

**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 October 1, 2011

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, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one).

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer (do not check if smaller reporting company)	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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 \$75.3 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 1,796,513,187 shares of common stock outstanding as of November 15, 2011.

*Documents Incorporated by Reference*

Certain information required for Part III of this report is incorporated herein by reference to the proxy statement for the 2012 annual meeting of the Company's shareholders.

## 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 October 1, 2011 and October 2, 2010, and the results of their operations and their cash flows for each of the three years in the period ended October 1, 2011 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 October 1, 2011, 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 3 to the consolidated financial statements, the Company changed its method of accounting for pension and other postretirement benefit plans in 2009.

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 23, 2011

shares as of that date. As of October 1, 2011, the Company had remaining authorization in place to repurchase 305 million additional shares. The repurchase program does not have an expiration date.

The par value of the Company's outstanding common stock totaled approximately \$27 million.

Accumulated other comprehensive income (loss), net of tax<sup>(1)</sup>, is as follows:

	<b>October 1, 2011</b>	October 2, 2010
Market value adjustments for hedges and investments	\$ (48)	\$ (95)
Foreign currency translation and other	43	80
Unrecognized pension and postretirement medical expense	<b>(2,625)</b>	(1,866)
Accumulated other comprehensive loss <sup>(1)</sup>	<b>\$ (2,630)</b>	\$ (1,881)

<sup>(1)</sup> Accumulated other comprehensive income (loss) and components of other comprehensive income (loss) are recorded net of tax using a 37% estimated statutory tax rate.

### 13 Equity-Based Compensation

Under various plans, the Company may grant stock options and other equity-based awards to executive, management, and creative personnel. The Company's approach to long-term incentive compensation contemplates awards of stock options and restricted stock units (RSUs). Certain RSUs awarded to senior executives vest based upon the achievement of market and/or performance conditions (Performance RSUs).

Stock options are generally granted at exercise prices equal to or exceeding the market price at the date of grant and become exercisable ratably over a four-year period from the grant date. The following table summarizes contractual terms for our stock option grants:

<u>Grant dates</u>	<u>Contractual Term</u>
Prior to December 2005	10 years
January 2005 through December 2010	7 years
After December 2010	10 years

At the discretion of the Compensation Committee of the Company's Board of Directors, options can occasionally extend up to 15 years after date of grant.

The following table summarizes vesting terms for our RSUs:

<u>Grant dates</u>	<u>Vesting Terms</u>
<i>RSUs:</i>	
Prior to January 2009	50% on each of the second and fourth anniversaries of the grant date
Effective January 2009	Ratably over four years
<i>Performance RSUs:</i>	
Prior to January 2010	50% on each of the second and fourth anniversaries of the grant date subject to achieving market and/or performance conditions
Effective January 2010	Fully after three years, subject to achieving performance conditions

In March 2011, shareholders of the Company approved the 2011 Stock Incentive Plan, which increased the number of shares authorized to be awarded as grants by 64 million shares. Shares available for future option and RSU grants at October 1, 2011 totaled 70 million. Starting March 2009 for our primary plan, each share granted subject to a stock option award reduces the number of shares available by one share while each share granted subject to a RSU award reduces the number of shares available by two shares. The Company satisfies stock option exercises and vesting of RSUs with newly issued shares. Stock options and RSUs are generally forfeited by employees who terminate prior to vesting.

Each year, during the second quarter, the Company awards stock options and restricted stock units to a broad-based group of management and creative personnel (the Annual Grant). The fair value of options is estimated based on the binomial valuation model. The binomial valuation model takes into account variables such as volatility, dividend yield, and the risk-free interest rate. The binomial valuation model also considers the expected exercise multiple (the multiple of exercise price to grant price at which exercises are expected to occur on average) and the termination rate (the probability of a vested option being cancelled due to the termination of the option holder) in computing the value of the option.

In fiscal years 2011, 2010 and 2009, the weighted average assumptions used in the option-valuation model were as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Risk-free interest rate	3.2 %	3.5 %	2.0 %
Expected volatility	28 %	32 %	47 %
Dividend yield	1.15 %	1.41 %	1.19 %
Termination rate	2.5 %	2.5 %	7.5 %
Exercise multiple	1.40	1.40	1.39

Although the initial fair value of stock options is not adjusted after the grant date, changes in the Company's assumptions may change the value of, and therefore the expense related to, future stock option grants. The assumptions that cause the greatest variation in fair value in the binomial valuation model are the expected volatility and expected exercise multiple. Increases or decreases in either the expected volatility or expected exercise multiple will cause the binomial option value to increase or decrease, respectively.

The volatility assumption considers both historical and implied volatility and may be impacted by the Company's performance as well as changes in economic and market conditions.

