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Exhibit		Location
10.8	Form of Indemnification Agreement for certain officers and directors	Annex C to the Proxy Statement for the 1987 annual meeting of DEI
10.9	1995 Stock Option Plan for Non-Employee Directors	Exhibit 20 to the Form S-8 Registration Statement (No. 33-57811) of DEI, dated Feb. 23, 1995
10.17	Amended and Restated 1995 Stock Incentive Plan and Rules	Filed herewith
10.18	Amendment to Amended and Restated 1995 Stock Incentive Plan	Item 1.01(a) of Current Report on Form 8-K of the Company filed September 23, 2004
10.21	Amended and Restated 2002 Executive Performance Plan	Annex A to the Proxy Statement for the 2008 annual meeting of the Company
10.22	Management Incentive Bonus Program	The section of the Proxy Statement for the 2008 annual meeting of the Company titled "Annual Bonus Incentives for Named Executive Officers"
10.23	Amended and Restated 1997 Non-Employee Directors Stock and Deferred Compensation Plan	Annex II to the Proxy Statement for the 2003 annual meeting of the Company
10.24	Amended and Restated 2005 Incentive Plan	Filed herewith
10.25	The Walt Disney Company/Pixar 1995 Stock Plan	Exhibit 10.1 to the Form S-8 Registration Statement (N0. 333-133840) of the Company dated May 5, 2006
10.27	Amended and Restated The Walt Disney Company/Pixar 2004 Equity Incentive Plan	Exhibit 10.1 to the Current Report on Form 8-K of the Company filed December 1, 2006
10.28	Amended and Restated Key Employees Deferred Compensation and Retirement Plan	Filed herewith
10.29	Amended and Restated Benefit Equalization Plan of ABC, Inc.	Filed herewith
10.30	Group Personal Excess Liability Insurance Plan	Exhibit 10(x) to the Form 10-K of the Company for the period ended September 30, 1997
10.31	Family Income Assurance Plan (summary description)	Exhibit 10(y) to the Form 10-K of the Company for the period ended September 30, 1997
10.32	Amended and Restated Severance Pay Plan	Exhibit 10.3 to the Form 10-Q of the Company for the period ended December 29, 2007
10.33	Form of Restricted Stock Unit Award Agreement (Time-Based Vesting)	Exhibit 10(aa) to the Form 10-K of the Company for the period ended September 30, 2004
10.34	Form of Restricted Stock Unit Award Agreement (Bonus Related)	Exhibit 10.3 to the Current Report on Form 8-K of the Company filed December 15, 2006
10.35	Form of Performance-Based Stock Unit Award	Exhibit 10.2 to the Current Report on Form 8-K of the Company filed December 15, 2006
10.36	Form of Performance-Based Stock Unit Award Agreement (Dual Performance Goals)	Exhibit 10.1 to the Current Report on Form 8-K of the Company filed December 15, 2006
	Form of Performance-Based Stock Unit Award Agreement (Total Shareholder Return/Average Annual Adjusted EPS Growth Goals)	Exhibit 10.5 to the Form 10-Q of the Company for the period ended December 29, 2007
10.37	Form of Non-Qualified Stock Option Award Agreement (Seven-year Form)	Exhibit 10(b) to the Current Report on Form 8-K of the Company dated December 23, 2004

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Exhibit		Location
10.38	Form of Restricted Stock Unit Award Agreement in Lieu of Equitable Adjustment	Exhibit 10.1 to the Form 10-Q of the Company for the period ended June 30, 2007
21	Subsidiaries of the Company	Filed herewith
23	Consent of PricewaterhouseCoopers LLP	Filed herewith
31(a)	Rule 13a – 14(a) Certification of Chief Executive Officer of the Company in accordance with Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31(b)	Rule 13a-14(a) Certification of Chief Financial Officer of the Company in accordance with Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32(a)	Section 1350 Certification of Chief Executive Officer of the Company in accordance with Section 906 of the Sarbanes-Oxley Act of 2002*	Furnished herewith
32(b)	Section 1350 Certification of Chief Financial Officer of the Company in accordance with Section 906 of the Sarbanes-Oxley Act of 2002*	Furnished herewith

* A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE WALT DISNEY COMPANY

(Registrant)

ate: November 20, 2008

By: /s/ ROBERT A. IGER

(Robert A. Iger, President and Chief Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
Principal Executive Officer /s/ ROBERT A. IGER (Robert A. Iger)	President and Chief Executive Officer	November 20, 2008
Principal Financial and Accounting Officers /s/ THOMAS O. STAGGS (Thomas O. Staggs)	Senior Executive Vice President and Chief Financial Officer	November 20, 2008
/s/ BRENT A. WOODFORD (Brent A. Woodford)	Senior Vice President-Planning and Control	November 20, 2008
Directors /s/ SUSAN E. ARNOLD usan E. Arnold)	Director	November 20, 2008
/s/ JOHN E. BRYSON ohn E. Bryson)	Director	November 20, 2008
/s/ JOHN S. CHEN ohn S. Chen)	Director	November 20, 2008
/s/ JUDITH L. ESTRIN udith L. Estrin)	Director	November 20, 2008
	Director	November 20, 2008

/s/ ROBERT A. IGER ‹obert A. Iger)		
/s/ STEVEN P. JOBS ‹teven P. Jobs)	Director	November 20, 2008
/s/ FRED H. LANGHAMMER 'red H. Langhammer)	Director	November 20, 2008
/s/ AYLWIN B. LEWIS ‹ylwin B. Lewis)	Director	November 20, 2008

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Signature	Title	Date
/s/ MONICA C. LOZANO (Monica C. Lozano)	Director	November 20, 2008
/s/ ROBERT W. MATSCHULLAT (Robert W. Matschullat)	Director	November 20, 2008
/s/ JOHN E. PEPPER, JR. (John E. Pepper, Jr.)	Chairman of the Board and Director	November 20, 2008
/s/ ORIN C. SMITH)rin C. Smith)	Director	November 20, 2008

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THE WALT DISNEY COMPANY AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

All schedules are omitted for the reason that they are not applicable or the required information is included in the financial statements or notes.

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements prepared for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control — Integrated Framework,* management concluded that our internal control over financial reporting was effective as of September 27, 2008.

The effectiveness of our internal control over financial reporting as of September 27, 2008 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of The Walt Disney Company

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, shareholders' equity and cash flows present fairly, in all material respects, the financial position of The Walt Disney Company and its subsidiaries (the Company) at September 27, 2008 and September 29, 2007, and the results of their operations and their cash flows for each of the three years in the period ended September 27, 2008 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 27, 2008, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for uncertainty in income taxes and its method of accounting for pension and other postretirement benefits during the years ended September 27, 2008 and September 29, 2007, respectively.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PRICEWATERHOUSECOOPERS LLP

Los Angeles, California

November 20, 2008

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CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share data)

	2008	2007	2006
evenues	**$ 37,843**	$ 35,510	$ 33,747
osts and expenses	**(30,439)**	(28,681)	(28,392)
ther (expense) / income	**(59)**	1,004	88
et interest expense	**(524)**	(593)	(592)
quity in the income of investees	**581**	485	473
come from continuing operations before income taxes and minority interests	**7,402**	7,725	5,324
come taxes	**(2,673)**	(2,874)	(1,837)
linority interests	**(302)**	(177)	(183)
come from continuing operations	**4,427**	4,674	3,304
iscontinued operations, net of tax	—	13	70
et income	**$ 4,427**	$ 4,687	$ 3,374
iluted Earnings per share:			
arnings per share, continuing operations	**$ 2.28**	$ 2.24	$ 1.60
arnings per share, discontinued operations	—	0.01	0.03
arnings per share [(1)]	**$ 2.28**	$ 2.25	$ 1.64
asic Earnings per share:			
arnings per share, continuing operations	**$ 2.34**	$ 2.33	$ 1.65
arnings per share, discontinued operations	—	0.01	0.03
arnings per share	**$ 2.34**	$ 2.34	$ 1.68
'eighted average number of common and common			

uivalent shares outstanding:			
iluted	**1,948**	2,092	2,076
asic	**1,890**	2,004	2,005

(1) Total earnings per share may not equal the sum of the column due to rounding.

