

WALT DISNEY CO/
Form DEF 14A
January 22, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

<input type="checkbox"/> Preliminary Proxy Statement	<input type="checkbox"/> Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
<input checked="" type="checkbox"/> Definitive Proxy Statement	
<input type="checkbox"/> Definitive Additional Materials	
<input type="checkbox"/> Soliciting Material Pursuant to §240.14a-12	

The Walt Disney Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(1) Amount Previously Paid:

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(3) Filing Party:

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January 22, 2010

Dear Fellow Shareholder,

I am pleased to invite you to our 2010 Annual Meeting of shareholders, which will be held on Wednesday, March 10, 2010, at 10 a.m. at the JW Marriott San Antonio Hill Country in San Antonio, Texas.

At the meeting, we will be electing 13 members of our Board of Directors. I am pleased that the Board has nominated Sheryl Sandberg as a new Director. We think she will be a valuable addition to our Board with the experience she brings from her current position with Facebook and her prior experience at Google and in the United States Treasury Department.

At the meeting we will also be considering ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accountants, an amendment to our stock incentive plan, four amendments to our Certificate of Incorporation and up to two shareholder proposals.

You may vote your shares using the Internet or the telephone by following the instructions on page 79 of the proxy statement. Of course, you may also vote by returning a proxy card or voting instruction form if you received a paper copy of this proxy statement.

If you wish to attend the meeting in person, you will need to request an admission ticket in advance. You can request a ticket by following the instructions set forth on page 80 of the proxy statement. If you cannot attend the meeting, you can still listen to the meeting, which will be webcast and available on our Investor Relations website.

Thank you very much for your continued interest in The Walt Disney Company.

Sincerely,

Robert A. Iger

President and Chief Executive Officer

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The Walt Disney Company Notice of 2010 Annual Meeting and Proxy Statement

500 South Buena Vista Street

Burbank, California 91521

January 22, 2010

Notice of Meeting

The 2010 Annual Meeting of shareholders of The Walt Disney Company will be held at JW Marriott San Antonio Hill Country, 23808 Resort Parkway, San Antonio, Texas on Wednesday, March 10, 2010, beginning at 10:00 a.m. The items of business are:

1. Elect as Directors the 13 nominees named in the proxy statement, each for a term of one year.
2. Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accountants for fiscal 2010.
3. Approval of an amendment to the Company's Amended and Restated 2005 Stock Incentive Plan.
4. Approval of four amendments to the Company's Restated Certificate of Incorporation.
5. Consideration of two shareholder proposals, if presented at the meeting.
Shareholders of record of Disney common stock (NYSE: DIS) at the close of business on January 11, 2010, are entitled to vote at the meeting and any postponements or adjournments of the meeting. A list of these shareholders is available at the offices of the Company in Burbank, California.

Alan N. Braverman

Senior Executive Vice President, General Counsel

and Secretary

Important Notice Regarding the Availability of

Proxy Materials for the Shareholder

Meeting to be Held on March 10, 2010

The proxy statement and annual report to shareholders and the means to vote by Internet are available at www.ProxyVote.com.

Your Vote is Important

Please vote as promptly as possible

by using the Internet or telephone or

by signing, dating and returning the Proxy Card

mailed to those who receive paper copies of this proxy statement

If you plan to attend the meeting, you must request an admission ticket in advance following the instructions set forth on page 80 of this proxy statement. Tickets will be issued to registered and beneficial owners and to one guest accompanying each registered or beneficial owner.

Requests for admission tickets will be processed in the order in which they are received and must be requested no later than March 5, 2010. Please note that seating is limited and requests for tickets will be accepted on a first-come, first-served basis. On the day of the meeting, each shareholder will be required to present a valid picture identification such as a driver's license or passport with their admission ticket. Seating will begin at 9:00 a.m. and the meeting will begin at 10:00 a.m. Cameras (including cell phones with photographic capabilities), recording devices and other electronic devices will not be permitted at the meeting.

