

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](http://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.