See Notes to Consolidated Financial Statements

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CONSOLIDATED BALANCE SHEETS

(in millions, except per share data)

	September 27, 2008	September 29, 2007
SSETS		
urrent assets		
ash and cash equivalents	**$ 3,001**	$ 3,670
eceivables	**5,373**	5,032
ventories	**1,124**	641
elevision costs	**541**	559
eferred income taxes	**1,024**	862
ther current assets	**603**	550
otal current assets	**11,666**	11,314
lm and television costs	**5,394**	5,123
vestments	**1,563**	995
rks, resorts and other property, at cost		
ttractions, buildings and equipment	**31,493**	30,260
ccumulated depreciation	**(16,310)**	(15,145)
	15,183	15,115
ojects in progress	**1,169**	1,147
and	**1,180**	1,171
	17,532	17,433
tangible assets, net	**2,428**	2,494
oodwill	**22,151**	22,085
ther assets	**1,763**	1,484
	$ 62,497	$ 60,928
ABILITIES AND SHAREHOLDERS' EQUITY		
urrent liabilities		
ccounts payable and other accrued liabilities	**$ 5,980**	$ 5,949

urrent portion of borrowings	**3,529**	3,280
nearned royalties and other advances	**2,082**	2,162
otal current liabilities	**11,591**	11,391
orrowings	**11,110**	11,892
eferred income taxes	**2,350**	2,573
ther long-term liabilities	**3,779**	3,024
linority interests	**1,344**	1,295
ommitments and contingencies (Note 14)		
areholders' equity		
eferred stock, $.01 par value Authorized – 100 million shares, Issued – none	**—**	—
ommon stock, $.01 par value Authorized – 3.6 billion shares, Issued – 2.6 billion shares	**26,546**	24,207
etained earnings	**28,413**	24,805
ccumulated other comprehensive loss	**(81)**	(157)
	54,878	48,855
easury stock, at cost, 777.1 million shares at September 27, 2008 and 637.8 million shares at September 29, 2007	**(22,555)**	(18,102)
	32,323	30,753
	$ 62,497	$ 60,928

See Notes to Consolidated Financial Statements

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

	2008	2007	2006
PERATING ACTIVITIES OF CONTINUING OPERATIONS			
et income	$ **4,427**	$ 4,687	$ 3,374
come from discontinued operations	—	(13)	(70)
epreciation and amortization	**1,582**	1,491	1,446
ains on sales of equity investments and businesses	**(14)**	(1,052)	(70)
eferred income taxes	**(128)**	(137)	(139)
quity in the income of investees	**(581)**	(485)	(473)
ash distributions received from equity investees	**476**	420	458
linority interests	**302**	177	183
et change in film and television costs	**(301)**	115	860
quity-based compensation	**402**	419	373
ther	**(170)**	(65)	(63)
hanges in operating assets and liabilities			
eceivables	**(594)**	(355)	(85)
ventories	**(329)**	52	(63)
ther assets	**(64)**	9	(55)
ccounts payable and other accrued liabilities	**488**	77	304
come taxes	**(50)**	58	(20)
ash provided by continuing operations	**5,446**	5,398	5,960
IVESTING ACTIVITIES OF CONTINUING OPERATIONS			
vestments in parks, resorts and other property	**(1,578)**	(1,566)	(1,292)
ales of investments	**70**	5	1,073
roceeds from sales of equity investments and businesses	**14**	1,530	81
equisitions	**(660)**	(608)	(55)
roceeds from sales of fixed assets and other	**(8)**	21	(27)
ash used in continuing investing activities	**(2,162)**	(618)	(220)

INANCING ACTIVITIES OF CONTINUING OPERATIONS			
ommercial paper borrowings, net	**(701)**	1,847	85
orrowings	**1,706**	3,143	2,806
eduction of borrowings	**(477)**	(2,294)	(1,950)
ividends	**(664)**	(637)	(519)
epurchases of common stock	**(4,453)**	(6,923)	(6,898)
quity partner contributions	**—**	—	51
xercise of stock options and other	**636**	1,245	1,259
ash used in continuing financing activities	**(3,953)**	(3,619)	(5,166)
ASH FLOWS OF DISCONTINUED OPERATIONS			
et cash provided by operating activities of discontinued operations	**—**	23	98
et cash used in investing activities of discontinued operations	**—**	(3)	(7)
et cash provided by financing activities of discontinued operations	**—**	78	23
Decrease) / increase in cash and cash equivalents	**(669)**	1,259	688
ash and cash equivalents, beginning of year	**3,670**	2,411	1,723
ash and cash equivalents, end of year	**$ 3,001**	$ 3,670	$ 2,411
upplemental disclosure of cash flow information:			
terest paid	**$ 555**	$ 551	$ 617
come taxes paid	**$ 2,768**	$ 2,796	$ 1,857

See Notes to Consolidated Financial Statements

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CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in millions, except per share data)

	Shares	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Shareholders' Equity
ALANCE AT OCTOBER 1, 2005	1,969	$ 13,288	$ 17,775	$ (572)	$ (4,281)	$ 26,210
ercise of stock options and issuance of restricted stock and stock options	57	1,676	—	—	—	1,676
quisition of Pixar	279	7,413	—	—	—	7,413
mmon stock repurchases	(243)	—	—	—	(6,898)	(6,898)
vidends ($0.27 per share)	—	—	(519)	—	—	(519)
her comprehensive income (net of tax of $394 million)	—	—	—	564	—	564
et income	—	—	3,374	—	—	3,374
ALANCE AT SEPTEMBER 30, 2006	2,062	$ 22,377	$ 20,630	$ (8)	$ (11,179)	$ 31,820
ercise of stock options and issuance of restricted stock and stock options	57	1,823	—	—	—	1,823
mmon stock repurchases	(202)	—	—	—	(6,923)	(6,923)
vidends ($0.31 per share)	—	7	(644)	—	—	(637)
her comprehensive income (net of tax of $66 million)	—	—	—	112	—	112
loption of SFAS 158 (net of tax of $154 million)	—	—	—	(261)	—	(261)
stribution of ABC Radio business	—	—	132	—	—	132
et income	—	—	4,687	—	—	4,687
ALANCE AT SEPTEMBER 29, 2007	1,917	$ 24,207	$ 24,805	$ (157)	$ (18,102)	$ 30,753
ercise of stock options and issuance of restricted stock and stock options	31	1,012	—	—	—	1,012
demption of convertible senior notes	45	1,320	—	—	—	1,320
mmon stock repurchases	(139)	—	—	—	(4,453)	(4,453)
vidends ($0.35 per share)	—	7	(671)	—	—	(664)
her comprehensive income (net of tax of $45 million)	—	—	—	76	—	76
loption of FIN 48	—	—	(148)	—	—	(148)
et income	—	—	4,427	—	—	4,427

