



Walt Disney Company (The) Annual Report 2018

Form 10-K (NYSE:DIS)

Published: November 21st, 2018

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended September 29, 2018

Commission File Number 1-11605

The **WALT DISNEY** Company

Incorporated in Delaware
500 South Buena Vista Street, Burbank, California 91521
(818) 560-1000

I.R.S. Employer Identification No.
95-4545390

Securities Registered Pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, \$.01 par value	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Rule 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of common stock held by non-affiliates (based on the closing price on the last business day of the registrant's most recently completed second fiscal quarter as reported on the New York Stock Exchange-Composite Transactions) was \$150.0 billion. All executive officers and directors of the registrant and all persons filing a Schedule 13D with the Securities and Exchange Commission in respect to registrant's common stock have been deemed, solely for the purpose of the foregoing calculation, to be "affiliates" of the registrant.

There were 1,488,670,964 shares of common stock outstanding as of November 14, 2018.

Documents Incorporated by Reference

Certain information required for Part III of this report is incorporated herein by reference to the proxy statement for the 2019 annual meeting of the Company's shareholders.

THE WALT DISNEY COMPANY AND SUBSIDIARIES

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PART I

ITEM 1. Business

The Walt Disney Company, together with its subsidiaries, is a diversified worldwide entertainment company with operations in four business segments: Media Networks, Parks and Resorts, Studio Entertainment, and Consumer Products & Interactive Media.

For convenience, the terms “Company” and “we” are used to refer collectively to the parent company and the subsidiaries through which our various businesses are actually conducted.

The Company employed approximately 201,000 people as of September 29, 2018.

During fiscal 2018, the Company entered into an Amended and Restated Agreement and Plan of Merger with Twenty-First Century Fox, Inc. (21CF) that includes the acquisition of certain 21CF businesses, the most significant of which are the Twentieth Century Fox film and television studios, certain cable networks (including FX and Nat Geo), 21CF’s international television businesses and 21CF’s 30% interest in Hulu. The closing of the acquisition is expected to occur in the first half of calendar year 2019 (See Note 3 of the Consolidated Financial Statements for additional information on this transaction).

The Company is developing a new direct-to-consumer (DTC) service, Disney+, that is scheduled to launch in the U.S. in late 2019. Disney+ will offer Disney, Pixar, Marvel and Lucasfilm movies released theatrically after calendar 2018. It will also feature an array of exclusive original series and movies, along with titles/episodes from the Company’s film and television libraries.

MEDIA NETWORKS

The Media Networks segment includes cable and broadcast television networks, television production and distribution operations, domestic television stations and radio networks and stations. The Company also has investments in entities that operate programming services, including television networks, which are accounted for under the equity method of accounting.

The businesses in the Media Networks segment principally generate revenue from the following:

- fees charged to cable, satellite and telecommunications service providers (traditional Multi-channel Video Programming Distributors (MVPD)), over-the-top (OTT) digital MVPDs (DMVPD) (both collectively referred to as MVPDs) and television stations affiliated with our domestic broadcast television network for the right to deliver our programs to their customers/subscribers (“affiliate fees”);
- the sale to advertisers of time in programs for commercial announcements (“ad sales”); and
- the license to television networks and distributors of the right to use our television programming (“program sales”).

Operating expenses primarily consist of programming and production costs, participations and residuals expense, technical support costs, operating labor and distribution costs.

Cable Networks

Our primary cable networks are branded ESPN, Disney and Freeform. These networks produce their own programs or acquire rights from third parties to air their programs on our networks.

Cable networks derive the majority of their revenues from affiliate fees and, for certain networks (primarily ESPN and Freeform), ad sales. Generally, the Company’s cable networks provide programming under multi-year licensing agreements with MVPDs that include contractually specified rates on a per subscriber basis. The amounts that we can charge to MVPDs for our cable network programming is largely dependent on the quality and quantity of programming that we can provide and the competitive market for programming services. The ability to sell time and the rates received for commercial announcements are primarily dependent on the size and nature of the audience that the network can deliver to the advertiser as well as overall advertiser demand. We also sell programming developed by our cable networks worldwide to television broadcasters, to subscription video-on-demand (SVOD) services (such as Netflix, Hulu and Amazon) and in home entertainment formats (such as DVD, Blu-ray and electronic home video license).

