansion and a new adventure, The Pirates of the Caribbean. We are anticipating another big year at the Park.

Again to our talented team of men and women, my heartfelt thanks and best of everything for the New Year.

Walt Disney



The President's Letter...



Operations

Consolidated net profit after taxes of Walt Disney Productions and its five wholly-owned domestic subsidiaries for the fiscal year ended September 29, 1962 was \$5,263,491, representing \$3.14 per share on the 1,674,804 shares outstanding at the fiscal year end, and compares with last year's net profit of \$4,465,486, equal to \$2.75 per share on the 1,626,023 common shares then outstanding.

Provision for income taxes of \$5,650,000 was made for 1962 and compared with \$5,322,000 for 1961.

Gross income for the year was \$74,059,197, our highest in the history of the company, and was \$3,811,425 over the \$70,247,772 reported for 1961. Film rentals for the year were \$40,856,004, down slightly by \$303,725 from last year; television income this year amounted to \$5,993,361, an increase of \$900,071 over last year; Disneyland Park revenues this year were \$20,056,724, up \$1,059,087 over last year; and all other income from publications, newspaper comic strips, licensed cartoon characters, music, records, and Celebrity Sports Center (six months operations only) was \$7,153,108, an increase of \$2,155,992 over last year.

Financial

As mentioned in note 4 to the financial statements, after several years of negotiation, the company has obtained an acceptable settlement with representatives of the Appellate Division of the Internal Revenue Service of issues in dispute for the three fiscal years 1954, 55 and 56. Under the settlement, the company's consistent policy of amortizing costs of theatrical and television motion pictures has been accepted; the company has agreed to recognize, in its estimated income for theatrical amortization purposes, potential television revenue from selected theatrical pictures; the company also has agreed to reflect a nominal salvage value on all film product.

We have applied these principles to the fiscal years 1957, 58, 59, 60, 61 and 1962 and we expect to settle these years with the Government on the same basis. These principles reflected on our books for these past

years have resulted in a net increase to the current year's income of approximately \$150,000.

On May 4, 1962 the company acquired the balance of the outstanding stock in Celebrities Sports Center, a recreational center in Denver, and subsequently thereto, made certain simplifications of financial, accounting, legal and administrative procedures with resultant savings in operational costs. Cumulative operations to March 31, 1962 had resulted in a deficit of \$464,686. Operations for the first six months of their fiscal year to September 29, 1962, which have been consolidated in the company's income account, resulted in a loss of \$91,215. The full fiscal year, we believe, will show a small profit. A very favorable aspect of this operation is that depreciable properties including buildings, land improvements and equipment currently amount to \$3,322,388 and represent approximately 98% of the total assets of Celebrities.

Dividends

Four regular quarterly cash dividends totaling 40¢ per share and aggregating \$665,043 were declared during the year and paid to stockholders January 20, April 1, July 1, and October 1, 1962.

On January 20, 1962 a 3% stock dividend, declared November 9, 1961, was paid to stockholders of record December 22, 1961 pursuant to which 48,781 shares of common stock were issued. As a result, Earnings Retained in the Business was charged and Invested Capital was credited with \$1,776,116 on the basis of \$36.41 per share (the closing bid price of the common stock on the day of declaration adjusted for the stock dividend.) The total amount charged to Retained Earnings for cash and stock dividends was \$2,441,159 during the year.

The Board of Directors at their regular quarterly meeting held on November 8, 1962 declared a quarterly cash dividend of 10¢ per share and a 3% stock dividend, each payable January 19, 1963 to stockholders of record December 21, 1962.

The company, depending on earnings and other pertinent factors, intends to continue the cash and stock dividend policy which was initiated in 1957.

Stock Option

Under a stock option incentive plan approved by the Board of Directors of Walt Disney Productions at a special meeting on December 10, 1959, and by the stockholders at their annual meeting on February 2, 1960, 100,000 shares of the common stock of the company were made available for granting to key Disney personnel. On March 28, 1962 options for 84,000 of such shares were granted to 101 such key personnel at a price of \$34.91 per share and again on August 13, 1962, options for 15,998 of such shares were granted to the same persons at a price of \$26.96 per share. In each case the option price represented 95% of the closing price of the company's common stock on the New York Stock Exchange on the date of grant. No person received an option in excess of 2,000 shares.