ALANCE AT SEPTEMBER 27, 2008	1,854	$ 26,546	$ 28,413	$ (81)	$ (22,555)	$ 32,323

Accumulated other comprehensive income/(loss) is as follows:

	September 27, 2008	September 29, 2007
arket value adjustments for investments and hedges	$ 78	$ (42)
reign currency translation and other	137	164
recognized pension and postretirement medical expense	(296)	(279)
	$ (81)	$ (157)

Comprehensive income/(loss) is as follows:

	2008	2007	2006
t income	$ 4,427	$ 4,687	$ 3,374
arket value adjustments for investments and hedges	120	(71)	(2)
reign currency translation and other	(27)	77	(19)
nsion and postretirement medical adjustments:			
classification of prior losses to net income	25	n/a	n/a
t actuarial pension and postretirement medical loss	(42)	n/a	n/a
crease in minimum pension liability adjustment	n/a	106	585
mprehensive income	$ 4,503	$ 4,799	$ 3,938

See Notes to Consolidated Financial Statements

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular dollars in millions, except per share amounts)

1 *Description of the Business and Segment Information*

The Walt Disney Company, together with the subsidiaries through which the Company's businesses are conducted (the Company), is a diversified worldwide entertainment company with operations in the following business segments: Media Networks, Parks and Resorts, Studio Entertainment, and Consumer Products.

DESCRIPTION OF THE BUSINESS

Media Networks

The Company operates the ABC Television Network and ten owned television stations, as well as the ESPN Radio Network and Radio Disney Network (the Radio Networks) and 46 owned radio stations. Both the television and radio networks have affiliated stations providing coverage to households throughout the United States. The Company has cable networks that are principally involved in the production and distribution of cable television programming, the licensing of programming in domestic and international markets, and investing in foreign television broadcasting, production, and distribution entities. Primary cable programming services that operate through consolidated subsidiary companies are the ESPN-branded networks, Disney Channel Worldwide, SOAPnet, Toon Disney, ABC Family Channel, and Jetix channels in Europe and Latin America. Other programming services that operate through joint ventures and are accounted for under the equity method include A&E Television Networks and Lifetime Entertainment Services. The Company also produces original television programming for network, first-run syndication, pay, and international syndication markets, along with original animated television programming for network, pay, and international syndication markets. Additionally, the Company operates ABC-, ESPN-, ABC Family-, SOAPnet- and Disney-branded internet website businesses, as well as Club Penguin, an online virtual world for kids.

On June 12, 2007, the Company completed the spin-off of its wholly owned subsidiary, ABC Radio Holdings, Inc., and its merger into a subsidiary of Citadel Broadcasting Corporation (Citadel). Prior to the spin-off, the Company consolidated its ABC Radio Business, consisting of 22 large-market radio stations and the ABC Radio Network businesses, under ABC Radio Holdings, Inc. The transaction did not include the Company's ESPN Radio or Radio Disney network and station businesses. Additional information regarding this transaction is included in Note 3.

Parks and Resorts

The Company owns and operates the Walt Disney World Resort in Florida and the Disneyland Resort in California. The Walt Disney World Resort includes four theme parks (the Magic Kingdom, Epcot, Disney's Hollywood Studios, and Disney's Animal Kingdom), seventeen resort hotels, a retail, dining, and entertainment complex, a sports complex, conference centers, campgrounds, golf courses, water parks, and other recreational facilities. The Disneyland Resort includes two theme parks (Disneyland and Disney's California Adventure), three resort hotels, and a retail, dining and entertainment district. The Company manages and has an effective 51% ownership interest in Disneyland Resort Paris, which includes the Disneyland Park, the Walt Disney Studios Park, seven themed hotels, two convention centers, a shopping, dining and entertainment complex, and a 27-hole golf facility. The Company also manages and has a 43% ownership interest in Hong Kong Disneyland, which includes one theme park and two resort hotels. The Company earns royalties on revenues generated by the Tokyo Disneyland Resort, which includes two theme parks and three Disney-branded hotels, near Tokyo, Japan, and is owned and operated by an unrelated Japanese corporation. The Company also manages and markets vacation club ownership interests through the Disney Vacation Club and operates the Disney Cruise Line out of Port Canaveral, Florida. The Company's Walt Disney Imagineering unit designs and develops new theme park concepts and attractions, as well as resort properties. Also included in Parks and Resorts is Adventures by Disney, which provides personalized travel experiences to guests at destinations world-wide, and the ESPN Zone, which operates eight sports-themed dining and entertainment facilities around the United States.

Studio Entertainment

The Company produces and acquires live-action and animated motion pictures for worldwide distribution to the theatrical, home entertainment, and television markets. The Company distributes these products through its own distribution and marketing companies in the United States and foreign markets primarily under the Walt Disney Pictures, Touchstone Pictures, and Miramax banners, as well as Dimension for titles released prior to September 30, 2005. On May 5, 2006, the Company completed an all stock acquisition of Pixar, a digital animation studio. As a result

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of the acquisition the Company produces feature animation films under both the Disney and Pixar banners. Refer to Note 3 for information about the acquisition. The Company also produces stage plays, musical recordings and live entertainment events.

Consumer Products

The Company licenses the name "Walt Disney," as well as the Company's characters and visual and literary properties, to various manufacturers, retailers, show promoters, and publishers throughout the world. The Company also engages in retail and online distribution of products through The Disney Store and DisneyShopping.com. The Disney Store is owned and operated in Europe and North America and franchised in Japan. In fiscal 2008, the Company re-acquired certain assets of the Disney Stores North America from subsidiaries of The Children's Place Retail Stores, Inc. (TCP). See Note 3 for discussion on the acquisition of the Disney Stores North America. The Company publishes books and magazines for children and families and computer software and video game products for the entertainment and educational marketplace.

SEGMENT INFORMATION

The operating segments reported below are the segments of the Company for which separate financial information is available and for which operating results are evaluated regularly by the Chief Executive Officer in deciding how to allocate resources and in assessing performance.

Segment operating results reflect earnings before corporate and unallocated shared expenses, gains on sale of equity investments and businesses, restructuring and impairment (charges) and other credits, net interest expense, income taxes, and minority interests. Segment operating income includes equity in the income of investees. Equity investees consist primarily of A&E Television Networks and Lifetime Television, which are cable businesses included in the Media Networks segment. Corporate and unallocated shared expenses principally consist of corporate functions, executive management, and certain unallocated administrative support functions.

Equity in the income of investees by segment is as follows:

	2008	2007	2006
ledia Networks [(1)]	**$ 593**	$ 484	$ 444
arks and Resorts	**—**	—	1
onsumer Products	**—**	—	28
orporate	**(12)**	1	—
	$ 581	$ 485	$ 473

(1) Substantially all of these amounts relate to investments at Cable Networks.