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The Company's significant cable channels and the number of subscribers as estimated by Nielsen Media Research⁽¹⁾ (except where noted) are as follows:

	Estimated Subscribers (in millions)
ESPN - Domestic	
ESPN	86
ESPN2	86
ESPNU	64
ESPNEWS ⁽²⁾	62
SEC Network ⁽²⁾	59
Disney - Domestic	
Disney Channel	89
Disney Junior	69
Disney XD	71
Freeform	88
International Channels ⁽³⁾	
ESPN	157
Disney Channel	225
Disney Junior	159
Disney XD	128

⁽¹⁾ Nielsen Media Research estimates are as of September 2018 and capture traditional MVPD and certain DMVPD subscriber counts.

⁽²⁾ Because Nielsen Media Research does not measure these channels, estimated subscriber counts are according to SNL Kagan as of December 2017.

⁽³⁾ Because Nielsen Media Research and SNL Kagan do not measure these channels, estimated subscriber counts are based on internal management reports as of September 2018.

ESPN

ESPN is a multimedia sports entertainment company owned 80% by the Company and 20% by Hearst Corporation. ESPN operates eight 24-hour domestic television sports channels: ESPN and ESPN2 (sports channel dedicated to professional and college sports as well as sports news and original programming), ESPNU (a channel devoted to college sports), ESPNEWS, SEC Network (a sports programming channel dedicated to Southeastern Conference college athletics), ESPN Classic, Longhorn Network (a channel dedicated to The University of Texas athletics) and ESPN Deportes (a Spanish language channel), which are all simulcast in high definition except ESPN Classic. The ACC Network (a sports programming channel dedicated to Atlantic Coast Conference college athletics), is set to launch in 2019. ESPN programs the sports schedule on the ABC Television Network, which is branded ESPN on ABC. ESPN owns 19 television channels outside of the United States (primarily in Latin America and Australia) that reach 61 countries and territories in four languages (English, Spanish, Portuguese and French).

ESPN holds rights for various professional and college sports programming including college football (including bowl games and the College Football Playoff) and basketball, the National Basketball Association (NBA), the National Football League (NFL), Major League Baseball (MLB), US Open Tennis, the Professional Golfers' Association (PGA) Championship, various soccer rights, the Wimbledon Championships and the Masters golf tournament.

ESPN also operates:

- ESPN.com - which delivers sports news, information and video on internet-connected devices, with thirteen editions in three languages globally. In the U.S., ESPN.com also features live video streams of ESPN channels to authenticated MVPD subscribers. Non-subscribers have limited access to certain content.
- ESPN App - which delivers scores, news, highlights, short form video, podcasts and live audio, with thirteen editions in three languages globally. In the U.S., the ESPN App also features live video streams of ESPN's linear channels and exclusive events to authenticated MVPD subscribers. Non-subscribers have limited access to certain content. The ESPN App is available for download on various internet-connected devices.

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- ESPN Radio – which distributes talk and play by play programming and is one of the largest sports radio networks in the U.S. ESPN Radio network programming is carried on approximately 400 terrestrial stations including four ESPN owned stations in New York, Los Angeles, Chicago and Dallas and on satellite and internet radio.
- ESPN The Magazine – which is a monthly sports magazine
- ESPN owns and operates the following events: ESPYs (annual awards show); X Games (winter and summer action sports competitions); and a portfolio of collegiate sporting events including: bowl games, basketball games, softball games and post-season award shows.

Certain ESPN sports programming is available on ESPN+, a DTC multi-sports subscription offering, which is available through ESPN.com and the ESPN App. ESPN+ is operated by BAMTech LLC (BAMTech).

Disney

The Company operates over 100 Disney branded television channels, which are broadcast in 34 languages and 164 countries/territories. Branded channels include Disney Channel, Disney Junior, Disney XD, Disney Cinemagic, Disney Cinema, Disney International HD and Dlife. Disney content is also available through video-on-demand services and online through the DisneyNOW App and website. Programming for these channels includes internally developed and acquired programming.