Disneyland Park

For the year just ended, Disneyland Park attendance and spending by visitors were the highest in the Park's seven year history. During the past year 5,076,987 guests visited the Park, as compared with 4,702,397 guests last year. Since July 17, 1955, opening day, 33,393,497 people have visited the Park. Gross revenue for the year totaled \$20,056,724, an increase of \$1,059,087 over last year.

During the year, as commented on in Walt Disney's letter, we moved well into our current capital expansion program. Each new capital program is unique in that to a great extent much must be developed by trial and error — occasionally resulting in the abandonment of some past improvements and the revamping of other completed, or partially completed, work.

During the year ended September 29, 1962, in addition to ordinary repair and maintenance, the company expended approximately \$6,700,000 for new construction, alterations, additions, improvements and refurbishing of certain amusement rides and exhibits at Disneyland Park. Park Assets were charged with \$5,300,000 and the current year's operation was charged with \$1,400,000.

Television

The first year of telecasting our weekly "Walt Disney's Wonderful World of Color" hour show, in color, over the National Broadcasting Company Television Network, has been completed and we are pleased to report that it was well received. A new two-year contract has been signed; the current year being the first year under the contract extension.

As reported in our interim letter, plans were in progress to bring back to the television screens of the

United States and Canada the formerly very successful Mickey Mouse Club show. As of the date of writing this report, the show is now being re-telecast in some seventy-five important markets throughout the United States. With the excellent ratings the show has achieved we expect to increase our market coverage.

Television continues to be very important in promoting and selling our theatrical product in the United States and around the world.

Other Income

Under "Other Income" on our Consolidated Statement of Income account we group together such ancillary activities as character merchandising, publications (including books and comic magazines), newspaper comic strips and records. During the year just ended we have added Celebrities Sports Center to this category of "Other Income."

Publications comprise the largest single portion of this business. Over 200 million copies of Walt Disney books and magazines were produced around the world last year in twenty-two different languages.

Character Merchandising — the licensing of manufacturers to produce Walt Disney merchandise — enjoyed a successful year.

* The Walt Disney newspaper comics remain firmly established in approximately one thousand of the world's leading newspapers.

Phonograph records and music publishing activities had their most successful year since their inception. During the year the Phonograph Record Division conducted a very successful direct-mail selling campaign. This method of merchandising children's records looks promising for the future.

These activities, both here and abroad, are under our direct control and add greatly to the promotion and publicizing of our theatrical and television product.

* * * *

We have, practically completed and ready for release, another fine program of varied motion pictures for the theatres and also product for television in color. Our selling organization is becoming more effective in more and more countries around the world. Our miscellaneous activities are all doing well. We therefore confidently expect the current year will be another year of good earnings for our company.

December 7, 1962

Walt Disney

PRESIDENT

WALT DISNEY PRODUCTIONS AND DOMESTIC SUBSIDIARIES

Consolidated Balance Sheet

Assets

Current and Working Assets

	September 29 1962	September 30 1961
Cash, including \$1,000,000 in time deposits in 1961	\$ 2,095,000	\$ 3,881,041
Accounts receivable, less provision for doubtful accounts of \$30,000 and \$24,000	2,890,240	1,537,835
	<u>4,985,240</u>	<u>5,418,876</u>
Inventories, at the lower of cost or market (note 2) —		
Productions in process	16,850,053	15,242,081
Completed productions, less amortization	7,558,220	8,814,637
Story rights and pre-production costs	851,854	405,094
Merchandise, materials and supplies	1,675,736	1,767,110
Total inventories	<u>26,935,863</u>	<u>26,228,922</u>
Total current and working assets	<u>31,921,103</u>	<u>31,647,798</u>

Other Assets

Investments in and advances to other companies (note 1)	356,140	1,033,140
Investments in foreign subsidiaries not consolidated, less amortiza- tion (note 1)	99,368	99,309
Cash surrender value of insurance on lives of officers	475,372	434,031
Sundry other assets and deferred charges	537,973	902,534
	<u>1,468,853</u>	<u>2,469,014</u>