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500 South Buena Vista Street

Burbank, California 91521

January 22, 2010

Introduction

This proxy statement contains information relating to the annual meeting of shareholders of The Walt Disney Company to be held on Wednesday, March 10, 2010, beginning at 10:00 a.m. local time, at JW Marriott San Antonio Hill Country, San Antonio, Texas. On or about January 22, 2010, we began mailing a notice containing instructions on how to access this proxy statement and our annual report online and we began mailing a full set of the proxy materials to shareholders who had previously requested delivery of the materials in paper copy. For information on how to vote your shares, see the instructions included on the proxy card or instruction form and under *Information About Voting and the Meeting* on page 79.

Corporate Governance and Board Matters

There are currently 12 members of the Board of Directors:

Susan E. Arnold

Fred H. Langhammer

John E. Bryson

Aylwin B. Lewis

John S. Chen

Monica C. Lozano

Judith L. Estrin

Robert W. Matschullat

Robert A. Iger

John E. Pepper, Jr.

Steven P. Jobs

Orin C. Smith

The Board met nine times during fiscal 2009. Each Director other than Mr. Jobs attended at least 75% of all of the meetings of the Board and Committees on which he or she served. Mr. Jobs' inability to attend at least 75% of the meetings this fiscal year was due to medical reasons. All but two of our Directors attended the Company's 2009 annual shareholders meeting. Under the Company's *Corporate Governance Guidelines*, each Director is expected to dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties, including by attending annual and special meetings of the shareholders of the Company, the

Board and Committees of which he or she is a member.

Corporate Governance Guidelines and Code of Ethics

The Board of Directors has adopted *Corporate Governance Guidelines*, which set forth a flexible framework within which the Board, assisted by its Committees, directs the affairs of the Company. The *Guidelines* address, among other things, the composition and functions of the Board of Directors, director independence, stock ownership by and compensation of Directors, management succession and review, Board Committees and selection of new Directors.

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The Company has *Standards of Business Conduct*, which are applicable to all employees of the Company, including the principal executive officer, the principal financial officer and the principal accounting officer. The Board has a separate *Code of Business Conduct and Ethics for Directors*, which contains provisions specifically applicable to Directors.

The *Corporate Governance Guidelines*, the *Standards of Business Conduct* and the *Code of Business Conduct and Ethics for Directors* are available on the Company's Investor Relations website under the Corporate Governance heading at www.disney.com/investors and in print to any shareholder who requests them from the Company's Secretary. If the Company amends or waives the *Code of Business Conduct and Ethics for Directors*, or the *Standards of Business Conduct* with respect to the chief executive officer, principal financial officer or principal accounting officer, it will post the amendment or waiver at the same location on its website.

Chairman of the Board

John Pepper became non-executive Chairman of the Board effective January 1, 2007. The Chairman of the Board organizes Board activities to enable the Board

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to effectively provide guidance to and oversight and accountability of management. To fulfill that role, the Chairman, among other things: creates and maintains an effective working relationship with the Chief Executive Officer and other members of management and with the other members of the Board; provides the Chief Executive Officer ongoing direction as to Board needs, interests and opinions; and assures that the Board agenda is appropriately directed to the matters of greatest importance to the Company. In carrying out his responsibilities, the Chairman preserves the distinction between management and oversight, maintaining the responsibility of management to develop corporate strategy and the responsibility of the Board to review and express its views on corporate strategy. The functions of the Chairman include:

Presiding over all meetings of the Board of Directors and shareholders, including regular executive sessions of non-management Directors of the Board;

Establishing the annual agenda of the Board and agendas of each meeting in consultation with the chief executive officer;

Advising Committee chairs, in consultation with the chief executive officer, on meeting schedules, agenda and information needs for the Board committees;

Defining the subject matter, quality, quantity and timeliness of the flow of information between management and the Board and overseeing the distribution of that information;

Coordinating periodic review of management's strategic plan for the Company;

Leading the Board review of the succession plan for the chief executive officer and other key members of senior management;

Coordinating the annual performance review of the chief executive officer and other key senior managers;

Consulting with Committee Chairs about the retention of advisors and experts;

Acting as the principal liaison between the independent directors and the chief executive officer on sensitive issues;

Working with the Governance and Nominating Committee to develop and maintain the agreed-on definitions of the role of the Board and the organization, processes and governance guidelines necessary to carry it out;

After consulting with other Board members and the chief executive officer, making recommendations to the Governance and Nominating Committee as to the membership of various Board Committees and Committee Chairs;

Working with management on effective communication with shareholders, including being available for consultation and direct communication upon the reasonable request of major shareholders;

Encouraging active participation by each member of the Board; and

Performing such other duties and services as the Board may require.

