

## Disney coping with recent financial difficulties

BURBANK, Calif. (AP)—The Walt Disney Co. has liberally applied salve to the public relations pinpricks and larger financial wounds suffered in the last year or so. Yet even as the entertainment giant tries to heal, new sores develop.

After a disappointing 1999 financial performance, a public airing of dirty laundry in court and other publicity headaches, Disney was hit last week by the resignation of studio chair Joe Roth — the latest in a string of executive departures.

It all adds up to the shakiest times for the company since Michael Eisner took over 15 years ago.

Disney earned what sounds like a healthy \$1.3 billion in 1999. But that was down from \$1.8 billion in 1998, itself a stagnant earnings year, and revenues showed only a marginal gain. Though the company's stock has rebounded a bit, trading at about \$35 a share, it remains off about 20 percent from its high in 1998.

Considering Disney's rapid expansion and stellar returns under Eisner previously, and given the comparative runup elsewhere in the stock market, it's small wonder the House of Mickey has been

**"One problem is people's closets are just too full of this stuff"**

— Tom Wolzien  
Industry Analyst

looking a little ramshackle to investors.

While conceding the problems, Eisner said Disney's difficulties have been exaggerated and the company has made broad moves to promote growth.

"When you're as successful and big as we are and you're liked as much as we are and your products have as much emotion behind them as ours, any stumble is elevated to a complete fall," Eisner said. "But in the area of creation of content, there's no company as stable as this company."

A spate of problems converged to put the company down, including overkill on

Disney products and home videos, spiraling film costs, heavy spending on theme parks and operations bloated by acquisitions, ABC television among them.

Other than *The Lion King*, Disney's recent animated films had not produced durable merchandising characters to join Mickey Mouse, Donald Duck and the studio's other icons.

"One problem is, people's closets are just too full of this stuff," Tom Wolzien, an industry analyst for Sanford C. Bernstein & Co, said.

Flat earnings are expected to continue for the first half of this year, but analysts said Disney should begin to show improvement after that as some of the company's turnaround measures kick in.

Disney is slashing administrative and film-production costs and reducing the number of licensees and product lines at studio stores to better control sales. Slow out of the gate in its online and DVD presence, Disney now is rolling out films in the newer video format and building up its Web presence after acquiring Internet portal Infoseek.

The company has scrapped its periodic video reissues of classic animated

films. Most of those movies now will be available year-round, with 10 top titles, such as *Snow White*, being withheld for an annual re-release.

Besides money and merchandise troubles, Disney went through costly settlements with Michael Ovitiz, the Hollywood deal broker who departed as Eisner's second-in-command after barely a year, and former studio chief Jeffrey Katzenberg, who sued for breach of contract.

Roth, Katzenberg's successor as Disney studio chief, became the latest in a line of top brass to depart the company in the last few years — an executive exodus analysts blame on Eisner's heavy-handed management style. "Have you heard of any executive who's happy working with Michael Eisner?" Robert Bucksbaum, a film industry analyst for Reel Source Inc., said. "It's not easy working for somebody who so much likes to be in control."

Eisner insists that a company the size of Disney inevitably gets raided and that the studio has retained a deep bench of veteran talent.

### People in the News

#### Actress Redgrave to perform at Globe

LONDON (AP) — Vanessa Redgrave will take on one of her most intriguing roles yet — playing the decidedly male magician-ruler Prospero in "The Tempest" at Shakespeare's theatre, the Globe, this summer.



REDGRAVE

"I do want to find things for great actors, and Vanessa's a great actor, male or female," Mark Rylance, artistic director of the Globe, said Tuesday in announcing the restored Elizabethan playhouse's summer lineup.

Redgrave, 62, on "vocal rest" because of a virus, was unable to comment.

Rylance said casting Redgrave as the exiled magician, one of the Bard's most melancholy parts, made sense.

"Vanessa has always had a very passionate interest in people in ex-

ile and has often encountered people who are in that very state that Prospero is in," Rylance said. "I think she'll bring her expertise to the world's troubles to the

#### Editorial Cartoon treated for cancer

RICHMOND, Va. (AP) — Prize-winning cartoonist MacNelly is undergoing treatment for lymphoma and will cut his schedule of editorial cartooning this summer.

MacNelly, 52, recently announced on his Web site that he is treated as an outpatient at Hopkins Hospital in Baltimore.

"We expect a full recovery," the Web site posting said.

While he is undergoing treatment, MacNelly will continue to produce his nationally syndicated cartoon strip, "Shoe," and his humorist Dave Barry's weekly column, the posting said.

MacNelly, who lives in Virginia, won the Pulitzer Prize for editorial cartoons in 1972 and 1985.

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