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The following segment results include allocations of certain costs, including certain information technology, pension, legal, and other shared services costs, which are allocated based on various metrics designed to correlate with consumption. These allocations are agreed-upon amounts between the businesses and may differ from amounts that would be negotiated in arm's length transactions. In addition, all significant intersegment transactions have been eliminated except that Studio Entertainment revenues and operating income include an allocation of Consumer Products revenues, which is meant to reflect royalties on Consumer Products sales of merchandise based on certain Studio film properties.

	2008	2007	2006
evenues			
ledia Networks	**$ 16,116**	$ 15,104	$ 14,186
arks and Resorts	**11,504**	10,626	9,925
udio Entertainment			
hird parties	**7,167**	7,308	7,410
tersegment	**181**	183	119
	7,348	7,491	7,529
onsumer Products			
hird parties	**3,056**	2,472	2,226
tersegment	**(181)**	(183)	(119)
	2,875	2,289	2,107
otal consolidated revenues	**$ 37,843**	$ 35,510	$ 33,747
gment operating income			
ledia Networks	**$ 4,755**	$ 4,275	$ 3,481
arks and Resorts	**1,897**	1,710	1,534
udio Entertainment	**1,086**	1,195	728
onsumer Products	**718**	631	607
otal segment operating income	**$ 8,456**	$ 7,811	$ 6,350
Reconciliation of segment operating income to income from continuing operations before income taxes and minority interests			
gment operating income	**$ 8,456**	$ 7,811	$ 6,350
orporate and unallocated shared expenses	**(471)**	(497)	(522)
ther (expense) / income	**(59)**	1,004	88
et interest expense	**(524)**	(593)	(592)

come from continuing operations before income taxes and minority interests	**$ 7,402**	$ 7,725	$ 5,324

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	2008	2007	2006
apital expenditures from continuing operations			
ledia Networks	**$ 367**	$ 265	$ 220
arks and Resorts			
omestic	**793**	816	667
ternational	**140**	256	248
udio Entertainment	**126**	85	41
onsumer Products	**62**	36	16
orporate	**90**	108	100
otal capital expenditures from continuing operations	**$ 1,578**	$ 1,566	$ 1,292
epreciation expense from continuing operations			
ledia Networks	**$ 196**	$ 184	$ 179
arks and Resorts			
omestic	**803**	790	780
ternational	**342**	304	279
udio Entertainment	**41**	31	30
onsumer Products	**22**	18	23
orporate	**123**	132	126
otal depreciation expense from continuing operations	**$ 1,527**	$ 1,459	$ 1,417
lentifiable assets (1)(2)			
ledia Networks	**$ 27,426**	$ 27,692	
arks and Resorts	**16,916**	16,311	
udio Entertainment	**11,123**	10,812	
onsumer Products	**1,738**	1,553	
orporate (3)	**5,294**	4,560	
otal consolidated assets	**$ 62,497**	$ 60,928	
upplemental revenue data			
ledia Networks			

dvertising	**$ 7,197**	$ 7,112	$ 7,222
ffiliate Fees	**6,793**	6,139	5,538
ırks and Resorts			
ferchandise, food and beverage	**3,653**	3,454	3,221
dmissions	**3,623**	3,342	3,085
evenues			
nited States and Canada	**$ 28,506**	$ 27,286	$ 26,027
ırope	**6,805**	5,898	5,266
sia Pacific	**1,811**	1,732	1,917
ıtin America and Other	**721**	594	537
	$ 37,843	$ 35,510	$ 33,747
egment operating income			
nited States and Canada	**$ 6,472**	$ 6,026	$ 4,797
ırope	**1,423**	1,192	918
sia Pacific	**386**	437	542
ıtin America and Other	**175**	156	93
	$ 8,456	$ 7,811	$ 6,350

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Identifiable assets	**2008**	2007
nited States and Canada	**$ 52,656**	$ 52,052
ırope	**7,013**	6,588
sia Pacific	**2,581**	2,077
ıtin America and Other	**247**	211
	$ 62,497	$ 60,928

(1) Identifiable assets include amounts associated with equity method investments. Equity method investments, by segment, are as follows:

	2008	2007
ledia Networks	**$ 1,288**	$ 677
udio Entertainment	**6**	10
onsumer Products	**—**	1
orporate	**33**	18
	$ 1,327	$ 706

(2) Goodwill and intangible assets, by segment, are as follows:

	2008	2007
ledia Networks	**$ 18,465**	$ 18,403
ırks and Resorts	**172**	173
udio Entertainment	**5,021**	5,065
onsumer Products	**684**	691
orporate	**237**	247
	$ 24,579	$ 24,579

(3) Primarily deferred tax assets, investments, fixed assets, and other assets.

2 *Summary of Significant Accounting Policies*

Principles of Consolidation

The consolidated financial statements of the Company include the accounts of The Walt Disney Company and its subsidiaries after elimination of intercompany accounts and transactions. In December 1999, DVD Financing, Inc. (DFI), a subsidiary of Disney Vacation Development, Inc. and an indirect subsidiary of the Company, completed a receivable sale transaction that established a facility that permits DFI to sell receivables arising from the sale of vacation club memberships on a periodic basis. In connection with this facility, DFI prepares separate financial statements, although its separate assets and liabilities are also consolidated in these financial statements. The ability to add new receivables to this facility ends on December 4, 2008 and, as a result of market conditions, we may not be able to renew the facility on terms acceptable to the Company.

Accounting Changes

SFAS 161

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, *Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133* (SFAS 161). SFAS 161 amends and expands the disclosure requirements for derivative instruments and hedging activities by requiring enhanced disclosures about how and why the Company uses derivative instruments, how derivative instruments and related hedged items are accounted for, and how derivative instruments and related hedged items affect the Company's financial position, financial performance and cash flows. SFAS 161 is effective for the Company in the second quarter of fiscal year 2009.

EITF 07-1

In December 2007, the FASB issued Emerging Issues Task Force Issue No. 07-1, *Accounting for Collaborative Arrangements* (EITF 07-1). EITF 07-1 defines collaborative arrangements and establishes accounting and reporting requirements for transactions between participants in the arrangement and third parties. A collaborative arrangement

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is a contractual arrangement that involves a joint operating activity, for example an agreement to co-produce and distribute a motion picture with another studio. EITF 07-1 is effective for the Company's 2010 fiscal year. The Company is currently assessing the potential effect of EITF 07-1 on its financial statements.

SFAS 141R

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141R, *Business Combinations* (SFAS 141R), which replaces SFAS 141, *Business Combinations* . SFAS 141R establishes principles and requirements for determining how an enterprise recognizes and measures the fair value of certain assets and liabilities acquired in a business combination, including noncontrolling interests, contingent consideration, and certain acquired contingencies. SFAS 141R also requires acquisition-related transaction expenses and restructuring costs be expensed as incurred rather than capitalized as a component of the business combination. SFAS 141R will be applicable prospectively to business combinations beginning in the Company's 2010 fiscal year.