Disney Channel - Disney Channel airs original series and movie programming targeted to kids ages 2 to 14. In the U.S., Disney Channel airs 24 hours a day. Disney Channel develops and produces shows for exhibition on its channel, including live-action comedy series, animated programming and preschool series, as well as original movies. Disney Channel also airs programming and content from Disney's theatrical film and television programming library.

Disney Junior - Disney Junior airs programming targeted to kids ages 2 to 7 and their parents and caregivers, featuring animated and live-action programming that blends Disney's storytelling and characters with learning. In the U.S., Disney Junior airs 24 hours a day. Disney Junior also airs as a programming block on the Disney Channel.

Disney XD - Disney XD airs a mix of live-action and animated programming targeted to kids ages 6 to 11. In the U.S., Disney XD airs 24 hours a day.

Disney Cinemagic and *Disney Cinema* - Disney Cinemagic and Disney Cinema are premium subscription services, which are available in a limited number of countries in Europe, that air a selection of Disney movies, cartoons and shorts as well as animated television series.

Disney International HD - Disney International HD is a channel in India that airs programming targeting viewers aged 14 to 40 with content that includes Walt Disney Animation Studios library content and Disney Channel programming.

Dlife - Dlife is an ad-supported, free-to-air satellite channel in Japan, featuring US primetime drama series, Disney-branded programming, as well as a selection of news, variety, informational and shopping programs. It is targeted to adult women and their families.

The Company also operates Radio Disney in the U.S. and Latin America.

Freeform

Freeform is a domestic cable channel targeted to viewers ages 14 to 34. Freeform produces original live-action programming, acquires programming from third parties, airs content from our owned theatrical film library and features branded holiday programming events such as "25 Days of Christmas". Freeform content is also available through video-on-demand services and through the Freeform App and website.

India Channels

UTV, Bindass and Hungama TV are branded channels in India. UTV Action and UTV Movies offer Bollywood movies as well as Hollywood, Asian and Indian regional movies dubbed in Hindi. Bindass is a youth entertainment channel. Hungama TV is an Indian cable channel targeted at kids that features a mix of animated series and movies.

BAMTech

BAMTech is a streaming technology and content delivery business owned 75% by the Company since September 25, 2017, 15% by MLB and 10% by the National Hockey League (NHL), both of which have the right to sell their shares to the Company in the future. BAMTech comprises two businesses: 1) DTC sports; and 2) third-party streaming technology services. BAMTech's DTC sports business includes ESPN+, which was launched in April 2018, NHL, PGA Tour Live and Major League Soccer DTC offerings. The ESPN+ service offers thousands of live events, on-demand content and original programming not available on ESPN's other networks. The Hearst Corporation owns 20% of the Company's interest in BAMTech's DTC sports business.

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Broadcasting

Our broadcasting business includes a domestic broadcast network, television production and distribution operations, and eight owned domestic television stations.

Domestic Broadcast Television Network

The Company operates the ABC Television Network (ABC), which as of September 29, 2018, had affiliation agreements with 244 local television stations reaching almost 100% of U.S. television households. ABC broadcasts programs in the primetime, daytime, late night, news and sports “dayparts”.

ABC produces its own programs and also acquires programming rights from third parties as well as entities that are owned by or affiliated with the Company. ABC derives the majority of its revenues from ad sales. The ability to sell time for commercial announcements and the rates received are primarily dependent on the size and nature of the audience that the network can deliver to the advertiser as well as overall advertiser demand for time on network broadcasts. ABC also receives fees from affiliated television stations for the right to broadcast ABC programming.

ABC network programming is available digitally on internet-connected devices to authenticated MVPD subscribers. Non-subscribers have more limited access to on-demand episodes.

ABC provides online access to certain programming through the ABC App and website. ABC also provides in-depth worldwide news coverage online through websites, the ABC NewsApp, OTT apps and to select distribution partners.