Plant and Equipment, at cost

Studio and amusement park — buildings, equipment, rides and other depreciable assets (notes 5 and 9)	44,854,351	36,956,229
Less — Accumulated depreciation and amortization	20,574,541	17,879,506
	<u>24,279,810</u>	<u>19,076,723</u>
Land	5,913,209	5,928,209
	<u>30,193,019</u>	<u>25,004,932</u>
	<u>\$63,582,975</u>	<u>\$59,121,744</u>

(See notes to the financial statements on pages 10 and 11)

WALT DISNEY PRODUCTIONS AND DOMESTIC SUBSIDIARIES

Consolidated Balance Sheet

Liabilities and Stockholders Equity

	September 29 1962	September 30 1961
Current Liabilities		
Unsecured bank loan	\$ 2,300,000	
Accounts payable	4,241,442	\$ 2,007,906
Advances under contracts	1,240,000	1,080,000
Payroll and employee benefits	1,616,022	1,551,444
Property, social security and other taxes	1,771,061	1,549,634
Estimated taxes on income (note 4)	3,692,121	9,276,328
Total current liabilities	14,860,646	15,465,312
Unearned Deposits and Rentals	2,273,402	2,071,144
Long Term Liabilities		
5.9% unsecured notes due in installments from 1964 to 1975 (note 3)	15,000,000	15,000,000
Deferred compensation	505,191	360,000
	15,505,191	15,360,000
Estimated Future Federal Income Tax (note 5)	1,920,000	1,800,000
Stockholders Equity		
Invested capital, including transfers from accumulated earnings, per accompanying statement (note 6)	15,584,211	13,808,095
Other accumulated earnings, per accompanying statement (notes 3 and 6)	13,439,525	10,617,193
	29,023,736	24,425,288
	<u>\$63,582,975</u>	<u>\$59,121,744</u>

(See notes to the financial statements on pages 10 and 11)

WALT DISNEY PRODUCTIONS AND DOMESTIC SUBSIDIARIES

Consolidated Statement of Income

	Year Ended	
	September 29 1962	September 30 1961
Income (note 8)		
Film rentals	\$40,856,004	\$41,159,729
Television income	5,993,361	5,093,290
Amusement park income	20,056,724	18,997,637
Other income — from publications, newspaper comics, licensing cartoon characters, music, records and sports center (note 1)	7,153,108	4,997,116
Total income	<u>74,059,197</u>	<u>70,247,772</u>
Costs and Expenses		
Amortization of film and television production costs (note 2) .	15,586,346	19,226,106
Distribution costs — prints, advertising, etc.	13,935,234	11,161,783
Costs of amusement park, other than depreciation (note 9) . .	15,864,450	14,233,994
Depreciation of amusement park (note 5)	2,688,791	2,444,742
Costs applicable to other income (note 1)	5,135,492	3,346,123
General, administrative and selling expenses	8,391,875	7,625,526
Interest	916,216	1,574,799
Stories and pre-production costs abandoned	627,302	847,213
Estimated taxes on income (notes 4 and 5)	5,650,000	5,322,000
Total costs and expenses	<u>68,795,706</u>	<u>65,782,286</u>
Profit for the year	<u>\$ 5,263,491</u>	<u>\$ 4,465,486</u>
Earnings per share	\$ 3.14	\$ 2.75

(See notes to the financial statements on pages 10 and 11)

WALT DISNEY PRODUCTIONS AND DOMESTIC SUBSIDIARIES

Stockholders Equity

	Year Ended	
	September 29 1962	September 30 1961
Invested Capital		
Balance at beginning of year —		
Stated value of common shares outstanding	\$10,101,196	\$10,101,196
Aggregate transfer from accumulated earnings for excess of market over par value of shares issued as stock dividends since 1957	3,706,899	3,706,899
Market value of 48,781 shares issued as stock dividend in 1962 (note 6)	1,776,116	
Balance at end of year	<u>15,584,211</u>	<u>13,808,095</u>
Other Accumulated Earnings		
Balance at beginning of year	10,617,193	6,802,116
Profit for the year	5,263,491	4,465,486
Less — Dividends paid —		
In cash	(665,043)	(650,409)
In stock	(1,776,116)	
Balance at end of year (notes 3 and 6)	<u>13,439,525</u>	<u>10,617,193</u>
Total Stockholders Equity	<u>\$29,023,736</u>	<u>\$24,425,288</u>
Represented by		
Common shares (\$2.50 par value)		
Authorized	3,000,000	3,000,000
Issued and outstanding	<u>1,674,804</u>	<u>1,626,023</u>

(See notes to the financial statements on pages 10 and 11)

Opinion of Independent Accountants

PRICE WATERHOUSE & CO.