SFAS 160

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, *Noncontrolling Interests in Consolidated Financial Statements – An Amendment of ARB No. 51* (SFAS 160). SFAS 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary. SFAS 160 also requires that a retained noncontrolling interest upon the deconsolidation of a subsidiary be initially measured at its fair value. SFAS 160 is effective for the Company's 2010 fiscal year. Upon adoption of SFAS 160, the Company will be required to report its noncontrolling interests as a separate component of shareholders' equity. The Company will also be required to present net income allocable to the noncontrolling interests and net income attributable to the shareholders of the Company separately in its consolidated statements of income. Currently, noncontrolling interests (minority interests) are reported between liabilities and shareholders' equity in the Company's statement of financial position and the related income attributable to minority interests is reflected as an expense in arriving at net income. SFAS 160 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. All other requirements of SFAS 160 are to be applied prospectively.

SFAS 159

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities – including an amendment of FASB Statement No. 115* (SFAS 159). SFAS 159 gives the Company the irrevocable option to carry most financial assets and liabilities at fair value, with changes in fair value recognized in earnings. SFAS 159 is effective for the Company's 2009 fiscal year. The Company does not expect that the adoption of SFAS 159 will have a material impact on its financial statements.

SFAS 158

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* , an amendment of FASB Statements No. 87, 88, 106, and 132(R) (SFAS 158). This statement requires recognition of the overfunded or underfunded status of defined benefit pension and other postretirement plans as an asset or liability in the statement of financial position and changes in that funded status to be recognized in comprehensive income in the year in which the changes occur. SFAS 158 also requires measurement of the funded status of a plan as of the end of the fiscal year. The Company adopted the recognition provision of SFAS 158 in fiscal year 2007 which resulted in a $261 million charge to accumulated other comprehensive income. The Company will adopt the measurement date provisions at the beginning of the first quarter of fiscal year 2009 which will result in a reduction of approximately $40 million to retained earnings.

SFAS 157

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 provides a common definition of fair value and establishes a framework to make the measurement of fair value in generally accepted accounting principles more consistent and comparable. SFAS 157 also requires expanded disclosures to provide information about the extent to which fair value is used to measure assets and liabilities, the methods and assumptions used to measure fair value, and the effect of fair value measures on earnings. SFAS 157 is effective for the Company's 2009 fiscal year. In February 2008, the FASB issued FSP SFAS No. 157-2, *Effective Date of FASB Statement No. 157* (FSP 157-2), which delays the effective date for SFAS 157 for all nonrecurring fair value measurements of nonfinancial assets and nonfinancial liabilities until the Company's 2010 fiscal year. The Company does not expect that the adoption of SFAS 157 will have a material impact on its financial statements.

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SAB 108

In September 2006, the SEC staff issued Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* (SAB 108). SAB 108 was issued in order to eliminate the diversity in practice surrounding how public companies quantify financial statement misstatements. SAB 108 requires that registrants quantify errors using both a balance sheet and income statement approach and evaluate whether either approach results in a misstated amount that, when all relevant quantitative and qualitative factors are considered, is material. The Company adopted SAB 108 at the end of fiscal 2007, and the adoption did not have a material impact on the Company's financial statements.

FIN 48

In July 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 48 clarifies the accounting for income taxes by prescribing a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined in FIN 48 as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Company adopted FIN 48 at the beginning of fiscal year 2008. Applying FIN 48 to all existing tax positions upon adoption resulted in reductions of $148 million and $15 million to opening retained earnings and minority interests, respectively.

Reporting Period

The Company's fiscal year ends on the Saturday closest to September 30 and consists of fifty-two weeks with the exception that approximately every six years, we have a fifty-three week year. When a fifty-three week year occurs, the Company reports the additional week in the fourth quarter. Fiscal 2009 is a fifty-three week year beginning on September 28, 2008 and ending on October 3, 2009.

Reclassifications

Certain reclassifications have been made in the fiscal 2007 and fiscal 2006 financial statements and notes to conform to the fiscal 2008 presentation.

At the beginning of fiscal 2008, the Company began reporting Hyperion Publishing in the Media Networks segment. Previously, Hyperion Publishing had been reported in the Consumer Products segment. Prior-year amounts (which are not material) have been reclassified to conform to the current year presentation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and footnotes thereto. Actual results may differ from those estimates.

Revenue Recognition

Broadcast advertising revenues are recognized when commercials are aired. Revenues from television subscription services related to the Company's primary cable programming services are recognized as services are provided. Certain of the Company's existing contracts with cable and satellite operators include annual live programming commitments. In these cases, recognition of revenues subject to the commitments is deferred until the annual commitments are satisfied, which generally results in higher revenue recognition in the second half of the year.

Revenues from advance theme park ticket sales are recognized when the tickets are used. For non-expiring, multi-day tickets, we recognize revenue over a three-year time period based on estimated usage patterns that are derived from historical usage patterns. Revenues from corporate sponsors at the theme parks are generally recognized over the period of the applicable agreements commencing with the opening of the related attraction.

Revenues from the theatrical distribution of motion pictures are recognized when motion pictures are exhibited. Revenues from video and video game sales, net of anticipated returns and customer incentives, are recognized on the date that video units are made available for sale by retailers. Revenues from the licensing of feature films and television programming are recorded when the material is available for telecast by the licensee and when certain other conditions are met.

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Merchandise licensing advances and guarantee royalty payments are recognized based on the contractual royalty rate when the licensed product is sold by the licensee. Non-refundable advances and minimum guarantee royalty payments in excess of royalties earned are generally recognized as revenue at the end of the contract term.

Taxes collected from customers and remitted to governmental authorities are presented in the Consolidated Statements of Income on a net basis.

Advertising Expense

Advertising costs are expensed as incurred. Advertising expense for fiscal 2008, 2007 and 2006 was $2.9 billion, $2.6 billion and $2.5 billion, respectively.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and marketable securities with original maturities of three months or less.

Investments

Debt securities that the Company has the positive intent and ability to hold to maturity are classified as "held-to-maturity" and reported at amortized cost. Debt securities not classified as held-to-maturity and marketable equity securities are classified as either "trading" or "available-for-sale," and are recorded at fair value with unrealized gains and losses included in earnings or accumulated other comprehensive income/(loss), respectively. All other equity securities are accounted for using either the cost method or the equity method.

The Company regularly reviews its investments to determine whether a decline in fair value below the cost basis is other than temporary. If the decline in fair value is judged to be other than temporary, the cost basis of the security is written down to fair value and the amount of the write-down is included in the Consolidated Statements of Income.

Translation Policy

The U.S. dollar is the functional currency for the majority of our international operations. The local currency is the functional currency for Euro Disney, Hong Kong Disneyland, JETIX and international locations of The Disney Stores.

For U.S. dollar functional currency locations, foreign currency assets and liabilities are remeasured into U.S. dollars at end-of-period exchange rates, except for nonmonetary balance sheet accounts, which are remeasured at historical exchange rates. Revenue and expenses are remeasured at average exchange rates in effect during each period, except for those expenses related to the non-monetary balance sheet amounts, which are remeasured at historical exchange rates. Gains or losses from foreign currency remeasurement are included in income.

For local currency functional locations, assets and liabilities are translated at end-of-period rates while revenues and expenses are translated at average rates in effect during the period. Equity is translated at historical rates and the resulting cumulative translation adjustments are included as a component of accumulated other comprehensive income.

Inventories

Carrying amounts of merchandise, materials, and supplies inventories are generally determined on a moving average cost basis and are stated at the lower of cost or market.