Television Production and Distribution

The Company produces the majority of its scripted television programs under the ABC Studios banner. Program development is carried out in collaboration with independent writers, producers and creative teams, with a focus on one-hour dramas and half-hour comedies, primarily for primetime broadcasts. Primetime programming produced either for our networks or for third-party television networks for the 2018/2019 television season includes nine returning and seven new one-hour dramas, six returning and four new half-hour comedies, and three returning non-scripted series. Additionally, the Company is producing original first run series for SVOD services (including Hulu). The Company also produces *Jimmy Kimmel Live* for late night and a variety of primetime specials, as well as syndicated, news and daytime programming. We distribute the Company’s productions worldwide to television broadcasters, SVOD services (including Hulu), and on home entertainment formats.

Domestic Television Stations

The Company owns eight television stations, six of which are located in the top ten television household markets in the U.S. The television stations derive the majority of their revenues from ad sales. The stations also receive affiliate fees from MVPDs. All of our television stations are affiliated with ABC and collectively reach 21% of the nation’s television households. Generally, each owned station broadcasts three digital channels: the first consists of local, ABC and syndicated programming; the second is the Live Well Network; and the third is the LAFF Network.

The stations we own are as follows:

TV Station	Market	Television Market Ranking⁽¹⁾
WABC	New York, NY	1
KABC	Los Angeles, CA	2
WLS	Chicago, IL	3
WPVI	Philadelphia, PA	4
KTRK	Houston, TX	7
KGO	San Francisco, CA	8
WTVD	Raleigh-Durham, NC	25
KFSN	Fresno, CA	54

⁽¹⁾ Based on Nielsen Media Research, U.S. Television Household Estimates, January 1, 2018

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Equity Investments

The Company has investments in media businesses that are accounted for under the equity method, and the Company's share of the financial results for these equity investments is reported as "Equity in the income (loss) of investees, net" in the Company's Consolidated Statements of Income. The Company's significant media equity investments are as follows:

A+E and Vice

A+E Television Networks (A+E) is owned 50% by the Company and 50% by the Hearst Corporation. A +E operates a variety of cable channels including:

- A&E – which offers entertainment programming including original reality and scripted series
- HISTORY – which offers original series and event-driven specials
- Lifetime and Lifetime Real Women – which are cable channels devoted to female-focused programming
- Lifetime Movie Network (LMN) – which is a movie channel
- FYI – which offers contemporary lifestyle programming

A+E programming is available in over 200 countries and territories. A+E's networks are distributed internationally under multi-year licensing agreements with MVPDs. A+E programming is also sold to international television broadcasters and SVOD services.

A+E has a 20% interest in Vice Group Holding, Inc. (Vice), which operates Viceland, a channel offering programming of lifestyle-oriented documentaries and reality series aimed towards millennials. Viceland is owned 50% by A+E and 50% by Vice. In addition, the Company has an 11% direct ownership interest in Vice.

The number of domestic subscribers for A+E and Vice channels, as estimated by Nielsen Media Research ⁽¹⁾, is as follows:

	Estimated Subscribers (in millions)⁽¹⁾
A&E	89
HISTORY	89
Lifetime	88
LMN	67
FYI	54
Viceland	67

⁽¹⁾ Nielsen Media Research estimates are as of September 2018 and capture traditional MVPD and certain DMVPD subscriber counts.

CTV

ESPN holds a 30% equity interest in CTV Specialty Television, Inc., which owns television channels in Canada, including The Sports Networks (TSN) 1-5, Le Réseau des Sports (RDS), RDS2, RDS Info, ESPN Classic Canada, Discovery Canada and Animal Planet Canada.

Hulu

Hulu LLC (Hulu) aggregates acquired television and film entertainment content and original content produced by Hulu and distributes it digitally to internet-connected devices. Hulu offers a subscription-based service with limited commercial announcements and a subscription-based service with no commercial announcements. In addition, Hulu operates a DMVPD service, which offers linear streams of broadcast and cable channels, including the major broadcast networks.

