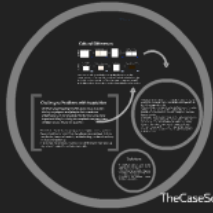


"Some imagination... huh?" - Mickey

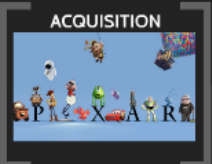


thank you

Recommendation...



TheCaseSolutions.com



Case Questions

Question 1: Which is a greater key success factor for the animation industry: Pixar's creative talent or Disney's marketing and distribution capabilities? Which is a greater key success factor for Disney's marketing and distribution capabilities: Disney's marketing and distribution capabilities or Pixar's creative talent?

Question 2: Explain how Pixar and Disney have established an exclusive relationship and how that could be reinforced through a new agreement or a new partnership model in the animation industry.

Question 3: If Disney does acquire Pixar, how do you think you will have a higher value for Disney? What are the key changes in the business and how would you measure them?

PIXAR

Disney and Pixar would be greater if in an exclusive relationship together!

Disney's strengths = Pixar's weaknesses
Pixar's strengths = Disney's weaknesses

Strengths and Weaknesses

VS.

PIXAR

1) Bring complementary skills and assets together
2) Major synergy
3) Develop new capabilities
4) Increase market power
5) Lower risks with an exclusive relationship

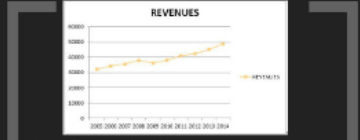
Year	Revenue	Operating Profit	Operating Profit Margin
2005	1,000,000,000	100,000,000	10%
2006	1,100,000,000	110,000,000	10%
2007	1,200,000,000	120,000,000	10%
2008	1,300,000,000	130,000,000	10%
2009	1,400,000,000	140,000,000	10%
2010	1,500,000,000	150,000,000	10%
2011	1,600,000,000	160,000,000	10%
2012	1,700,000,000	170,000,000	10%
2013	1,800,000,000	180,000,000	10%
2014	1,900,000,000	190,000,000	10%

2) From the comparison of P/E ratio, we find that the P/E ratio for Pixar was 46, and the P/E ratio for Disney was 17 before 2006, much lower than Pixar. But in 2012-2014, as can be seen from the picture, the ratio was increased after the acquisition of Pixar. P/E ratio indicates the future potential of the growth of a company, the result reveals that it is better in an exclusive relationship together.

Year	Disney P/E Ratio	Pixar P/E Ratio
2005	17	46
2006	17	46
2007	17	46
2008	17	46
2009	17	46
2010	17	46
2011	17	46
2012	23	23
2013	23	23
2014	23	23



Year	Revenue	Operating Profit
2005	1,000,000,000	100,000,000
2006	1,100,000,000	110,000,000
2007	1,200,000,000	120,000,000
2008	1,300,000,000	130,000,000
2009	1,400,000,000	140,000,000
2010	1,500,000,000	150,000,000
2011	1,600,000,000	160,000,000
2012	1,700,000,000	170,000,000
2013	1,800,000,000	180,000,000
2014	1,900,000,000	190,000,000



3) We also download the quotes of Disney from NYSE. From the income statement of 2005-2014 of Disney, the revenue of the company steadily grew after 2006, the year Disney acquired Pixar. The fact demonstrates that the acquisition was a right choice of the company.

Thecasesolutions.com



The Walt Disney Company and Pixar Inc. to acquire or not acquire



OUR OVERVIEW

- History of Disney and Pixar
- Strengths and Weaknesses of both companies
- Question #1
- Relationship of Disney + Pixar
- Question #2
- To acquire or not to acquire?
- Question #3
- Our recommendation
- What's going on today?

Thecasesolutions.com

Thecasesolutions.com

History of DISNEY

- Founded in 1923
- Largest media conglomerates in the world
 - Television
 - Distribution
 - Radio
 - Theme Parks and Attractions
- First Disney film: Snow White & the Seven Dwarfs
- 1966: Walt Disney passed away
- 1984: Michael Eisner
 - Lion King
- 2003: CG animation department



Walt Disney



Roy Disney



Michael Eisner



Robert Iger

History of PIXAR

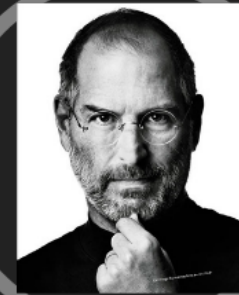
3 Proprietary technologies:

Renderman
Marionette
Ringmaster

George Lucas
Lucasfilm in 1980s



2nd step



Steve Jobs
Hardware/software genius

Start

Alexander Schure
President at NYIT



1st step

Edwin Catmull
Studied computer science



John Lasseter
Animator from Disney

Thecasesolutions.com