Film and Television Costs

Film and television costs include capitalizable production costs, production overhead, interest, development costs, and acquired production costs and are stated at the lower of cost, less accumulated amortization, or fair value. Acquired programming costs for the Company's television and cable networks are stated at the lower of cost, less accumulated amortization, or net realizable value. Acquired television broadcast program licenses and rights are recorded when the license period begins and the program is available for use. Marketing, distribution, and general and administrative costs are expensed as incurred.

Film and television production and participation costs are expensed based on the ratio of the current period's gross revenues to estimated remaining total gross revenues (Ultimate Revenues) from all sources on an individual production basis. Ultimate Revenues for film productions include revenues that will be earned within ten years of the

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date of the initial theatrical release. For television network series, we include revenues that will be earned within ten years of the delivery of the first episode, or if still in production, five years from the date of delivery of the most recent episode, if later. For acquired film libraries, remaining revenues include amounts to be earned for up to twenty years from the date of acquisition. Costs of film and television productions are subject to regular recoverability assessments which compare the estimated fair values with the unamortized costs. The amount by which the unamortized costs of film and television productions exceed their estimated fair values is written off. Film development costs for projects that have been abandoned or have not been set for production within three years are generally written off.

We expense the cost of television broadcast rights for acquired movies, series and other programs based on the number of times the program is expected to be aired or on a straight-line basis over the useful life, as appropriate. Rights costs for multi-year sports programming arrangements are amortized based upon the ratio of the current period's gross revenues to Ultimate Revenues (the Projected Revenue Method) or on a straight-line basis over the contract period, as appropriate. Ultimate Revenues for multi-year sports programming rights include both advertising revenues and an allocation of affiliate fees. If the annual contractual payments related to each season over the term of a multi-year sports programming arrangement approximate each season's rights cost based on the Projected Revenue Method, we expense the related annual payments during the applicable season. Individual programs are written-off when there are no plans to air or sublicense the program.

The net realizable value of network television broadcast program licenses and rights is reviewed using a daypart methodology. A daypart is defined as an aggregation of programs broadcast during a particular time of day or programs of a similar type. The Company's dayparts are early morning, daytime, late night, primetime, news, children, and sports (includes network and cable). The net realizable values of other cable programming assets are reviewed on an aggregated basis for each cable channel.

Internal-Use Software Costs

The Company expenses costs incurred in the preliminary project stage of developing or acquiring internal use software, such as research and feasibility studies, as well as costs incurred in the post-implementation/operational stage, such as maintenance and training. Capitalization of software development costs occurs only after the preliminary-project stage is complete, management authorizes the project, and it is probable that the project will be completed and the software will be used for the function intended. As of September 27, 2008 and September 29, 2007, capitalized software costs, net of accumulated depreciation, totaled $526 million and $555 million, respectively. The capitalized costs are amortized on a straight-line basis over the estimated useful life of the software, ranging from 3-10 years.

Software Product Development Costs

Software product development costs incurred prior to reaching technological feasibility are expensed. We have determined that technological feasibility of the software is not established until substantially all product development is complete.

Parks, Resorts and Other Property

Parks, resorts, and other property are carried at historical cost. Depreciation is computed on the straight-line method over estimated useful lives as follows:

ttractions	25 – 40 years
uildings and improvements	40 years
easehold improvements	Life of lease or asset life if less
and improvements	20 – 40 years
urniture, fixtures and equipment	3 – 25 years

Goodwill and Other Intangible Assets

The Company performs an annual impairment test at fiscal year end for goodwill and other indefinite-lived intangible assets, including FCC licenses and trademarks. As required by Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* (SFAS 142), goodwill is allocated to various reporting units, which are generally one level below our operating segments.

To determine if there is potential goodwill impairment, SFAS 142 requires the Company to compare the fair value of the reporting unit to its carrying amount on an annual basis. If the fair value of the reporting unit is less than

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its carrying value, an impairment loss is recorded to the extent that the fair value of the goodwill within the reporting unit is less than the carrying value of its goodwill.

To determine the fair value of our reporting units, we generally use a present value technique (discounted cash flow) corroborated by market multiples when available and as appropriate, except for the ABC Television Network, a business within the Media Networks operating segment, for which we used a revenue multiple. We used a revenue multiple as a present value technique may not consistently capture the full fair value of the ABC Television Network, and there is little comparable market data available due to the scarcity of television networks. We applied what we believe to be the most appropriate valuation methodology for each of our reporting units. If we had established different reporting units or utilized different valuation methodologies, the impairment test results could differ.

SFAS 142 requires the Company to compare the fair values of other indefinite-lived intangible assets to their carrying amounts. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized. Fair values of other indefinite-lived intangible assets are determined based on discounted cash flows or appraised values, as appropriate.

We completed our impairment testing as of September 27, 2008, which resulted in a non-cash impairment charge of $39 million related to ESPN Radio and Radio Disney FCC licenses. During fiscal years 2007 and 2006, the Company recorded non-cash impairment charges of $26 million and $32 million, respectively, related to ESPN Radio and Radio Disney FCC licenses. These impairment charges reflected overall market declines in certain radio markets in which we operate.

Amortizable intangible assets, principally copyrights, are generally amortized on a straight-line basis over periods of up to 31 years.

Risk Management Contracts

In the normal course of business, the Company employs a variety of financial instruments to manage its exposure to fluctuations in interest rates, foreign currency exchange rates, and investments in equity and debt securities, including interest rate and cross-currency swap agreements; forward, option and "swaption" contracts and interest rate caps.

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategies for undertaking various hedge transactions. There are two types of derivatives into which the Company enters: hedges of fair value exposure and hedges of cash flow exposure. Hedges of fair value exposure are entered into in order to hedge the fair value of a recognized asset, liability, or a firm commitment. Hedges of cash flow exposure are entered into in order to hedge a forecasted transaction (e.g. forecasted revenue) or the variability of cash flows to be paid or received, related to a recognized liability or asset (e.g. floating rate debt).

The Company designates and assigns the financial instruments as hedges of forecasted transactions, specific assets or specific liabilities. When hedged assets or liabilities are sold or extinguished or the forecasted transactions being hedged are no longer expected to occur, the Company recognizes the gain or loss on the designated hedging financial instruments.

Option premiums and unrealized gains on forward contracts and the accrued differential for interest rate and cross-currency swaps to be received under the agreements are recorded on the balance sheet as other assets. Unrealized losses on forward contracts and the accrued differential for interest rate and cross-currency swaps to be paid under the agreements are included in liabilities. Realized gains and losses from hedges are classified in the income statement consistent with the accounting treatment of the items being hedged. The Company accrues the differential for interest rate and cross-currency swaps to be paid or received under the agreements as interest rates and exchange rates change as adjustments to interest expense over the lives of the swaps. Gains and losses on the termination of effective swap agreements, prior to their original maturity, are deferred and amortized to interest expense over the remaining term of the underlying hedged transactions.

The Company enters into risk management contracts that are not designated as hedges and do not qualify for hedge accounting. These contracts are intended to offset certain economic exposures of the Company and are carried at market value with any changes in value recorded in earnings. Cash flows from hedging activities are classified in the

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Consolidated Statements of Cash Flows under the same category as the cash flows from the related assets, liabilities or forecasted transactions (see Notes 7 and 13).