The Company licenses our television and film content to Hulu in the ordinary course of business. The Company defers a portion of its profits from these transactions. The profit is recognized as Hulu expenses the programming. The portion that is deferred reflects our ownership interest in Hulu.

Hulu is owned 30% each by the Company, 21CF and Comcast Corporation, with Warner Media LLC (WM) holding the remaining 10% interest. WM acquired its interest from Hulu for \$0.6 billion in August 2016. In addition, WM has made \$0.2 billion in subsequent capital contributions. For not more than 36 months from August 2016, WM may put its shares to Hulu or Hulu may call the shares from WM under certain limited circumstances arising from regulatory review. The Company and 21CF have agreed to make a capital contribution for up to \$0.4 billion each if Hulu is required to repurchase WM's shares.

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Following completion of the 21CF acquisition the Company will consolidate Hulu's financial results and assume 21CF's capital contribution obligations.

Seven TV

Seven TV operates an advertising-supported, free-to-air Disney Channel in Russia. The Company has a 20% ownership interest and a 49% economic interest in the business.

Competition and Seasonality

The Company's Media Networks businesses compete for viewers primarily with other broadcast and cable networks, independent television stations and other media, such as online video services and video games. With respect to the sale of advertising time, we compete with other television networks and radio stations, independent television stations, MVPDs and other advertising media such as digital content, newspapers, magazines and billboards. Our television and radio stations primarily compete for audiences and advertisers in local market areas.

The Company's Media Networks businesses face competition from other networks for carriage by MVPDs. The Company's contractual agreements with MVPDs are renewed or renegotiated from time to time in the ordinary course of business. Consolidation and other market conditions in the cable, satellite and telecommunication distribution industry and other factors may adversely affect the Company's ability to obtain and maintain contractual terms for the distribution of its various programming services that are as favorable as those currently in place.

The Company's Media Networks businesses also compete with other media and entertainment companies, SVOD providers and DTC services for the acquisition of sports rights, talent, show concepts and scripted and other programming.

The Company's internet websites and digital products compete with other websites and entertainment products.

Advertising revenues at Media Networks are subject to seasonal advertising patterns and changes in viewership levels. Revenues are typically somewhat higher during the fall and somewhat lower during the summer months. Affiliate fees are generally collected ratably throughout the year.

Federal Regulation

Television and radio broadcasting are subject to extensive regulation by the Federal Communications Commission (FCC) under federal laws and regulations, including the Communications Act of 1934, as amended. Violation of FCC regulations can result in substantial monetary fines, limited renewals of licenses and, in egregious cases, denial of license renewal or revocation of a license. FCC regulations that affect our Media Networks segment include the following:

- *Licensing of television and radio stations.* Each of the television and radio stations we own must be licensed by the FCC. These licenses are granted for periods of up to eight years, and we must obtain renewal of licenses as they expire in order to continue operating the stations. We (and the acquiring entity in the case of a divestiture) must also obtain FCC approval whenever we seek to have a license transferred in connection with the acquisition or divestiture of a station. The FCC may decline to renew or approve the transfer of a license in certain circumstances and may delay renewals while permitting a licensee to continue operating. Although we have received such renewals and approvals in the past or have been permitted to continue operations when renewal is delayed, there can be no assurance that this will be the case in the future.
 - *Television and radio station ownership limits.* The FCC imposes limitations on the number of television stations and radio stations we can own in a specific market, on the combined number of television and radio stations we can own in a single market and on the aggregate percentage of the national audience that can be reached by television stations we own. Currently:
 - FCC regulations may restrict our ability to own more than one television station in a market, depending on the size and nature of the market. We do not own more than one television station in any market.
 - Federal statutes permit our television stations in the aggregate to reach a maximum of 39% of the national audience. Pursuant to the most recent decision by the FCC as to how to calculate compliance with this limit, our eight stations reach approximately 21% of the national audience.
 - FCC regulations in some cases impose restrictions on our ability to acquire additional radio or television stations in the markets in which we own radio stations. We do not believe any such limitations are material to our current operating plans.
 - *Dual networks.* FCC rules currently prohibit any of the four major broadcast television networks — ABC, CBS, Fox and NBC — from being under common ownership or control.
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- *Regulation of programming.* The FCC regulates broadcast programming by, among other things, banning “indecent” programming, regulating political advertising and imposing commercial time limits during children’s programming. Penalties for broadcasting indecent programming can range up to nearly \$400 thousand per indecent utterance or image per station.