Compensation expense for RSUs and stock options is recognized ratably over the service period of the award. Compensation expense for RSUs is based on the market price of the shares underlying the awards on the grant date. Compensation expense for Performance RSUs reflects the estimated probability that the market and/or performance conditions will be met. Effective January 2010, equity-based awards provide continued vesting, in the event of termination, generally for employees that reach age 60 or greater, have at least ten years of service and hold the award for at least one year.

The impact of stock options/rights and RSUs on income for fiscal 2011, 2010 and 2009 was as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Stock option/rights compensation expense <sup>(1)</sup>	\$ <b>133</b>	\$ 142	\$ 154
RSU compensation expense	<b>300</b>	249	207
Total equity-based compensation expense <sup>(2)</sup>	<b>433</b>	391	361
Tax impact	<b>(151)</b>	(145)	(134)
Reduction in net income	<u>\$ <b>282</b></u>	<u>\$ 246</u>	<u>\$ 227</u>
Equity-based compensation expense capitalized during the period	<u>\$ <b>66</b></u>	<u>\$ 79</u>	<u>\$ 109</u>
Tax benefit reported in cash flow from financing activities	<u>\$ <b>124</b></u>	<u>\$ 76</u>	<u>\$ 4</u>

<sup>(1)</sup> Includes stock appreciation rights issued in connection with the acquisition of Playdom

<sup>(2)</sup> Equity-based compensation expense is net of capitalized equity-based compensation and excludes amortization of previously capitalized equity-based compensation costs. Amortization of previously capitalized equity-based compensation totaled \$57 million, \$131 million and \$96 million in fiscal 2011, 2010 and 2009, respectively.

The following table summarizes information about stock option transactions (shares in millions):

	<u>2011</u>	
	<u>Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding at beginning of year	<b>119</b>	\$ <b>27.73</b>
Awards forfeited	<b>(3)</b>	<b>28.71</b>
Awards granted	<b>11</b>	<b>39.62</b>
Awards exercised	<b>(42)</b>	<b>26.79</b>
Awards expired/cancelled	<b>(3)</b>	<b>21.62</b>
Outstanding at end of year	<u><b>82</b></u>	<u><b>29.20</b></u>
Exercisable at end of year	<u><b>48</b></u>	<u><b>27.74</b></u>

The following tables summarize information about stock options vested and expected to vest at October 1, 2011 (shares in millions):

Range of Exercise Prices	<u>Vested</u>		
	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Years of Contractual Life</u>
\$ 0 — \$ 15	1	\$ 12.53	1.5
\$ 16 — \$ 20	4	18.37	2.8
\$ 21 — \$ 25	12	23.50	2.3
\$ 26 — \$ 30	17	28.81	3.2
\$ 31 — \$ 35	14	33.68	3.2
	<u>48</u>		

Range of Exercise Prices	Expected to Vest		
	Number of Options <sup>(1)</sup>	Weighted Average Exercise Price	Weighted Average Remaining Years of Contractual Life
\$ 0 — \$ 20	1	\$ 18.75	4.5
\$21 — \$ 25	5	20.87	4.3
\$26 — \$ 30	9	29.22	3.7
\$31 — \$ 35	8	31.21	8.0
\$36 — \$ 40	8	39.61	9.3
	<u>31</u>		

(1) Number of options expected to vest is total unvested options less estimated forfeitures.

The following table summarizes information about RSU transactions (shares in millions):

	2011	
	Units	Weighted Average Grant-Date Fair Value
Unvested at beginning of year	33	\$ 27.99
Granted	13	39.62
Vested	(11)	28.34
Forfeited	(3)	30.43
Unvested at end of year	<u>32</u>	<u>32.34</u>

RSU grants totaled 13 million, 15 million, and 15 million in 2011, 2010 and 2009, respectively, and include 0.4 million shares, 0.4 million shares and 3.0 million shares of Performance RSUs in 2011, 2010 and 2009, respectively. Approximately 3.0 million of the unvested RSUs as of October 1, 2011 are Performance RSUs.

The weighted average grant-date fair values of options granted during 2011, 2010 and 2009 were \$10.96, \$9.43 and \$7.43, respectively. The total intrinsic value (market value on date of exercise less exercise price) of options exercised and RSUs vested during 2011, 2010 and 2009 totaled \$969 million, \$830 million, and \$252 million, respectively. The aggregate intrinsic values of stock options vested and expected to vest at October 1, 2011 were \$170 million and \$68 million, respectively.

As of October 1, 2011, there was \$187 million of unrecognized compensation cost related to unvested stock options and \$618 million related to unvested RSUs. That cost is expected to be recognized over a weighted-average period of 1.5 years for stock options and 1.7 years for RSUs.

Cash received from option exercises for 2011, 2010 and 2009 was \$1,128 million, \$1,133 million and \$119 million, respectively. Tax benefits realized from tax deductions associated with option exercises and RSU activity for 2011, 2010 and 2009 totaled \$342 million, \$290 million and \$90 million, respectively.