The Company's *Corporate Governance Guidelines* specify that the Chairman of the Board will be an independent Director unless the Board determines that the best interests of the shareholders would be otherwise better served, in which case the Board will disclose in the Company's proxy statement the reasons for a different arrangement and appoint an independent director as Lead Director with duties and responsibilities detailed in the *Corporate Governance Guidelines*.

Committees

The Board of Directors has four standing committees: Audit, Governance and Nominating, Compensation and Executive. Information regarding these committees is provided below. The charters of the Audit, Governance and Nominating and Compensation Committees are available on the Company's Investor Relations website under the Corporate Governance heading at www.disney.com/investors and in print to any shareholder who requests them from the Company's Secretary.

The members of the **Audit Committee** are:

Robert W. Matschullat

John E. Pepper, Jr.

Orin C. Smith (Chair)

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The functions of the Audit Committee are described below under the heading *Audit Committee Report*. The Audit Committee met nine times during fiscal 2009. All of the members of the Audit Committee are independent within the meaning of SEC regulations, the listing standards of the New York Stock Exchange and the Company's *Corporate Governance Guidelines*. The Board has determined that Mr. Smith, the chair of the Committee, and Mr. Matschullat and Mr. Pepper are qualified as audit committee financial experts within the meaning of SEC regulations, and that they have accounting and related financial management expertise within the meaning of the listing standards of the New York Stock Exchange.

The members of the **Governance and Nominating Committee** are:

Judith L. Estrin

Aylwin B. Lewis (Chair)

Monica C. Lozano

Robert W. Matschullat

John E. Pepper, Jr.

The Governance and Nominating Committee is responsible for developing and implementing policies and practices relating to corporate governance, including reviewing and monitoring implementation of the Company's *Corporate Governance Guidelines*. In addition, the Committee assists the Board in developing criteria for open Board positions, reviews background information on potential candidates and makes recommendations to the Board regarding such candidates. The Committee also reviews and approves transactions between the Company and Directors, officers, 5% stockholders and their affiliates under the Company's Related Person Transaction Approval Policy, supervises the Board's annual review of Director independence and the Board's annual self-evaluation, makes recommendations to the Board with respect to Committee assignments and oversees the Board's director education practices. The Committee met six times during fiscal 2009. All of the members of the Governance and Nominating Committee are independent within the meaning of the listing standards of the New York Stock Exchange and the Company's *Corporate Governance Guidelines*.

The members of the **Compensation Committee** are:

Susan E. Arnold

John S. Chen

Fred H. Langhammer (Chair)

Aylwin B. Lewis

John E. Pepper, Jr.

The Compensation Committee is responsible for reviewing and approving corporate goals and objectives relevant to the compensation of the Company's chief executive officer, evaluating the performance of the chief executive officer and, either as a committee or together with the other independent members of the Board, determining and approving the compensation level for the chief executive officer and making recommendations regarding compensation of other executive officers and certain compensation plans to the Board (the Board has delegated to the Committee the responsibility for approving these arrangements). Additional information on the roles and responsibilities of the Compensation Committee is provided under the heading *Compensation Discussion and Analysis*, below. In fiscal 2009, the Compensation Committee met ten times. All of the members of the Committee are independent within the meaning of the listing standards of the New York Stock Exchange and the Company's *Corporate Governance Guidelines*.

The members of the **Executive Committee**

are:

Robert A. Iger

John E. Pepper, Jr. (Chair)

The Executive Committee serves primarily as a means for taking action requiring Board approval between regularly scheduled meetings of the Board. The Executive Committee is authorized to act for the full Board on matters other than those specifically reserved by Delaware law to the Board. In practice, the Committee's actions are generally limited to matters such as the authorization of transactions including corporate credit facilities and borrowings. In fiscal 2009, the Executive Committee held no meetings.