530 West Sixth Street
Los Angeles 14

December 7, 1962

To the Board of Directors and Stockholders of Walt Disney Productions

In our opinion, the accompanying statements present fairly the consolidated financial position of Walt Disney Productions and domestic subsidiaries at September 29, 1962 and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change, which we approve, in the method of recording certain distribution expenses as set forth in note 2. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse & Co.



NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 Principles of Consolidation

The accounts of domestic subsidiaries, all wholly-owned, have been consolidated in the accompanying financial statements and all significant intercompany transactions have been eliminated. The domestic subsidiaries are the same as at September 30, 1961 except that on May 4, 1962, the company increased its 26% investment in Celebrities Bowling, Inc., a California corporation operating a recreation center in Denver, Colorado, by acquiring for \$773,000 the remaining 74% (7730 shares) of Celebrities capital stock then outstanding. The \$464,686 excess of the company's cost of its 100% investment in the capital stock of this subsidiary over the book value of the equity acquired by the company has been charged to depreciable assets in the consolidated statements on the basis of an independent appraisal of Celebrities properties at May 4, 1962.

The accounts of foreign subsidiaries have not been consolidated. These companies produce and distribute pictures, carry on the company's character merchandising business and publish music in various foreign countries. Consistent with the company's long established policy, royalties, dividends and other revenues received from these subsidiaries are taken into income when received in United States dollars. The company's equity in the net assets of unconsolidated foreign subsidiaries at September 29, 1962 exceeded the carrying value of its investments therein by approximately \$300,000. During the year ended September 29, 1962 neither the earnings nor the dividends paid by these unconsolidated subsidiaries were material in amount.

NOTE 2 Inventories and Amortization

Costs of completed theatrical and television productions are amortized by charge to income account in the proportion that the producer's share of income (less distribution, print and advertising costs) received by the company for each production bears to the estimated total of such income to be received. Such estimates of total income are reviewed periodically and amortization is adjusted accordingly.

Prior to October 1, 1961 the company charged film distribution costs (prints, accessories, advertising, etc.) to expense as income from the related film was received. In the year ended September 29, 1962 the company adopted the practice of charging all distribution costs, except print costs, to expense as incurred, resulting in an additional charge to 1962 income of approximately \$340,000 after applicable federal income taxes.

NOTE 3 Long Term Liabilities

The agreement underlying the \$15,000,000 unsecured notes contains a minimum working capital requirement of \$15,000,000 for the company and its domestic subsidiaries. The loan agreement also contains restrictions under which \$8,917,591 of the \$13,439,525 earnings retained in the business at September 29, 1962 is restricted as to the payment of cash dividends.

NOTE 4 Estimated Federal Income Tax

Representatives of the Internal Revenue Service completed an examination of the company's federal income tax returns for the three years ended September, 1956 and proposed assessments of \$7,652,960 of additional tax and interest based primarily on proposed changes in the company's method of accounting for the cost of television films and its long-established method of amortizing the cost of theatrical motion picture films. The methods followed by the company are in accord with practices generally followed in the industry.

The company has reached agreement with representatives of the Appellate Division of the Internal Revenue Service on the proposed changes and on September 29, 1962 the company tendered a payment of \$2,830,000 in settlement of all issues outstanding for the three years ended September, 1956. Of this amount, the company estimates that it will receive in years subsequent to 1956 tax benefits of approximately \$1,100,000. Provision has been made for additional taxes believed to be payable for all years after September, 1956.

Representatives of the Internal Revenue Service also have completed their examination of the Disneyland, Inc. federal income tax returns for the years 1955 through 1959 and have proposed \$2,240,000 additional taxes of which approximately \$800,000 relates to the deferral for tax purposes of unearned deposits and rentals and \$1,270,000 to adjustments of depreciable lives of Park assets. Should the company be unsuccessful in its protest to any assessment on these items the unearned deposits and rentals will be placed on a net of income tax basis by transferring the amount of applicable income tax from the deferred income account to liability for federal income taxes.