Income Taxes

The Company accounts for current and deferred income taxes in accordance with FAS 109, *Accounting for Income Taxes* . When appropriate, deferred tax assets and liabilities are recorded with respect to temporary differences in the accounting treatment of items for financial reporting purposes and for income tax purposes. Where, based on the weight of all available evidence, it is more likely than not that some amount of recorded deferred tax assets will not be realized, a valuation allowance is established for that amount that, in management's judgment, is sufficient to reduce the deferred tax asset to an amount that is more likely than not to be realized.

In July 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 48 clarifies the accounting for income taxes by prescribing a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined in FIN 48 as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Company adopted FIN 48 at the beginning of fiscal year 2008. Applying FIN 48 to all tax positions upon adoption resulted in reductions of $148 million and $15 million to opening retained earnings and minority interests, respectively.

Earnings Per Share

The Company presents both basic and diluted earnings per share (EPS) amounts. Basic EPS is calculated by dividing net income by the weighted average number of common shares outstanding during the year. Diluted EPS is based upon the weighted average number of common and common equivalent shares outstanding during the year which is calculated using the treasury-stock method for equity-based awards and assumes conversion of the Company's convertible senior notes which were redeemed during the year (see Note 7). Common equivalent shares are excluded from the computation in periods for which they have an anti-dilutive effect. Stock options for which the exercise price exceeds the average market price over the period are anti-dilutive and, accordingly, are excluded from the calculation.

A reconciliation of income from continuing operations and the weighted average number of common and common equivalent shares outstanding for calculating diluted earnings per share from continuing operations is as follows:

	2008	2007	2006
come from continuing operations	**$ 4,427**	$ 4,674	$ 3,304
terest expense on convertible senior notes (net of tax)	**12**	21	21
	$ 4,439	$ 4,695	$ 3,325
'eighted average number of common shares outstanding (basic)	**1,890**	2,004	2,005
'eighted average dilutive impact of equity-based compensations awards	**34**	43	26
'eighted average assumed conversion of convertible senior notes	**24**	45	45
'eighted average number of common and common equivalent shares outstanding (diluted)	**1,948**	2,092	2,076

For fiscal 2008, 2007 and 2006, options for 70 million, 43 million and 112 million shares, respectively, were excluded from the diluted EPS calculation because they were anti-dilutive.

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3 *Significant Acquisitions and Dispositions and Other Expense/Income*

Acquisition of Pixar

On May 5, 2006, the Company completed an all stock acquisition of Pixar, a digital animation studio (the Acquisition). To purchase Pixar, Disney exchanged 2.3 shares of its common stock for each share of Pixar common stock, resulting in the issuance of 279 million shares of Disney common stock, and converted previously issued vested and unvested Pixar equity-based awards into approximately 45 million Disney equity-based awards. The Acquisition purchase price was $7.5 billion ($6.4 billion, net of Pixar's cash and investments of approximately $1.1 billion).

In accordance with EITF 04-1, *Accounting for Pre-Existing Relationships between the Parties to a Business Combination* (EITF 04-1), the Company recognized a $48 million non-cash gain from the deemed termination of the existing Pixar distribution agreement. In addition, the Company abandoned the Pixar sequel projects commenced by the Company prior to the acquisition and recorded a pre-tax impairment charge totaling $26 million, which represents the costs of these projects incurred through the abandonment date. These two items are classified in "Other (expense) / income" in the Consolidated Statement of Income.

The Company allocated the purchase price to the tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values. Goodwill of $4.8 billion, $0.6 billion, and $0.2 billion was allocated to the Studio Entertainment, Consumer Products, and Parks and Resorts operating segments, respectively. The goodwill is not amortizable for tax purposes.

The following table presents unaudited pro forma results of Disney for fiscal 2006 as though Pixar had been acquired as of the beginning of fiscal 2006. These pro forma results do not necessarily represent what would have occurred if the Acquisition had taken place as of the beginning of fiscal 2006 and do not represent the results that may occur in the future. The pro forma amounts represent the historical operating results of Disney and Pixar with adjustments for purchase accounting.

	Fiscal Year 2006 (unaudited)
evenues	$ 34,299
et Income	$ 3,395
arnings per share:	
iluted	$ 1.52
asic	$ 1.56

Other Acquisitions

On May 9, 2008, the Company acquired an 18% interest (bringing the fully diluted interest to 32%) in UTV Software Communications Limited (UTV), a media company headquartered and publicly traded in India, for approximately $197 million. In accordance with Indian securities regulations, the Company was required to make an open tender offer to purchase up to an additional 23% of UTV's voting shares held by the public for a price equivalent to the May 9th Indian rupee purchase price. In November 2008, the Company completed the open offer and acquired an incremental 23% of UTV's voting shares for approximately $138 million. Due to the change in the exchange rate between the US dollar and the Indian rupee from May to November, the dollar price per share was lower in November. UTV's founder has a four year option to buy an amount up to the total amount of shares that the Company acquired during the open offer period at a price no less than the Company's open offer price or the then trading price, capped at a 10% annual return. The Company does not have the right to vote the shares subject to the option until the expiration of the option. In addition to the acquisition of UTV, on August 5, 2008, the Company invested $28 million in a UTV subsidiary, UTV Global Broadcasting Limited (UGBL).

On April 30, 2008, the Company acquired certain assets of the Disney Stores North America for approximately $64 million in cash and terminated its long-term licensing arrangement relating to the Disney Stores. The Company acquired the inventory, leasehold improvements, and certain fixed assets of, and assumed the leases on, 229 stores that it currently operates. The Company conducted the wind-down and closure of an additional 88 stores but did not assume the leases on these stores.

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In connection with the acquisition, the Company waived its rights to certain claims against TCP and, as required by the provisions of Emerging Issues Task Force Issue No. 04-1, *Accounting for Pre-Existing Relationships between the Parties to a Business Combination,* recorded an $18 million non-cash gain for the estimated fair value of the claims. The gain is classified in "Other (expense) / income" in the Consolidated Statement of Income.

On August 1, 2007, the Company acquired all of the outstanding shares of Club Penguin Entertainment, Inc. (Club Penguin), a Canadian company that operates clubpenguin.com, an online virtual world for children. The purchase price included upfront cash consideration of approximately $350 million and additional consideration of up to $350 million that may be paid if Club Penguin achieves predefined earnings targets for calendar years 2008 and 2009.

On February 1, 2007, the Company acquired all the outstanding shares of NASN Limited, an Irish company that operates cable television networks in Europe dedicated to North American sporting events and related programming, for consideration valued at $112 million consisting of cash and assumption of debt.

ABC Radio Transaction

On June 12, 2007, the Company completed the spin-off of its wholly-owned subsidiary, ABC Radio Holdings, Inc., and its merger into a subsidiary of Citadel Broadcasting Corporation (Citadel). Prior to the spin-off, the Company consolidated its ABC Radio business, consisting of 22 large-market radio stations and the ABC Radio Network businesses, under ABC Radio Holdings, Inc. The transaction did not include the Company's ESPN Radio or Radio Disney network and station businesses.