Federal legislation and FCC rules also limit the amount of commercial matter that may be shown on broadcast or cable channels during programming designed for children 12 years of age and younger. In addition, broadcast channels are generally required to provide a minimum of three hours per week of programming that has as a “significant purpose” meeting the educational and informational needs of children 16 years of age and younger. FCC rules also give television station owners the right to reject or refuse network programming in certain circumstances or to substitute programming that the licensee reasonably believes to be of greater local or national importance.

- *Cable and satellite carriage of broadcast television stations.* With respect to cable systems operating within a television station’s Designated Market Area, FCC rules require that every three years each television station elect either “must carry” status, pursuant to which cable operators generally must carry a local television station in the station’s market, or “retransmission consent” status, pursuant to which the cable operator must negotiate with the television station to obtain the consent of the television station prior to carrying its signal. Under the Satellite Home Viewer Improvement Act and its successors, including most recently the STELA Reauthorization Act (STELAR), which also requires the “must carry” or “retransmission consent” election, satellite carriers are permitted to retransmit a local television station’s signal into its local market with the consent of the local television station. The ABC owned television stations have historically elected retransmission consent. Portions of these satellite laws are set to expire on December 31, 2019.
- *Cable and satellite carriage of programming.* The Communications Act and FCC rules regulate some aspects of negotiations regarding cable and satellite retransmission consent, and some cable and satellite companies have sought regulation of additional aspects of the carriage of programming on cable and satellite systems. New legislation, court action or regulation in this area could have an impact on the Company’s operations.

The foregoing is a brief summary of certain provisions of the Communications Act, other legislation and specific FCC rules and policies. Reference should be made to the Communications Act, other legislation, FCC rules and public notices and rulings of the FCC for further information concerning the nature and extent of the FCC’s regulatory authority.

FCC laws and regulations are subject to change, and the Company generally cannot predict whether new legislation, court action or regulations, or a change in the extent of application or enforcement of current laws and regulations, would have an adverse impact on our operations.

PARKS AND RESORTS

The Company owns and operates the Walt Disney World Resort in Florida; the Disneyland Resort in California; Disneyland Paris; Aulani, a Disney Resort & Spa in Hawaii; the Disney Vacation Club (DVC); the Disney Cruise Line; and Adventures by Disney. The Company manages and has effective ownership interests of 47% in Hong Kong Disneyland Resort and 43% in Shanghai Disney Resort, both of which are consolidated in our financial statements. The Company licenses our intellectual property to a third party to operate the Tokyo Disney Resort in Japan. The Company’s Walt Disney Imagineering unit designs and develops new theme park concepts and attractions as well as resort properties.

The businesses in the Parks and Resorts segment generate revenues from the sale of admissions to theme parks, sales of food, beverage and merchandise, charges for resort and vacation packages, which include room nights at hotels, sales of cruise vacations and sales and rentals of vacation club properties. Revenues are also generated from sponsorships and co-branding opportunities, real estate rent and sales, and royalties from Tokyo Disney Resort. Significant costs include labor, infrastructure costs, depreciation, costs of merchandise, food and beverage sold, marketing and sales expense, and cost of vacation club units. Infrastructure costs include information systems expense, repairs and maintenance, utilities and fuel, property taxes, insurance and transportation.

Walt Disney World Resort

The Walt Disney World Resort is located 22 miles southwest of Orlando, Florida, on approximately 25,000 acres of land. The resort includes theme parks (the Magic Kingdom, Epcot, Disney’s Hollywood Studios and Disney’s Animal Kingdom); hotels; vacation club properties; a retail, dining and entertainment complex (Disney Springs); a sports complex; conference centers; campgrounds; golf courses; water parks; and other recreational facilities designed to attract visitors for an extended stay.

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