NOTE 5 Estimated Future Federal Income Tax

Since inception, depreciation on Disneyland Park assets has been computed for federal income tax purposes on the declining balance method using twice the rate used for book purposes. However, during the same period federal income taxes on Disneyland earnings have been provided at the rate of approximately 52% of the Disneyland net income reflected in the financial statements. The excess of the aggregate provisions for federal income taxes over the liabilities shown or estimated to be shown on tax returns covering Disneyland operations for years through September 29, 1962 is included under the caption Estimated Future Federal Income Tax in the accompanying balance sheet.

NOTE 6 Stockholders Equity

Under the provisions of the company's stock incentive plan, 100,000 shares of authorized but unissued common stock are reserved for issue to executive and management personnel at not less than 95% of the fair market value of the stock at the date of granting the option. During the year ended September 29, 1962 options were granted under the plan to 101 company employees to purchase 84,000 shares at \$34.91 per share and 15,998 shares at \$26.96 per share. Such options expire five years from the date granted and are exercisable in equal annual installments commencing one year after the date granted.

A 3% stock dividend declared on November 9, 1961 was paid on January 20, 1962 to holders of record on December 22, 1961. This resulted in a \$1,776,116 charge to accumulated earnings and credit to invested capital. An additional 3% stock dividend was declared on November 8, 1962 payable on January 19, 1963 to holders of record on December 21, 1962.

NOTE 7 Guarantees

At September 29, 1962 the company was guarantor of a line of credit granted by the Bank of America to an unconsolidated foreign subsidiary in the amount of \$1,680,000 which was increased to a maximum of \$2,800,000 on November 28, 1962.

NOTE 8 Method of Accounting for Revenue

The company records foreign income at the time of receipt of remittances in United States dollars or at the time of expenditures of foreign currencies abroad for the account of the company. At September 29, 1962 there was, at current rates of exchange, approximately \$2,700,000 (before distribution expenses, amortization of film production costs and income taxes) of currencies in foreign countries representing income which has not been reflected as an asset or as income in the accompanying statements.

It has been the company's long established and consistently applied practice to record domestic film rental income upon receipt of remittances. While it is not feasible to attempt an exact determination at either the beginning or the end of the current year of the amount of unrecorded domestic film rental income (after provision for related distribution expenses, amortization of film production costs and federal income taxes) the company estimates them as follows:

	Year Ended	
	September 29 1962	September 30 1961
Unrecorded estimated domestic film rentals	<u>\$2,000,000</u>	<u>\$5,000,000</u>
Estimate of approximate unrecorded net income resulting from above film rentals, after provision for estimated possible adjustment, distribution expenses, amortization of film production costs and income taxes:		
At year end	500,000	1,250,000
Change during year	<u>(750,000)</u>	<u>1,150,000</u>

NOTE 9 Costs of Amusement Park

During the year ended September 29, 1962, in addition to ordinary repair and maintenance, the company expended approximately \$6,700,000 for construction, alterations, additions, improvements and refurbishing of certain amusement rides and exhibits at Disneyland Park and has charged current year's operations with \$1,400,000 representing special repairs, maintenance, refurbishing and other expenditures. The remaining \$5,300,000 has been charged to asset accounts.

FISCAL YEARS ENDED SEPTEMBER 30

1962

1961

1960

OPERATIONS:

Gross income	\$ 74,059,197	70,247,772	50,930,984
Costs and expenses			
Amortization of production costs	\$ 15,586,346	19,226,106	14,619,358
Interest expense	916,216	1,574,799	1,496,605
Other costs and expenses	46,643,144	39,659,381	37,321,842
Provision for taxes on income	5,650,000	5,322,000	(1,300,000)
Total costs and expenses	\$ 68,795,706	65,782,286	52,137,805
Minority interest in profit of Disneyland, Inc.			135,216
Profit	\$ 5,263,491	4,465,486	(1,342,037)
Net income applicable to common stock outstanding after giving effect to 2 for 1 stock split effective August 20, 1956			
In total	\$ 5,263,491	4,465,486	(1,342,037)
Per share	\$ 3.14	2.75	(0.83)
Number of comon shares *	1,674,804	1,626,023	1,626,023

FINANCIAL CONDITION:

Current assets	\$ 31,921,103	31,647,798	38,840,390
Current liabilities	14,860,646	15,465,312	21,278,282
Net working capital	17,060,457	16,182,486	17,562,108
Land, buildings and equipment after deducting depreciation	30,193,019	25,004,932	26,510,872
Other assets and deferred charges	1,468,853	2,469,014	746,474
Unearned income	(2,273,402)	(2,071,144)	(2,086,743)
Long term liabilities	(15,505,191)	(15,360,000)	(20,397,500)
Minority interest in Disneyland, Inc.			
Estimated future federal income tax	(1,920,000)	(1,800,000)	(1,725,000)
Stockholders equity	\$ 29,023,736	24,425,288	20,610,211
Net worth per common share after giving effect to 2 for 1 stock split effective August 20, 1956	\$ 17.33	15.02	12.68

STOCKHOLDERS EQUITY REPRESENTED BY:

Common stock	\$ 10,223,148	10,101,196	10,101,196
Other capital	5,361,063	3,706,899	3,706,899
Earnings retained in the business	13,439,525	10,617,193	6,802,116
Total stockholders equity	\$ 29,023,736	24,425,288	20,610,211

COMPARISON

1959	1958	1957	1956	1955	1954	1953
58,432,399	48,577,262	35,778,242	27,565,394	24,638,652	11,641,408	8,365,861
19,401,902	13,726,269	12,283,777	11,326,884	12,691,652	5,154,234	4,278,601
988,840	559,328	339,460	488,837	434,926	371,333	146,715
30,323,062	26,365,172	15,380,061	11,285,132	9,009,498	4,541,989	3,065,119
3,900,000	3,925,000	3,850,000	1,841,000	1,150,000	840,000	365,000
54,613,804	44,575,769	31,853,298	24,941,853	23,286,076	10,907,556	7,855,435
418,367	136,020	275,585				
3,400,228	3,865,473	3,649,359	2,623,541	1,352,576	733,852	510,426
3,400,228	3,865,473	3,649,359	2,623,541	1,352,576	733,852	510,426
2.15	2.51	2.44	2.01	1.04	.56	.40
1,581,011	1,537,054	1,494,041	1,305,680	1,305,680	1,305,680	1,305,680
35,945,216	30,401,444	23,837,673	18,990,463	14,715,445	15,413,949	11,180,534
22,626,027	15,032,591	15,090,986	14,323,495	11,914,474	10,982,120	6,387,794
13,319,189	15,368,853	8,746,687	4,666,968	2,800,971	4,431,829	4,792,740
21,898,841	18,274,959	17,124,683	3,466,107	3,560,100	2,639,566	2,177,317
864,166	684,020	749,388	4,702,152	3,360,016	1,052,793	394,116
(1,785,007)	(2,381,515)	(2,361,265)	(728,960)	(588,361)	(344,038)	(317,575)
(6,266,200)	(6,591,200)	(2,373,353)	(593,740)	(243,740)	(243,740)	(244,040)
(1,633,247)	(1,214,880)	(1,078,859)				
(2,000,000)	(1,935,000)	(1,825,000)				
24,397,742	22,205,237	18,982,281	11,512,527	8,888,986	7,536,410	6,802,558
15.43	14.45	12.71	8.82	6.81	5.77	5.21
9,988,666	9,878,774	9,770,890	6,000,000	6,000,000	6,000,000	6,000,000
2,721,616	1,402,027	497,412				
11,687,460	10,924,436	8,713,979	5,512,527	2,888,986	1,536,410	802,558
24,397,742	22,205,237	18,982,281	11,512,527	8,888,986	7,536,410	6,802,558



Christmas '62

In search of the **Castaways**

In his latest Technicolor production of a Jules Verne's adventure classic, Walt Disney has teamed delightful Hayley Mills with that grand old boulevardier Maurice Chevalier, for the most exciting family-style entertainment since "Swiss Family Robinson." Everything from an avalanche to an earthquake befall two youngsters and their kindly French guardian as they search the globe for their missing sea-captain father.