As a result of the spin-off and merger, Company shareholders received approximately 0.0768 shares of Citadel common stock in exchange for each share of Disney common stock held as of June 6, 2007. Approximately 151.7 million shares of Citadel common stock were issued to Company shareholders in the merger. As part of the transaction, the Company retained $1.35 billion of cash, representing the proceeds from debt raised by ABC Radio Holdings, Inc. prior to the spin-off. This debt and the assets and other liabilities of the ABC Radio business were removed from the Company's balance sheet as a distribution at book value. Consequently, there was no gain or loss recorded and the negative net book value of $132 million was credited to retained earnings.

Results of the ABC Radio business have been reported as discontinued operations for all periods.

Summarized financial information for the discontinued ABC Radio business through the date of the spin-off is as follows (in millions):

Income Statement Data:

	2007	2006
evenues	$ 372	$ 538
come from discontinued operations before income taxes	$ 45	$ 123

Balance Sheet Data:

	June 12, 2007
ssets	
urrent assets	$ 132
roperty and equipment	56
CC licenses	476
oodwill	726
ther assets	7
	1,397
iabilities	
urrent liabilities	25
	1,350

orrowings	
ong-term liabilities	154
et assets of discontinued operations	$ (132)

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Dispositions

The following dispositions occurred during fiscal 2008, 2007 and 2006:

- The movies.com business was sold for $17 million on June 18, 2008, resulting in a pre-tax gain of $14 million.
- The Company's 39.5% interest in E! Entertainment Television was sold to Comcast for $1.23 billion on November 21, 2006, resulting in a pre-tax gain of $780 million ($487 million after-tax).
- The Company's 50% interest in Us Weekly was sold for $300 million on October 2, 2006, resulting in a pre-tax gain of $272 million ($170 million after-tax).
- A cable television equity investment in Spain was sold for $67 million on November 23, 2005, resulting in a pre-tax gain of $57 million.
- The Discover Magazine business was sold for $14 million on October 7, 2005, resulting in a pre-tax gain of $13 million.

These gains are reported in "Other (expense) / income" in the Consolidated Statements of Income.

Other (expense) / income is as follows:

	2008	2007	2006
ccounting gain related to the acquisition of the Disney Stores North America	**$ 18**	$ —	$ —
ain on sale of movies.com	**14**	—	—
ad debt charge for a receivable from Lehman Brothers	**(91)**	—	—
ain on sale of equity investment in E!	**—**	780	—
ain on sale of equity investment in Us Weekly	**—**	272	—
quity-based compensation plan modification charge	**—**	(48)	—
ales of a cable television station equity investment in Spain and Discover Magazine business	**—**	—	70
ccounting gain related to the acquisition of Pixar	**—**	—	48
npairment of Pixar related sequel titles and other	**—**	—	(30)
ther (expense) / income	**$ (59)**	$ 1,004	$ 88

The changes in the carrying amount of goodwill for the years ended September 27, 2008 and September 29, 2007 are as follows:

	Media Networks	Parks and Resorts	Studio Entertainment	Consumer Products	Total
ılance at September 30, 2006	$ 16,899	$ 173	$ 4,791	$ 642	$ 22,505

:quisitions	475	—	—	21	496
spositions	(726)	—	—	—	(726)
ıpital Cities/ABC, Inc. acquisition adjustment and other, net	(187)	—	(3)	—	(190)
ılance at September 29, 2007	$ 16,461	$ 173	$ 4,788	$ 663	$ 22,085
:quisitions	91	—	—	—	91
her, net	18	(1)	(37)	(5)	(25)
ılance at September 27, 2008	**$ 16,570**	**$ 172**	**$ 4,751**	**$ 658**	**$ 22,151**

In fiscal 2007, certain preacquisition tax contingencies related to the Company's 1996 acquisition of Capital Cities/ABC, Inc. were reversed against goodwill.

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4 *Investments*

Investments consist of the following:

	September 27, 2008	September 29, 2007
vestments, equity basis [1]	$ 1,327	$ 706
vestments, other	194	237
vestment in aircraft leveraged leases	42	52
	$ 1,563	$ 995

(1) Equity investments consist of investments in companies over which the Company has significant influence but not the majority of the equity or risks and rewards.

Investments, Equity Basis

A summary of combined financial information for equity investments, which include cable investments such as A&E Television Networks (37.5% owned) and Lifetime Entertainment Services (50.0% owned), is as follows:

	2008	2007	2006
esults of Operations:			
evenues	$ 4,981	$ 4,351	$ 4,447
et Income	$ 1,455	$ 1,137	$ 1,170

	September 27, 2008	September 29, 2007
alance Sheet:		
urrent assets	$ 3,230	$ 2,383
on-current assets	1,653	1,331
	$ 4,883	$ 3,714
urrent liabilities	$ 1,403	$ 1,113
on-current liabilities	1,191	1,060
iareholders' equity	2,289	1,541
	$ 4,883	$ 3,714

During fiscal 2007, the Company sold its interests in E! and Us Weekly. See Note 3 for further discussion.

Investments, Other

As of September 27, 2008 and September 29, 2007, the Company held $72 million and $99 million, respectively, of securities classified as available-for-sale and $122 million and $138 million, respectively, of non-publicly traded cost-method investments.

In 2008, 2007 and 2006, the Company had no significant gains or losses on available-for-sale securities.

In 2008, 2007 and 2006, the Company recorded non-cash charges of $26 million, $18 million and $0 million, respectively, to reflect other-than-temporary losses in value of certain investments.

5 *Euro Disney and Hong Kong Disneyland*

The Company has a 51% effective ownership interest in the operations of Euro Disney and a 43% ownership interest in the operations of Hong Kong Disneyland which are both consolidated under FIN 46R, *Consolidation of Variable Interest Entities* .

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The following table presents a condensed consolidating balance sheet for the Company as of September 27, 2008, reflecting the impact of consolidating the balance sheets of Euro Disney and Hong Kong Disneyland.

	Before Euro Disney and Hong Kong Disneyland Consolidation	Euro Disney, Hong Kong Disneyland and Adjustments	Total
ash and cash equivalents	$ 2,308	$ 693	$ 3,001
ther current assets	8,346	319	8,665
otal current assets	10,654	1,012	11,666
vestments	2,286	(723)	1,563
xed assets	12,793	4,739	17,532
ther assets	31,679	57	31,736
otal assets	$ 57,412	$ 5,085	$ 62,497
urrent portion of borrowings	$ 3,030	$ 499	$ 3,529
ther current liabilities	7,357	705	8,062
otal current liabilities	10,387	1,204	11,591
orrowings	7,903	3,207	11,110
eferred income taxes and other long-term liabilities	5,945	184	6,129
linority interests	854	490	1,344
hareholders' equity	32,323	—	32,323
otal liabilities and shareholders' equity	$ 57,412	$ 5,085	$ 62,497

The following table presents a condensed consolidating income statement of the Company for the year ended September 27, 2008, reflecting the impact of consolidating the income statements of Euro Disney and Hong Kong Disneyland.

	Before Euro Disney and Hong Kong Disneyland Consolidation (1)	Euro Disney, Hong Kong Disneyland and Adjustments	Total
evenues	$ 35,593	$ 2,250	$ 37,843
ost and expenses	(28,251)	(2,188)	(30,439)
ther expense	(59)	—	(59)