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Director Independence

The provisions of the Company's *Corporate Governance Guidelines* regarding Director independence meet and in some areas exceed the listing standards of the New York Stock Exchange. These provisions are included in the Company's *Corporate Governance Guidelines*, which are available on the Company's Investor Relations website under the "Corporate Governance" heading at www.disney.com/investors.

Pursuant to the *Guidelines*, the Board undertook its annual review of Director independence in December 2009. During this review, the Board considered transactions and relationships between each Director or any member of his or her immediate family and the Company and its subsidiaries and affiliates, including those reported under "*Certain Relationships and Related Person Transactions*" below. The Board also considered whether there were any transactions or relationships between Directors or any member of their immediate family (or any entity of which a Director or an immediate family member is an executive officer, general partner or significant equity holder) and members of the Company's senior management or their affiliates. As provided in the *Guidelines*, the purpose of this review was to determine whether any such relationships or transactions existed that were inconsistent with a determination that the Director is independent.

As a result of this review, the Board affirmatively determined that all of the Directors nominated for election at the annual meeting are independent of the Company and its management under the standards set forth in the *Corporate Governance Guidelines*, with the exception of Robert Iger, John Bryson and Steven Jobs. Mr. Iger is considered an inside Director because of his employment as a senior executive of the Company. The Board determined that Mr. Bryson is not an independent Director as a result of relationships between the Company, Lifetime Entertainment Television and Mr. Bryson's wife. Lifetime was a joint venture that was 50% owned by the Company during most of the fiscal year.

(It merged with A&E Television Networks, a joint venture that is 42% owned by the Company, in the fourth quarter of the fiscal year). Ms. Bryson was under contract to serve as a consultant to Lifetime through April 2009 and received compensation from Lifetime as described under "*Certain Relationships and Related Person Transactions*" below. In addition, Lifetime acquired programming from and sold advertising time to Company subsidiaries in an aggregate amount that exceeded 2% of Lifetime's total revenues for fiscal year 2009. Although the relationship between the Company, Lifetime and Ms. Bryson may not mandate disqualification from independence under the Company's *Guidelines*, the Board determined that the relationship was sufficient to deem Mr. Bryson non-independent at this time. Mr. Jobs is considered a non-independent outside director because, during fiscal 2006, the Company acquired Pixar, of which Mr. Jobs was chairman and chief executive officer and the beneficial owner of 50.6% of the issued and outstanding equity.

In determining the independence of each Director, the Board considered the following relationships, which it determined were immaterial to the Directors' independence. The Board considered that the Company and its subsidiaries in the ordinary course of business have, during the last three years, sold products and services to and/or purchased products and services from companies at which some of our Directors or their immediate family members were officers or employees during fiscal 2009. In each case, the amount paid to or received from these companies in each of the last three years did not approach the 2% of total revenue threshold in the *Guidelines*. The Board also considered employment relationships with immediate family members of Directors that involved compensation of less than the threshold of \$120,000 in the Company's *Guidelines*. The Board determined that none of the relationships it considered impaired the independence of the Directors.

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Director Selection Process

Working closely with the full Board, the Governance and Nominating Committee develops criteria for open Board positions, taking into account such factors as it deems appropriate, which may include: the current composition of the Board; the range of talents, experiences and skills that would best complement those already represented on the Board; the balance of management and independent Directors; and the need for financial or other specialized expertise. Applying these criteria, the Committee considers candidates for Board membership suggested by its members and other Board members, as well as management and shareholders. The Committee retains a third-party executive search firm to identify and review candidates upon request of the Committee from time to time.