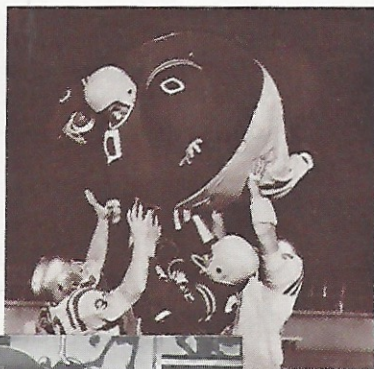
-Family Entertainment...our standard - Quality.

IN THEATRES...

February '63

SON OF FLUBBER

In this hilarious successor to "The Absent-Minded Professor," Walt Disney reunites Fred MacMurray, Nancy Olson, Keenan Wynn and Tommy Kirk together with veteran laugh-makers Ed Wynn, Ken Murray, William Demarest, Charlie Ruggles, Bob Sweeney, Stuart Erwin and Paul Lynde, for side-splitting family fare as the inventive professor makes a new discovery that almost wrecks his happy home and entire country.



miracle of the WHITE STALLIONS

Easter '63

The rescue of the world's most valuable horses is Walt Disney's subject in this exciting Technicolor feature starring Robert Taylor as Colonel Alois Podhajsky the Austrian who snatched the irreplaceable Lipizzans from Russian capture in World War II. Also starring are Lilli Palmer, Curt Jurgens, Eddie Albert and Jim Franciscus.

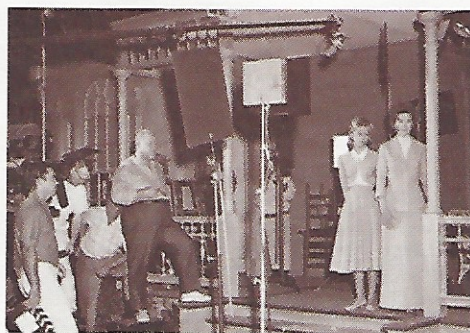




June '63

SAVAGE SAM

Six rugged Texans and an "amalgamated pothound" named Sam cross the southern plains to rescue captive youngsters from a band of renegade Apaches. The best selling novel by Fred Gipson stars Brian Keith, Tommy Kirk, Kevin Corcoran, Dewey Martin and Marta Kristen.



July '63

SUMMER MAGIC

Hayley Mills, the brightest new motion picture star in a quarter century, stars with an enormous, top drawer cast that includes Burl Ives and Dorothy McGuire in this, one of Disney's most heart warming pictures. The story of a suddenly destitute but always light-hearted family is packed with fun and music.



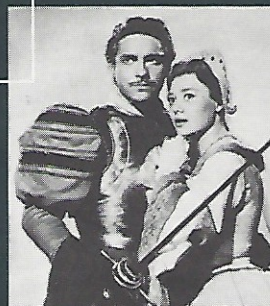
ON TELEVISION...

The **WONDERFUL WORLD OF COLOR** over N.B.C.

A SALUTE
TO
FATHER



WHEN
KNIGHTHOOD
WAS IN
FLOWER



THREE
TALL
TALES



THE HORSE
WITH THE
FLYING TAIL



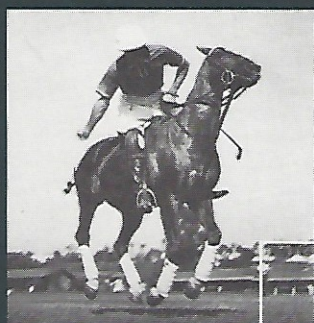
GRETA,
THE MISFIT
GREYHOUND



JOHNNY
SHILOH



LITTLE DOG
LOST



STORMY
THE
THOROUGHBRED

SURVIVAL
IN
NATURE



BANNER
IN THE SKY

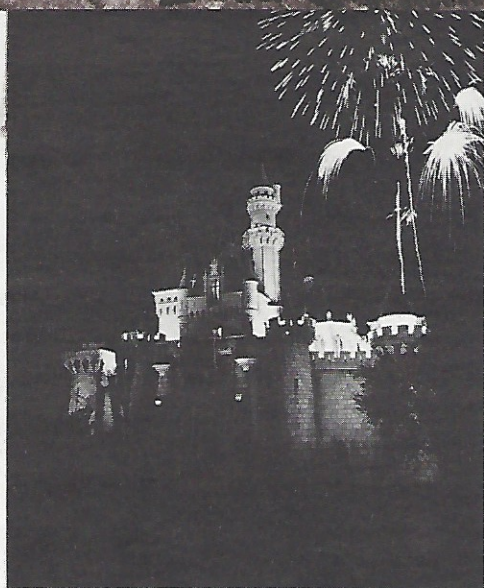


THE HORSE
OF THE WEST

ON TELEVISION...

