

(BN) Disney Boosts Dividend by 25% to Join Rush of Year-End Payouts

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By Christopher Palmeri

Nov. 29 (Bloomberg) -- Walt Disney Co., the world's largest entertainment company, raised its annual dividend by 25 percent, joining other companies boosting their payouts ahead of an expected tax-rate increase next year.

The 75-cent-a-share payment will be made on Dec. 28 to shareholders as of Dec. 10, the Burbank, California-based company said yesterday in a statement. The previous 60-cent annual dividend was paid to investors in January.

The early payment allows Disney investors to sidestep a possible increase in the tax rate, which is set to rise as high as 39.6 percent from 15 percent with the year-end expiration of Bush-era tax cuts. Disney's yield of 1.5 percent remains below the 2.2 percent average of the Standard & Poor's 500 Index and can climb more, said Michael Foss, a portfolio manager.

"They still have room to move that dividend up over time, even with all their growth initiatives," said Foss, a Disney investor at Brown Advisory in Baltimore. The company reported holding 1.77 billion Disney shares as of Sept. 30., according to data compiled by Bloomberg.

Disney was expected to raise its dividend to 70 cents, based on Bloomberg Dividend Projections. The company posted record revenue and profit in the fiscal year ended Sept. 29, Chairman and Chief Executive Officer Robert A. Iger said.

Fiscal Cliff

"Fiscal 2012 was another great year for the Walt Disney Co., creatively and financially," Iger said in the statement.

Disney will pay out about \$1.3 billion with the dividend. The Steven P. Jobs Trust, the company's largest shareholder, will receive about \$103 million, based on data compiled by Bloomberg. The 75-cent payment is more than twice the 35 cents given out in 2009.

President Barack Obama and Congress are negotiating a deal to avoid the so-called fiscal cliff, more than \$600 billion in automatic spending cuts and tax increases set to begin Jan. 1. In addition to raising dividends and paying them sooner to beat the tax increase, companies are also declaring special dividends.

More than 70 companies in the Russell 3000 stock index have announced a one-time cash payment to shareholders since September, up from about 15 in the year-earlier quarter, according to data compiled by Bloomberg. More than a dozen said they acted due to pending tax increases.

Wal-Mart Stores Inc., the world's largest retailer, earlier this month moved the payment of its fourth-quarter dividend to Dec. 27 instead of the previously scheduled Jan. 2.

Disney gained 1.2 percent to \$49.20 yesterday in New York. The shares have climbed 31 percent this year.

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