Once the Committee has identified a prospective nominee including prospective nominees recommended by shareholders it makes an initial determination as to whether to conduct a full evaluation. In making this determination, the Committee takes into account the information provided to the Committee with the recommendation of the candidate, as well as the Committee's own knowledge and information obtained through inquiries to third parties to the extent the Committee deems appropriate. The preliminary determination is based primarily on the need for additional Board members and the likelihood that the prospective nominee can satisfy the criteria that the Committee has established. If the Committee determines, in consultation with the Chairman of the Board and other Directors as appropriate, that additional consideration is warranted, it may request the third-party search firm to gather additional information about the prospective nominee's background and experience and to report its findings to the Committee. The Committee then evaluates the prospective nominee against the specific criteria that it has established for the position, as well as the standards and qualifications set out in the Company's *Corporate Governance Guidelines*, including:

the ability of the prospective nominee to represent the interests of the shareholders of the Company;

the prospective nominee's standards of integrity, commitment and independence of thought and judgment;

the prospective nominee's ability to dedicate sufficient time, energy and attention to the diligent performance of his or her duties, including the prospective nominee's service on other public company boards, as specifically set out in the Company's *Corporate Governance Guidelines*;

the extent to which the prospective nominee contributes to the range of talent, skill and expertise appropriate for the Board;

the extent to which the prospective nominee helps the Board reflect the diversity of the Company's shareholders, employees, customers and guests and the communities in which it operates; and

the willingness of the prospective nominee to meet the minimum equity interest holding guideline set out in the Company's *Corporate Governance Guidelines*.

If the Committee decides, on the basis of its preliminary review, to proceed with further consideration, members of the Committee, as well as other members of the Board as appropriate, interview the nominee. After completing this evaluation and interview, the Committee makes a recommendation to the full Board, which makes the final determination whether to nominate or appoint the new Director after considering the Committee's report.

A shareholder who wishes to recommend a prospective nominee for the Board should notify the Company's Secretary or any member of the Governance and Nominating Committee in writing with whatever supporting material the shareholder considers appropriate. The Governance and Nominating Committee will also consider whether to nominate any person nominated by a shareholder pursuant to the provisions of the Company's Bylaws relating to shareholder nominations as described in *Shareholder Communications* below.

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Under the Company's *Corporate Governance Guidelines*, non-employee Director compensation is determined annually by the Board of Directors acting upon the recommendation of the Compensation Committee. Directors who are also employees of the Company receive no additional compensation for service as a Director. Since July 1, 2008, annual compensation for non-employee Directors has been as follows:

Annual Board retainer	\$ 80,000
Annual committee retainer ¹	\$ 10,000
Annual committee chair retainer ²	\$ 15,000
Annual deferred stock unit grant	\$ 84,000
Annual retainer for Board Chairman ³	\$ 500,000
Annual stock option grant ⁴	\$ 56,000

¹ Per committee.

² This is in addition to the annual committee retainer the Director receives for serving on the committee.

³ In lieu of all other Director compensation except the annual stock option grant. Paid in shares of Company common stock.

⁴ Grant is made on March 1 of each year for a number of options with a fair value on the date of grant equal to the amount shown.

At Mr. Jobs' request, the Board has excluded Mr. Jobs from receiving compensation as a Director.

The Company does not provide retirement benefits to any non-employee Directors who served during fiscal 2009.

Unless the Board exempts a Director, each Director is required to retain at all times stock representing no less than 50% of the after-tax value of exercised options and shares received upon distribution of deferred stock units until he or she leaves the Board. The Company's *Corporate Governance Guidelines* also encourage Directors to own, or acquire within three years of first becoming a Director, shares of common stock of the Company (including stock units received as Director compensation) having a market value of at least \$100,000.

The following table identifies the compensation earned during fiscal 2009 by each person who is currently a non-employee Director. Information regarding the amounts in each column follows the table.

DIRECTOR COMPENSATION FOR FISCAL 2009					
	Fees Earned or Paid in				Total
	Cash	Stock Awards	Option Awards	All Other Compensation	
Susan E. Arnold	\$ 90,000	\$ 83,971	\$ 18,593	\$ 3,678	\$ 196,242
John E. Bryson	80,000	83,971	54,694	338	219,003
John S. Chen	90,000	84,773	54,694	7,091	236,558
Judith L. Estrin	90,000	83,971	54,694	6,974	235,639
Steven P. Jobs					
Fred H. Langhammer	105,000	85,389	49,157	7,309	246,855
Aylwin B. Lewis	108,376	84,773	54,694		247,843
Monica C. Lozano	96,625	83,971	54,694	19,512	254,802