...and the nationally syndicated **MICKEY MOUSE CLUB** show





Attendance at Disneyland totaled 5,076,987 for the fiscal year, an increase of 375,000 over the previous year. Now in its eighth season, the "Magic Kingdom" continues to grow: in November, Walt dedicated the 70 foot high Swiss Family Treehouse. Construction is well underway on two major future additions: a Haunted Mansion designed for "actively retired senior spirits"; and old New Orleans Square, which will feature exciting new adventures based on the exploits of infamous pirates.



our product—*Family Entertainment...our*

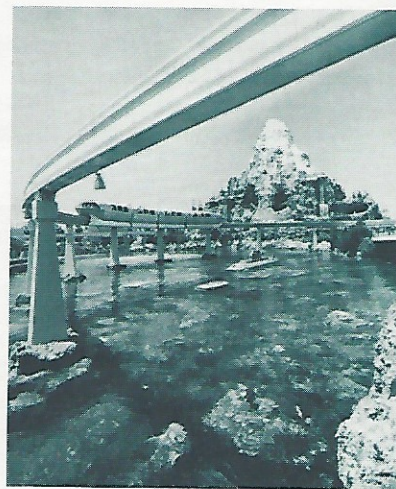
neyland



This group of frolicking elephants represents part of many new features in Adventureland.



Due to be completed in 1964, the "Haunted Mansion" promises new thrills.



The Matterhorn, Monorail and Submarine continue to be top attractions.



Now delighting visitors is the Swiss Family Robinson Tree-house.

standard-Quality...our market-The World!

IN SCHOOLS, CLUBS AND INDUSTRY...

with 16mm Entertainment and Educational Films



Because many Disney films originally produced for theaters and television contain valuable factual information they are made available in 16mm to thousands of schools here and abroad for teaching purposes. Over 100 domestic and foreign distributors also make daily rentals of some of our older entertainment titles which are used by clubs and community groups for non-theatrical screenings.

IN HOMES...

*through
Music and Records...
Toys and Gifts...
Books...
Comics*



These Walt Disney products are enjoyed in homes around the world. Twenty-nine merchandising offices license 700 manufacturers in 40 countries. Disney publications in 20 languages total over 15 million copies a month. Disney comic strips are featured in 240 domestic and 111 foreign newspapers.

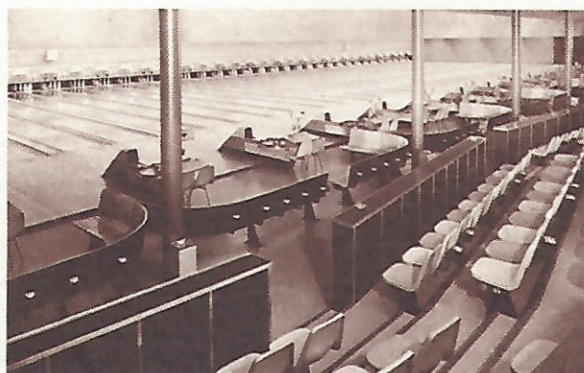
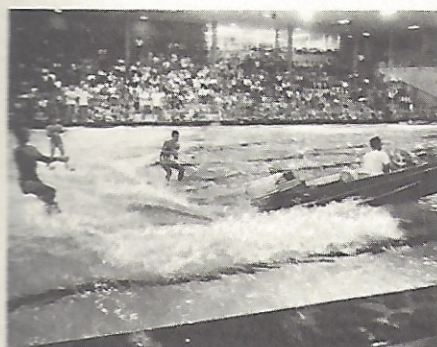




NOW...FAMILY RECREATION

at Celebrity Sports Center • Denver, Colorado

This center is now recognized as one of the foremost facilities of its kind in the country. Eighty bowling lanes, an indoor Olympic size swimming pool, complete restaurant services and specialty shops comprise this unique complex which is now wholly owned by Walt Disney Productions.





our product—*Family Entertainment*

our standard—*Quality*

our market—*The World*