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Robert W. Matschullat	95,583	83,971	54,694	1,935	236,183
John E. Pepper, Jr. (Chairman)		501,248	39,530	9,954	550,732
Orin C. Smith	105,000	85,386	39,530	14	229,930

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Fees Earned or Paid in Cash. The annual Board retainer and annual committee and committee-chair retainers are payable in cash at the end of each quarter. The Company's Amended and Restated 1997 Non-Employee Directors Stock and Deferred Compensation Plan allows non-employee Directors to elect each year to receive all or part of their retainers in Disney stock or to defer all or part of this compensation until after their service as a Director ends. Directors who elect to receive stock instead of cash but who do not defer their compensation are credited each quarter with a dollar amount equal to fees earned that quarter and receive shares after the end of each calendar year based on the average of the fair market value of shares of the Company's common stock at the end of each quarter. Directors who elect to defer their compensation may also elect to receive cash or stock. Directors who elect to receive deferred compensation in cash receive a credit each quarter, and the balance in their deferred cash account earns interest at an

annual rate equal to the Moody's Average Corporate (Industrial) Bond Yield, adjusted quarterly. For fiscal 2009, the average interest rate was 6.59%. Interest earned on deferred amounts is included in the All Other Compensation column. Directors who elect to receive deferred compensation in stock receive stock units each quarter and shares of stock are distributed with respect to these units after their service as a Director ends.

This column sets forth amounts payable in cash on a current basis, whether paid currently or deferred by the Director to be paid in cash or shares after their service ends. None of the Directors elected to receive stock on a current basis for fiscal 2009. This column does not include fees paid for service as Chairman of the Board, as those fees are required to be paid in the form of shares of stock distributed to the Chairman after the end of the calendar year in which they were earned and are therefore included in the Stock Awards column.

The following table identifies for each Director the dollar amount included in the Fees Earned or Paid in Cash column received in cash, the dollar amount deferred to be paid in cash, and the number and dollar value of stock units received as deferred compensation. The number of units awarded is equal to the dollar amount of fees accruing each quarter divided by the average over the last ten trading days of the quarter of the average of the high and low trading price for shares of Company common stock on each day in the ten-day period.

FORM OF RECEIPT OF DIRECTOR FEES FOR FISCAL 2009				
	Fees Paid Currently in Cash	Deferred Fees		
		To be Paid in Cash	Number of Units	To be Paid in Stock Value of Units
Susan E. Arnold		\$ 45,000	2,003	\$ 45,000
John E. Bryson			3,560	80,000
John S. Chen	\$ 45,000		2,003	45,000
Judith L. Estrin	90,000			
Steven P. Jobs				
Fred H. Langhammer			4,672	105,000
Aylwin B. Lewis	54,188		2,396	54,188
Monica C. Lozano	48,313		2,165	48,313
Robert W. Matschullat			4,233	95,583
John E. Pepper, Jr.				
Orin C. Smith	105,000			

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Stock Awards. This column sets forth the dollar amount recognized for financial statement reporting purposes for compensation expense incurred by the Company for service in fiscal 2009 with respect to:

the annual deferred stock unit grant;

for the Chairman of the Board, shares awarded with respect to the annual retainer; and

stock units and restricted stock units awarded in fiscal 2007 as compensation related to the dilutive effect of the ABC Radio spin-off which occurred during that fiscal year.

The accounting charge for compensation expense incurred by the Company is calculated using the average of the high and low trading prices on the date of grant. Except for restricted stock units awarded as compensation for the dilutive effect of the ABC Radio spin-off, all charges relating to stock unit grants are reflected in the fiscal year for which the grant is made because they are immediately vested. A portion of the charge for restricted stock units awarded as compensation for the dilutive effect of the ABC Radio spin-off in fiscal 2007 was reflected in fiscal 2009 and these amounts are included in the table.

The number of shares awarded to each Director was calculated by dividing the amount payable with respect to a quarter by the average over the last ten trading days of the quarter of the average of the high and low trading price on each day. The following table identifies the number and grant date fair value (which is equal to the market value of the Company's common stock on the date of the award times the number of shares underlying the units) of stock units awarded to each Director during fiscal 2009.

DIRECTOR STOCK UNIT AWARDS FOR FISCAL 2009